

**WORKFORCE FLORIDA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**WORKFORCE FLORIDA, INC.**  
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**JUNE 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Workforce Florida, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Workforce Florida, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Workforce Florida, Inc.'s basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Workforce Florida, Inc., as of June 30, 2013, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Workforce Florida, Inc.'s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013 on our consideration of Workforce Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Workforce Florida, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida  
September 25, 2013

## **Management's Discussion and Analysis June 30, 2013**

This discussion and analysis of Workforce Florida, Inc.'s ("Workforce Florida") financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2013. This analysis should be read in conjunction with the independent auditors' report (pages 1 – 3) and the basic financial statements, which begin on page 8.

### **Financial Highlights**

- The assets of Workforce Florida exceeded its liabilities at the close of the most recent fiscal year by \$748,544 (net position of \$671,718 is unrestricted).
- Government assistance, including pass-through grants, accounted for \$12,741,228 in revenue.
- Workforce Florida spent \$2,974,378 in general, administrative and payroll expenses (a 3% decrease from prior year), \$352,282 on other program costs (an 66% decrease from prior year), \$3,073,557 for Incumbent Worker Training programs and \$6,363,052 for Quick Response Training programs, a collective increase of 10% over the prior year.

### **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to Workforce Florida's basic financial statements. The basic financial statements are comprised of management's discussion and analysis, the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes that explain in more detail some of the information in the financial statements.

### **Required Basic Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Workforce Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Workforce Florida utilizes a proprietary fund for its financial reporting purposes. As Workforce Florida only presents its financial information using proprietary funds, under GASB 34, it is considered to be a "special purpose government engaged only in business-type activities." Accordingly, Workforce Florida only presents fund financial statements as defined by GASB 34.

The basic financial statements of Workforce Florida report information about Workforce Florida using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all Workforce Florida's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Workforce Florida's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of Workforce Florida and assessing liquidity and financial flexibility of Workforce Florida.

**Management's Discussion and Analysis**  
**June 30, 2013**  
(Continued)

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of Workforce Florida's operations over the past year and can be used to determine whether Workforce Florida has successfully recovered all of its current year costs through the services provided, as well as its profitability and credit worthiness.

The final required financial statement is the statement of cash flows. The primary purpose of the statement of cash flows is to provide information about Workforce Florida's cash receipts and payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing activities, investing, and non-capital financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The basic proprietary fund financial statements can be found on pages 8 - 10 of this report.

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 - 18 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards and State Financial Assistance which can be found on pages 19 - 21. This schedule lists all Federal and state grants awarded to Workforce Florida and the related expenditures for the fiscal year ended June 30, 2013.

**Fund Financial Analysis**

One of the most important questions asked about Workforce Florida's finances is, "Is Workforce Florida as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about Workforce Florida's activities in a way that will help answer this question. These two statements report the net position of Workforce Florida and changes in them during the last reporting period. You may think of Workforce Florida's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in Workforce Florida's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in interest rates, economic conditions, regulations and new or changed governmental legislation.

**Management's Discussion and Analysis**  
**June 30, 2013**  
(Continued)

**Condensed Financial Statements**  
**Workforce Florida, Inc.'s Net Positions**

	<b>2013</b>	<b>2012</b>
Current and other assets	\$ 12,570,740	\$ 14,571,356
Capital assets	21,943	238
Total assets	12,592,683	14,571,594
Long-term liabilities outstanding	317,678	331,905
Other liabilities	11,526,461	13,506,898
Total liabilities	11,844,139	13,838,803
Net Position:		
Net investment in capital assets	21,943	238
Unrestricted	671,718	682,347
Restricted	54,883	50,206
Total net position	\$ 748,544	\$ 732,791

