



PASCO COUNTY, FLORIDA

Reports Required by OMB Circular A-133 and
Chapter 10.550, *Rules of the Auditor General*, State of Florida

September 30, 2014

PASCO COUNTY, FLORIDA

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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*

Distinguished Members of the
Board of County Commissioners
Pasco County, Florida:

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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pasco County, Florida as of and for the year ended September 30, 2014, and the related notes to the financial statements which comprise Pasco County, Florida's basic financial statements, and have issued our report thereon dated August 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pasco County, Florida'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pasco County, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Pasco County, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies described as Findings 2014-001 and 2014-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiency described as Finding 2014-003 in the accompanying schedule of findings and questioned costs to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pasco County, Florida'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*.

Pasco County, Florida's Response to Findings

Pasco County, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pasco County, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Pasco County, Florida's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pasco County, Florida's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

August 28, 2015
Certified Public Accountants



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

Independent Auditors' Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*

Distinguished Members of the
Board of County Commissioners
Pasco County, Florida:

Report on Compliance for Each Major Federal Program and State Project

We have audited Pasco County, Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services', *State Projects Compliance Supplement* that could have a direct and material effect on each of Pasco County, Florida's major federal programs and state projects for the year ended September 30, 2014. Pasco County, Florida's major federal programs and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pasco County, Florida's major federal programs and 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550). Those standards, OMB Circular A-133, and Chapter 10.550 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 state project occurred. An audit includes examining, on a test basis, evidence about Pasco County, Florida'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 state project. However, our audit does not provide a legal determination of Pasco County, Florida's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Pasco County, Florida 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 state projects for the year ended September 30, 2014.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as Findings 2014-004 and 2014-005. Our opinion on each major federal program and state project is not modified with respect to this matter.

Pasco County, Florida's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pasco County, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Pasco County, Florida 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 Pasco County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and 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 and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, 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 Pasco County, Florida'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2014-004, 2014-005, and 2014-006 that we consider to be significant deficiencies.

Pasco County, Florida's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Pasco County, Florida's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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 10.550. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550

We have audited the financial statements of Pasco County, Florida as of and for the year ended September 30, 2014, and have issued our report thereon dated August 28, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

KPMG LLP

September 29, 2015
Certified Public Accountants

PASCO COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2014

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
<i>U.S. Department of Housing and Urban Development:</i>				
Direct Programs:				
CDBG Entitlement Grant Cluster:				
Community Development Block Grant/Entitlement Grant	14.218	—	Program Income	\$ 287,778
Community Development Block Grant/Entitlement Grant	14.218	2,425,193	B12-UC-12-0009	860,636
Community Development Block Grant/Entitlement Grant	14.218	2,624,280	B13-UC-12-0009	1,686,175
Officer Friendly	14.218	84,000	B13-UC-12-0009	84,000
Neighborhood Stabilization Program NSP 1	14.218	19,495,805	B08-UN-12-0014	260,913
Neighborhood Stabilization Program NSP 1	14.218	—	Program Income	401,148
Neighborhood Stabilization Program NSP 3	14.218	5,185,778	B11-UN-12-0014	1,781,624
Neighborhood Stabilization Program NSP 3	14.218	—	Program Income	977,344
Total CDBG Entitlement Grant Cluster				6,339,617
Choice Neighborhood	14.892	300,000	FL4H511CNP112	38,403
Passed through Neighborhood Lending Association:				
ARRA – Neighborhood Stabilization Program NSP 2	14.256	—	Program Income	4,624,619
Direct Program:				
Emergency Solutions Grant Program	14.231	180,020	E11-UC-12-0017	1,326
Emergency Solutions Grant Program	14.231	204,882	E12-UC-12-0017	87,570
Emergency Solutions Grant Program	14.231	202,373	E13-UC-12-0017	125,085
Total program				213,981
Direct Program:				
Home Investment Partnership Program	14.239	954,610	M07-UC-12-0216	6,766
Home Investment Partnership Program	14.239	—	M08-UC-12-0216	6,062
Home Investment Partnership Program	14.239	1,124,396	M10-DC-12-0216	153,771
Home Investment Partnership Program	14.239	993,719	M11-DC-12-0216	42,494
Home Investment Partnership Program	14.239	835,246	M12-DC-12-120216	39,816
Home Investment Partnership Program	14.239	888,050	M13-DC-12-120216	173,044
Home Investment Partnership Program	14.239	—	Program Income	428,496
Total program				850,450
Passed through Florida Office of Attorney General:				
HUD Capital Fund Drug Elimination	14.872	25,000	None	24,950
Total U.S. Department of Housing and Urban Development				12,092,021
<i>Election Assistance Commission:</i>				
Passed through State of Florida DOS Division of Elections:				
Grant Election Activities	90.401	157,266	MOA	110,476
Poll Worker Recruitment and Training	90.401	77,458	MOA	3,941
Total Election Assistance Commission				114,417
<i>U.S. Department of Justice:</i>				
Bureau of Justice Assistance:				
Adult Drug Court Expansion – Prison Diversion	16.585	200,000	2013-DC-BX-0025	53,832
Direct Program:				
State Criminal Alien Assistance Program (SCAAP)	16.606	78,008	2009-AP-BX-0286	26,468
State Criminal Alien Assistance Program (SCAAP)	16.606	94,091	2010-AP-BX-0007	41,161
Total program				67,629
Passed through Florida Office of Attorney General:				
Victims of Crime Act	16.575	36,991	V13003	36,991
Direct Program:				
Violence Against Women Formula Grants:				
STOP Enhanced LE Response	16.588	119,004	14-80090LE-EHN	90,921
STOP Enhanced LE Response	16.588	111,255	15-80090LE-ENH	26,450
Total program				117,371
JAG Program Cluster:				
Direct program:				
JAG V & N Gang Suppression (5)	16.738	120,910	2011-DJ-BX-2796	79,161
JAG V & N Gang Suppression (6)	16.738	94,599	2014-DJ-BX-0495	7,811
JAG Intelligence Led Policing Phase 2	16.738	88,911	2013-DJ-BX-0951	88,911
Multi-Juris Task Force – SNAP	16.738	128,021	2014-JAGC-PASC-1-E5-224	128,021
Total JAG Program Cluster				303,904
Federal Equitable Sharing	16.922	—	None	584,829
Total U.S. Department of Justice				1,164,556
<i>U.S. Department of Transportation:</i>				
Passed through Florida Department of Transportation:				
Urban Mass Transportation Technical Studies:				
Grant MPO Section 5303	20.505	14,252	AQH03 FY 11/12 STATE	5,244
Grant MPO Section 5303	20.505	14,443	AQT92 FY 12/13 STATE	11,514
Passed through Pinellas County MPO:				
Urban Mass Transportation Technical Studies:				
Grant MPO Section 5303	20.505	114,018	AQH03 FY 11/12 FEDERAL	41,948
Grant MPO Section 5303	20.505	115,541	AQT92 FY 12/13 FEDERAL	92,115
Total program				150,821