**Workforce Florida, Inc.'s Changes in Net Position**

	<b>2013</b>	<b>2012</b>
Revenues		
Grants and contracts	\$ 12,741,228	\$ 12,701,486
Other income	37,794	30,353
Total revenues	12,779,022	12,731,839
Expenses:		
Program services:		
Incumbent Worker Training	3,073,557	3,946,583
Quick Response Training	6,363,052	4,656,505
Other program costs	352,282	1,051,535
Total program services	9,788,891	9,654,623
Supporting services:		
General and administrative and payroll	2,974,204	3,056,231
Depreciation	174	995
Total supporting services	2,974,378	3,057,226
Total expenses	12,763,269	12,711,849
Increase in net position	15,753	19,990
Net position, beginning of year	732,791	712,801
Net position, end of year	\$ 748,544	\$ 732,791



**Management's Discussion and Analysis**  
**June 30, 2013**  
(Continued)

While the statement of net position shows the change in net position as an increase of \$15,753 in fiscal year 2013, the statement of revenues, expenses, and changes in net position provides answers as to the nature and sources of these changes. As can be seen in the changes in net position, the increase in revenues resulted primarily from an increase in federal funds received.

**Capital Asset Administration**

Workforce Florida's investment in capital assets as of June 30, 2013, amounts to \$21,943 (net of accumulated depreciation). Additional information on Workforce Florida's capital assets can be found in Note II.B. on page 15 of this report.

**Economic Factors**

In accordance with Florida's landmark Workforce Innovation Act of 2000, Workforce Florida operates throughout the state as the primary workforce policy organization on behalf of the State of Florida. Workforce Florida accomplishes this by linking workforce and economic development strategies through business-driven initiatives and programs to ensure that Florida's workforce has the skills that will meet current and future business needs. Florida businesses continue to cite workforce issues as their most important concern, according to surveys undertaken by various business associations. This concern is consistent with national studies highlighting the difficulties of finding and keeping qualified workers. Additionally, the growing prominence of the technology and biotechnology sectors increases the need to produce skilled workers. Since Florida's economy is linked to both national and global economic markets which are impacted and driven by major changes and advancements in technology, the challenges facing Workforce Florida will never be completely accomplished and must be continuously adapted to meet these challenges from year to year. Workforce Florida also promotes an environment where Floridians have the opportunity to upgrade their education and skills to obtain jobs that lead to economic self sufficiency.

Funding for Workforce Florida, its initiatives and operations, is derived from legislative appropriations from revenues collected by the State of Florida and Federal workforce training funds. In addition to funds for general operational costs of the Board and direct staff, Workforce Florida receives funding for two customized training programs – the Quick Response Training and Incumbent Worker Training programs.

**Request for Information**

This financial report is designed to provide a general overview of Workforce Florida's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Workforce Florida, Inc., 1580 Waldo Palmer Lane, Suite 1, Tallahassee, Florida 32308.

**WORKFORCE FLORIDA, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 162,804
Grants and contracts receivable	947,108
Prepaid expenses	33,063
Restricted assets:	
Cash and cash equivalents	11,414,515
Total current assets	12,557,490
Noncurrent Assets:	
Capital assets, net	21,943
Other assets	13,250
Total noncurrent assets	35,193
<b>Total Assets</b>	<b>\$ 12,592,683</b>

**LIABILITIES**

Current Liabilities:	
Accounts payable and accrued liabilities	\$ 161,329
Due to Enterprise Florida, Inc.	5,500
Liabilities payable from restricted assets:	
Deferred revenue	11,359,632
Total current liabilities	11,526,461
Long-term Liabilities:	
Compensated absences	317,678
<b>Total Liabilities</b>	<b>11,844,139</b>

**NET POSITION**

Unrestricted	671,718
Restricted: Expendable for Florida Energy Workforce Consortium	54,883
Net Investment in capital assets	21,943
<b>Total Net Position</b>	<b>\$ 748,544</b>

The accompanying notes to financial statements  
are an integral part of this statement.

**WORKFORCE FLORIDA, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Revenues</b>	
Grants and contracts	\$ 12,741,228
Other income	37,794
Total revenues	12,779,022
<b>Expenses</b>	
Program services:	
Incumbent Worker Training	3,073,557
Quick Response Training	6,363,052
Other program costs	352,282
Total program services	9,788,891
Supporting services:	
General and administrative	678,798
Payroll and related benefits	2,295,406
Depreciation	174
Total supporting services	2,974,378
Total expenses	12,763,269
<b>Increase in net position</b>	15,753
<b>Net position</b> , beginning of year	732,791
<b>Net position</b> , end of year	\$ 748,544

The accompanying notes to financial statements  
are an integral part of this statement.

**WORKFORCE FLORIDA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**Increase (decrease) in Cash and Cash Equivalents**

<b>Cash flows from operating activities:</b>	
Receipts from grantor agencies	\$ 12,967,398
Payments to grantees, suppliers and others	(12,083,205)
Payments to employees	(2,304,070)
Other receipts	37,794
Net cash used in operating activities	<u>(1,382,083)</u>
<b>Cash flows from from capital and related financing activities:</b>	
Purchases of capital assets	(21,876)
<b>Cash flows from investing activities</b>	
Redemptions of investments	9,994,760
<b>Net increase in cash and cash equivalents</b>	<u>8,590,801</u>
<b>Cash and cash equivalents, beginning of year</b>	2,986,518
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 11,577,319</u></u>
<b>Reconciliation of increase in net position to net cash used in operating activities:</b>	
Increase in net position	<u>\$ 15,753</u>
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	174
Decrease in grants and contracts receivable	599,933
Increase in prepaid expenses	(3,276)
Decrease in accounts payable and accrued liabilities	(1,606,677)
Decrease in due to grantor	(12,711)
Decrease in deferred revenue	(361,052)
Decrease in compensated absences	(14,227)
Total adjustments	<u>(1,397,836)</u>
Net cash used in operating activities	<u><u>\$ (1,382,083)</u></u>
<b>Cash and cash equivalents are presented on the Statement of Net Position as:</b>	
Cash and cash equivalents	\$ 162,804
Restricted cash and cash equivalents	11,414,515
	<u><u>\$ 11,577,319</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**I. Summary of Significant Accounting Policies:**

**A. Reporting Entity**

Workforce Florida, Inc. (“Workforce Florida”) is a not-for-profit corporation created by Chapter 445 of the Florida Statutes. Chapter 2000-165, Laws of Florida, known as the Workforce Innovation Act of 2000, created the corporation, which became effective July 1, 2000. This corporation is required to be registered, incorporated, organized, and operated in compliance with Chapter 617, Florida Statutes, as a nonentity of State government.

Workforce Florida is the principal workforce policy organization and is administratively housed within the Department of Economic Opportunity (“DEO”). Workforce Florida contracts with DEO to implement Workforce Florida’s strategic policies and administer the workforce system.

Workforce Florida is governed by a Board of Directors (the “Board”), whose membership and appointment is determined by the Governor of the State of Florida and must be consistent with Public Law No. 105-220, Title I, section 111(b) since it serves as the State’s Workforce Investment Board pursuant to law.

Though the State of Florida appoints the Board, it has no further accountability. Therefore, for financial reporting purposes Workforce Florida is a related organization of the State. There are no component units included in the accompanying financial statements.

**Mission**

Workforce Florida is the principal workforce policy organization for the State and the twenty-four regional workforce boards. Its purpose is to design and implement strategies that help Florida residents enter, remain in, and advance in the workplace, becoming more highly skilled and successful, benefitting these Floridians, Florida businesses, and the entire State, and to assist in developing the State’s business climate.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Workforce Florida accounts for its financial resources as a proprietary type enterprise fund. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when the liability is incurred, regardless of the timing of the related cash flows.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**I. Summary of Significant Accounting Policies:** (Continued)

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

Workforce Florida complies with accounting principles generally accepted in the United States of America (GAAP). Workforce Florida's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Workforce Florida's enterprise fund are operating grants and contributions.