PASCO COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2014

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
Highway Planning and Construction Cluster:				
Metropolitan Planning Organization	20.205	1,055,793	A5208 12-13	16,137
Metropolitan Planning Organization	20.205	589,897	A5208 13-14	508,112
Metropolitan Planning Organization	20.205	1,007,985	A5208 14-15	177,536
CR77/Rowan Sidewalk Project	20.205	57,120	AQP81	53,355
Cypress Knoll Drive Sidewalk Project – Construction	20.205	106,050	ARI27	59,761
Floramart Terrace Sidewalk Project – Construction	20.205	39,000	ARI58	39,000
Foggy Ridge Parkway Sidewalk Project – Construction	20.205	62,200	ARI28	45,562
Shady Hills Road Traffic Operations Improvement Project	20.205	1,493,495	AR306	142,448
Trouble Creek Road Sidewalk Project – Design	20.205	96,720	AQP82	30,424
Villa Entrada Sidewalk Project – Construction	20.205	115,900	ARI29	24,936
Total Highway Planning and Construction Cluster				1,097,271
Direct Program:				
Federal Transit Cluster:				
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,136,824	FL90X-654	\$ 36,050
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,363,218	FL90X-695	409,577
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,339,128	FL90X-732	220,144
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,243,375	FL90X-753	777,793
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,347,364	FL90X-780	1,831,843
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	225,000	FL90X-780	45,000
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	3,154,784	FL90X-814	333,428
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	225,000	FL90X-814	135,000
ARRA – ZHILLS Small Urban	20.507	3,944,919	FL96X-020	20,053
Total Federal Transit Cluster				3,808,888
Passed through Florida Department of Transportation:				
Highway Safety Cluster:				
DOT Traffic Enforcement	20.600	51,625	SC-14-13-01	43,528
DOT Pedestrian Safety Grant	20.600	25,000	BDW66	24,671
DOT DUI Enforcement	20.601	80,000	K8-14-06-08	41,633
Total Highway Safety Cluster				109,832
Passed through Florida Department of Transportation:				
Formula Grants for Other than Urbanized Areas:				
Rural 5311 FY 13 Ops	20.509	387,843	APV20 C	172,473
Total U.S. Department of Transportation				5,339,285
<i>Office of Library Services, Institute of Museum and Library Services:</i>				
Direct Program:				
National Foundation on the Arts and the Humanities:				
Pasco County Library Cooperative Web Portal (Get Help Florida)	45.310	24,000	13-LSTA-A-04-B	24,000
Total Office of Library Services				24,000
<i>U.S. Department of Homeland Security:</i>				
Direct Program:				
Staffing for Adequate Fire and Emergency Response (SAFER) (FY 11/12)	97.083	2,292,696	EMW-2011-FH-00566	1,089,999
Passed through United Way:				
Emergency Food and Shelter National Board Program:				
FEMA Nutrition Phase 31	97.024	13,000	FEMA Nutrition Phase 31	13,000
Passed through the Division of Emergency Management:				
Citizens Corps Grant (FY 13/14)	97.042	7,000	14-CC-K1-08-61-02-296	7,000
Community Emergency Response Team (CERT) (FY 13/14)	97.042	11,200	13-CI-58-08-61-01-473	11,200
Emergency Management Performance Grant (FY 13/14)	97.042	121,099	14-FG-1M-08-61-01-118	91,861
Total program				110,061
Hazard Mitigation Grant Severe Repetitive Loss – PJ-04-FL-2010-13 (Heavens)	97.110	214,057	12SL-5E-08-61-01-510	300
Hazard Mitigation Grant – 561-24-R (Grand Blvd)	97.039	160,767	13HM-2Y-08-61-01-477	250
Hazard Mitigation Grant – 1545-72-R (Tomahawk Street)	97.039	41,545	14HM-2W-08-61-01-249	250
Total program				500
Passed through the Department of Community Affairs:				
Citizens Corps Grant (FY 11/12)	97.067	5,850	12-CC-24-08-61-01-467	3,950
Community Emergency Response Team (CERT) (FY 11/12)	97.067	9,600	12-CI-24-08-61-01-480	8,234
Homeland Security (FY 11/12)	97.067	24,000	12-DS-20-08-61-01-498	12,849
Homeland Security (FY 12/13)	97.067	40,750	13-DS-97-08-61-01-470	40,750
Homeland Security (FY 13/14)	97.067	17,750	14-DS-L5-08-61-01-258	9,637
Total program				75,420
Total U.S. Department of Homeland Security				1,289,280
<i>U.S. Department of Health and Human Services:</i>				
Passed through the Department of Elder Affairs:				
Aging Cluster Program:				
Title IIIB Transportation	93.044	201,391	OAA-EA013 PASCO TRANSP Fed	65,470
Title IIIB Transportation	93.044	—	OAA-EA013 Project Income	3,000
Title IIIB Transportation	93.044	200,176	EA014-Pasco-Transportation	138,793
Title IIIB Transportation	93.044	—	EA014 Project Income	9,000
Elderly Nutrition Title IIIC	93.045	196,317	EA013 Pasco Nutrition C1 Federal	66,598
Elderly Nutrition Title IIIC	93.045	—	EA013 Pasco Nutrition C1 Project Income	4,453
Elderly Nutrition Title IIIC	93.045	497,822	EA013 Pasco Nutrition C2 Federal	131,423
Elderly Nutrition Title IIIC	93.045	—	EA013 Pasco Nutrition C2 Project Income	930
Elderly Nutrition Title IIIC	93.045	247,298	EA014 Pasco Nutrition C1 Federal	103,998
Elderly Nutrition Title IIIC	93.045	—	EA014 Pasco Nutrition C1 Project Income	12,300