Operating expenses for enterprise funds include the cost of direct program services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Workforce Florida's policy to use restricted resources first.

**C. Assets, Liabilities and Net Position**

1. *Deposits*

Workforce Florida's cash and cash equivalents are considered to be highly liquid financial instruments with an original maturity of three months or less at the time they are purchased.

2. *Restricted Assets*

Restricted assets are those whose uses are limited by legal requirements. Restricted funds are advances received from State of Florida, Department of Economic Opportunity for pass-through grants to sub-recipients as well as funds received from outside parties for the Florida Energy Workforce Consortium.

3. *Grants and contracts receivable*

Substantially all of the grants and contracts receivable of Workforce Florida are due from the State of Florida, Department of Economic Opportunity. Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**I. Summary of Significant Accounting Policies:** (Continued)

**C. Assets, Liabilities and Net Position** (Continued)

4. *Capital Assets*

Capital assets acquired by Workforce Florida are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to seven years.

5. *Income Taxes*

Workforce Florida is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Workforce Florida is exempt from state income taxes on related income pursuant to Chapter 220.13 of the Florida Statutes. Therefore, no provision for income taxes has been made in the accompanying financial statements.

As a charitable organization only unrelated business income, as defined by Section 509a (1) of the Code, is subject to Federal income tax. Workforce Florida currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Workforce Florida files income tax returns in the U.S. Federal jurisdiction. Workforce Florida's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

Workforce Florida has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**I. Summary of Significant Accounting Policies:** (Continued)

**C. Assets, Liabilities and Net Position** (Continued)

6. *Compensated absences*

Workforce Florida has two distinct employee groups. The first employee group includes permanent full-time employees of Workforce Florida. The second group includes State of Florida employees assigned on a full-time basis to Workforce Florida. Workforce Florida pays the salary and benefits of the state employees assigned to its operations. The benefit and compensated absence policy is slightly different for the two groups as follows:

Permanent full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with Workforce Florida. Workforce Florida employee's annual leave balances in excess of 360 hours will be transferred to sick leave on a hour-for-hour basis. Sick leave is accrued but generally only paid out at 25% of the accrued balance after ten years of service up to a stated maximum. However, the employment contract with the President stipulates that sick leave is paid in accordance with the employment contract.

State of Florida employees assigned to Workforce Florida receive the same benefits, including compensated absences as State of Florida employees. Vacation accruals are accrued and become vested when earned. Sick leave is generally payable and is accrued at 25% of the leave amount accrued up to 240 or 480 hours maximum, depending on employment classification. Sick accruals become vested upon ten years of employment.

7. *Deferred Revenue*

Workforce Florida receives advanced funds from the State of Florida to administer the Quick Response Training ("QRT") program. Under this program, Workforce Florida awards funds to businesses that provide training to the businesses' employees via local community colleges and/or state universities. Workforce Florida defers the revenue relating to these programs until the earnings process is substantially complete, which Workforce Florida has determined occurs when the training has taken place and the college or business has submitted requests for reimbursement.

8. *Advertising*

Advertising costs are recorded in operations as incurred.

9. *Transferred Investment Income*

As a condition of its grants, all interest earned on funds advanced from the State of Florida is due and payable to the State of Florida. At June 30, 2013, the liability due to the State of Florida is included in accrued liabilities in the Statement of Net Position.

**D. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**II. Detailed Notes on all Funds:**

**A. Deposits and Investments**

**Deposits.** Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These pools collateralize local government deposits and certificates of deposit with participating depositories. Workforce Florida's demand deposits are placed in such authorized depositories.

Custodial credit risk for deposits is the risk that in the event of a bank failure, Workforce Florida's deposits may not be returned or Workforce Florida will not be able to recover collateral securities in the possession of an outside party. At June 30, 2013, the carrying amount of Workforce Florida's deposits was \$11,577,319 and the bank balances of Workforce Florida's deposits were \$12,063,955. The bank balances were insured up to Federal deposit insurance corporation limits or by collateral held by Workforce Florida's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral.

**B. Capital Assets**

The following is a summary of capital assets at June 30, 2013:

	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance June 30, 2013</b>
Leasehold improvements	\$ 7,365	\$ -	\$ -	\$ 7,365
Office furniture	16,149	-	-	16,149
Office equipment and computers	63,063	21,879	-	84,942
Total	<u>86,577</u>	<u>21,879</u>	<u>-</u>	<u>108,456</u>
Less accumulated depreciation:				
Leasehold improvements	(7,365)	-	-	(7,365)
Office furniture	(15,911)	(174)	-	(16,085)
Office equipment and computers	(63,063)	-	-	(63,063)
Total accumulated depreciation	<u>(86,339)</u>	<u>(174)</u>	<u>-</u>	<u>(86,513)</u>
Capital assets, net	<u>\$ 238</u>	<u>\$ 21,705</u>	<u>\$ -</u>	<u>\$ 21,943</u>

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**III. Other Information:**

***Related Party Transactions***

**Enterprise Florida, Inc.**

Workforce Florida entered into a memorandum of understanding with Enterprise Florida, Inc. (“EFI”) effective March 1, 2006 which remains in effect until terminated by either party, whereby EFI provides general, administrative and accounting services on a monthly basis to Workforce Florida. Workforce Florida is to pay EFI \$5,500 per month under this agreement. The total amount included in expense for the fiscal year ended June 30, 2013 was \$66,000.

Workforce Florida owed EFI \$5,500 at June 30, 2013 under this agreement. This amount is in the nature of a trade payable and is due on demand without interest.

**State of Florida Department of Economic Opportunity**

Receivables of \$939,047 due from the State of Florida, Department of Economic Opportunity are included in grants and contracts receivable. Federal and state program revenue received through the State of Florida, Department of Economic Opportunity for the year ended June 30, 2013 was \$12,741,228. Payables of \$58,598 due to State of Florida, Department of Economic Opportunity are included in accounts payable and accrued expenses. Expenses paid to State of Florida, Department of Economic Opportunity for the year ended June 30, 2013 was \$803,426.

**Other**

Certain board members provide services either directly or indirectly to Workforce Florida, Inc. Amounts paid for these direct or indirect services under Quick Response Training grants totaled \$93,451.

***Significant Funding Source***

Workforce Florida receives a substantial amount of its funding from the United States Department of Labor and the United States Department of Health and Human Services passed through the State of Florida, Department of Economic Opportunity, and from the State of Florida Department of Economic Opportunity directly. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on Workforce Florida’s programs and activities.

***Risk Management***

Workforce Florida is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Workforce Florida has obtained insurance from commercial underwriters for the aforementioned risks, including workers compensation for the year ended June 30, 2013.

Workforce Florida has not paid any settlements in excess of insurance coverage for each of the past three years. Furthermore, Workforce Florida has no significant reduction in insurance coverage from the prior year.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**III. Other Information:** (Continued)

***Employment Agreement***

Workforce Florida has entered into an employment agreement with the President of the Organization. The agreement calls for certain salary and benefits to be paid in the event of termination of employment. The initial term of the agreement was automatically extended for a subsequent two year term and will continue to be automatically extended for subsequent two year terms unless terminated in advance under the terms of the agreement.

***Retirement Plan***

Workforce Florida participates in a defined contribution retirement plan (the "Plan") covering all eligible employees (permanent, full-time employees of Workforce Florida). Employer contributions are determined at the discretion of the Board of Workforce Florida. Workforce Florida contributed a total of \$110,727 to the Plan. There were no expenses for the Plan paid for by Workforce Florida during the year ended June 30, 2013. State of Florida employees assigned to Workforce Florida are covered under a retirement plan sponsored by the State of Florida.

***Grants***

The grant revenue amounts received are subject to audit and adjustment by grantor agencies. If any expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of Workforce Florida. In the opinion of management, all grant expenses are in compliance with terms of the grant agreements and applicable Federal and state laws and regulations.

***Operating Lease***

Workforce Florida leases office facilities and equipment under operating leases expiring in 2016. Future minimum rental payments under operating leases having remaining terms in excess of one year as of June 30, 2013, for each of the next five years and in the aggregate are:

<u>Year</u>	<u>Amount</u>
2013	\$ 169,877
2014	168,673
2015	164,094
2016	54,530
2017	—
	<u>\$ 557,174</u>

Rental expense under the terms of these leases totaled \$169,877 for the year ended June 30, 2013.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**III. Other Information:** (Continued)

*New Accounting Pronouncements*

In March 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, Elements of Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of GASB 65 are effective for fiscal year 2014.

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State CFSA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>				
<b>U. S. Department of Labor</b>				
Passed through State of Florida, Department of Economic Opportunity				
Employment Service/Wagner – Peyser Funded Activities	17.207	--	WPB12	\$ 273,581
Employment Service/Wagner – Peyser Funded Activities	17.207	--	WPA13	187,286
				<u>460,867</u>
Passed through State of Florida, Department of Economic Opportunity				
Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	17.280	--	WEB13	<u>60,838</u>
Passed through State of Florida, Department of Economic Opportunity				
WIA Adult Program	17.258	--	WIS11	829,198
WIA Adult Program	17.258	--	WIS12	353,419
WIA Youth Activities	17.259	--	WIS11	816,937
WIA Youth Activities	17.259	--	WIS12	350,758
WIA Dislocated Worker Formula Grants	17.278	--	WIS11	1,564,414
WIA Dislocated Worker Formula Grants	17.278	--	WIS12	566,954
				<u>4,481,680</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
(Continued)

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	State CFSA Number	Grant Number	Expenditures
<b>FEDERAL AWARDS (Continued)</b>				
<b>U. S. Department of Agriculture</b>				
Passed through State of Florida, Department of Economic Opportunity				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	FSH12	15,832
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	FSH13	35,948
				<u>51,780</u>
<b>U. S. Department of Health and Human Services</b>				
Passed through State of Florida, Department of Economic Opportunity				
Temporary Assistance for Needy Families	93.558	--	WTS12	379,464
Temporary Assistance for Needy Families	93.558	--	WTS13	410,558
				<u>790,022</u>
<b>TOTAL FEDERAL AWARDS</b>				<u>\$ 5,845,187</u>
<b>STATE FINANCIAL ASSISTANCE</b>				
<b>State of Florida, Department of Economic Opportunity</b>				
Quick Response Training	--	40.026	--	\$ 6,363,052
<b>State Trust Fund Awards</b>				
State of Florida, Department of Economic Opportunity	--	--	--	532,989
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>6,896,041</u>
<b>TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>				<u>\$ 12,741,228</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State award activity of Workforce Florida, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2. Other Information**

The Federal Awards and State Financial Assistance included on the accompanying Schedule of Expenditures of Federal Awards were utilized by Workforce Florida, Inc. as indicated below:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State CFSA Number</u>	<u>Purpose</u>	<u>Expenditures</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	Operations/Special Projects	\$ 51,780
Temporary Assistance for Needy Families	93.558	--	Operations/Special Projects	790,022
Employment Service/Wagner – Peyser Funded Activities	17.207	--	Operations/Special Projects	460,867
Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	17.280	--	Operations/Special Projects	60,838
WIA Adult Program	17.258	--	Incumbent Worker Training	774,716
WIA Adult Program	17.258	--	Operations/Special Projects	407,902
WIA Youth Activities	17.259	--	Incumbent Worker Training	759,793
WIA Youth Activities	17.259	--	Operations/Special Projects	407,902
WIA Dislocated Worker Formula Grants	17.278	--	Incumbent Worker Training	1,552,266
WIA Dislocated Worker Formula Grants	17.278	--	Operations/Special Projects	579,101
Quick Response Training	--	40.026	Quick Response Training	6,363,052
State of Florida, Department of Economic Opportunity – State Trust Fund Awards	--	--	Operations/Special Projects	532,989
				<u>\$ 12,741,228</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors,  
Workforce Florida, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Workforce Florida, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Workforce Florida, Inc.'s basic financial statements, and have issued our report thereon dated September 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Workforce Florida, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Florida, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Workforce Florida, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.C.

Tallahassee, Florida  
September 25, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

To the Board of Directors,  
Workforce Florida, Inc.:

**Report on Compliance for Each Major Federal Program and Major State Project**

We have audited Workforce Florida, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Florida State Projects Compliance Supplement* that could have a direct and material effect on each of Workforce Florida, Inc.'s major federal programs and major state projects for the year ended June 30, 2013. Workforce Florida, Inc.'s major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Workforce Florida, Inc.'s major federal programs and major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Chapter 10.650, Rules of the State of Florida, Office of the Auditor General; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards, Chapter 10.650, Rules of the State of Florida, Office of the Auditor General and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or a major state project occurred. An audit includes examining, on a test basis, evidence about Workforce Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state project. However, our audit does not provide a legal determination of Workforce Florida, Inc.'s compliance.

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### ***Opinion on Each Major Federal Program and Major State Project***

In our opinion, Workforce Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Workforce Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Workforce Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or major state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Workforce Florida, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*James Moore & Co., P.L.C.*

Tallahassee, Florida  
September 25, 2013

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**  
**JUNE 30, 2013**

**I. Summary of Auditors' Results:**

*Financial Statements*

Type of audit report issued on the financial statements: *Unmodified*  
Internal control over financial reporting:  
Material weakness(es) identified?  yes  no  
Significant deficiencies identified?  yes  none reported  
Noncompliance material to financial statements noted?  yes  no

*Federal Award Programs:*

Internal control over major Federal programs:  
Material weakness(es) identified?  yes  no  
Significant deficiencies identified?  yes  none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  yes  no

Identification of major Federal programs:

<b>Federal Award Program</b>	<b>Federal CFDA Number</b>
WIA Adult Program	17.258*
WIA Youth Activities	17.259*
WIA Dislocated Worker Formula Grants	17.278*
Temporary Assistance for Needy Families	93.558

\*Cluster of programs as identified by OMB Circular A-133.

Dollar threshold used to distinguish between Type A and Type B Federal programs: \$ 300,000

Auditee qualified as a low risk auditee?  yes  no

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**  
**JUNE 30, 2013**  
**(CONTINUED)**

**I. Summary of Auditors' Results:** (Continued)

*State Financial Assistance Projects:*

Internal control over major State Projects:

Material weakness(es) identified?                                     yes     no  
 Significant deficiencies identified?                                     yes     none reported

Types of auditor's report issued on compliance for major State Financial Assistance projects:                                    *Unmodified*

Any audit findings that are required to be reported in accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General?                                     yes     no

Identification of major State projects:

State Financial Assistance Project	State CSFA Number
Quick Response Training	40.026
Dollar threshold used to distinguish between Type A and Type B State projects:	\$    300,000

**II. Financial Statement Findings:** None.

**III. Federal Award Findings and Questioned Costs:** None.

**IV. State Financial Assistance Findings and Questioned Costs:** None.

**V. Independent Auditors' Management Letter Required by Chapter 10.650 Rules of the State of Florida, Office of the Auditor General:** Nothing to report.

**VI. Summary schedule of prior year findings – major Federal award programs audit:** No prior year findings.

**VII. Summary schedule of prior year findings – major State financial assistance projects audit:** No prior year findings.