PASCO COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2014

<u>Federal/state grantor/pass-through grantor</u>	<u>CFDA/ CSFA</u>	<u>Contract amount</u>	<u>Grant ID No.</u>	<u>Expenditures</u>
Elderly Nutrition Title IIIC	93.045	511,580	EA014 Pasco Nutrition C2 Federal	333,589
Elderly Nutrition Title IIIC	93.045	—	EA014 Pasco Nutrition C2 Project Income	2,601
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.:				
Nutrition Services Incentive Program	93.053	103,998	EU013 Pasco C1	68
Nutrition Services Incentive Program	93.053	—	EU013 Pasco C2	5,909
Nutrition Services Incentive Program	93.053	63,390	EU014 Pasco C1	30,069
Nutrition Services Incentive Program	93.053	—	EU014 Pasco C2	42,372
Total Aging Cluster Program				950,573
Passed through Florida Department of Health:				
Department of Health, Substance Abuse and Mental Health Services Admin FY	93.243	325,000	1H79TI023101-03	60,253
Passed through Department of Children and Families:				
Temporary Assistance for Needy Families	93.558	—	QJZ33	1,112,545
Social Services Block Grant	93.667	—	QJZ33	1,069,931
Passed through Florida Department of Revenue:				
Child Support Enforcement	93.563	—	N/A	337,055
Passed through Department of Elder Affairs:				
Emergency Home Energy	93.568	120,941	EHEAP EP013-PASCO	38,780
Emergency Home Energy	93.568	107,799	EHEAP EP014-PASCO	69,720
Total program				108,500
Passed through Florida Commission for the Transportation Disadvantaged:				
Medicaid Medical Assistance Program (TRIP)	93.778	4,494,179	BDM90	520,272
Block Grants for Prevention and Treatment of Substance Abuse				
Pasco ASAP DUI Transport	93.959	4,000	None	2,385
Pasco ASAP SRO Compliance/Education	93.959	3,000	None	2,995
Total program				5,380
Total U.S. Department of Health and Human Services				4,164,509
<u>U.S. Department of Environmental Protection:</u>				
Brownfield's Coalition Assessment Grant	66.818	1,000,000	EPA-OSWER-OBLER-10-09	257,230
Total U.S. Department of Environmental Protection				257,230
Total Expenditures of Federal Awards				\$ 24,445,298

PASCO COUNTY, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2014

<u>Federal/state grantor/pass-through grantor</u>	<u>CFDA/ CSFA</u>	<u>Contract amount</u>	<u>Grant ID No.</u>	<u>Expenditures</u>
<i>Florida Department of Environmental Protection:</i>				
Implementation of BMPs in the Duck Slough Watershed N502	37.022	1,000,000	13C00000015	\$ 456,974
Total Florida Department of Environmental Protection				456,974
<i>Florida Department of State, Division of Library and Information Services:</i>				
PCLC State Aid	45.030	7,081	14-ST-71	7,081
State Aid to Libraries	45.030	152,526	14-ST-71	152,526
Total Florida Department of State, Division of Library and Information Services				159,607
<i>Florida Department of Community Affairs:</i>				
Hazardous Materials Emergency Plan Agreement Planning (FY10/11)	52.023	5,335	11CP-03-08-61-01-238	3,022
Hazardous Materials Emergency Plan Agreement Planning (FY11/12)	52.023	3,984	12CP-03-08-61-01-210	1,695
Total program				4,717
State Housing Initiative Partnership	52.901	751,380	M01-UC-18-0216	904,565
State Housing Initiative Partnership	52.901	—	Program Income	1,610,203
Total program				2,514,768
Total Florida Department of Community Affairs				2,519,485
<i>Florida Department of Transportation:</i>				
Transportation Disadvantaged Trip and Capital TD Operating	55.001	657,648	AR207	494,839
Transportation Disadvantaged Trip and Capital TD Operating	55.001	650,091	ARH17	162,757
Total program				657,596
Transportation Disadvantaged Planning Grant	55.002	29,083	AR207	21,231
Transportation Disadvantaged Planning Grant	55.002	28,930	AR276	7,811
Total program				29,042
Transit Block Grant	55.010	999,182	AQS58	303,633
Transit Block Grant	55.010	973,351	AR805	648,306
Total program				951,939
Transit Corridor Program:				
Corridor SR 54	55.013	225,000	AQS77	135,000
Corridor SR 54	55.013	225,000	AR807	45,000
US19 FDOT 408319-1-84-11 FY 13	55.013	192,930	AQS75	77,172
US19 FDOT 408319-1-84-13 FY 14	55.013	350,000	AR808	140,000
Total program				397,172
Moon Lake Rd @ SE52 (CIGP Agreement for ROW Acquisition)	55.008	1,845,100	AQQ83-FPN: 430383 1 48 01	238,764
SR54/56 (19-301) Toll Feasibility Study	55.023	218,785	FPN: 433958-1-28-01	153,198
TRIP Ridge Rd (Broad to Moon LK)	55.026	15,228,065	AQQ73	3,067,647
Transportation Infrastructure Program – Interlaken Rd Ext from Community Drive to Gunn HWY (CR 587)	55.029	3,470,856	FPN: 430446 1 38/48/58 01	83,315
Total Florida Department of Transportation				5,578,673
<i>Florida Department of Health:</i>				
EMS County Award	64.005	55,273	C2051	27,312
Total Florida Department of Health				27,312
<i>Florida Department of Elder Affairs:</i>				
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.:				
Title IIIB Transportation	65.009	48,406	EL013-Pasco-Transportation	48,406
Elderly Nutrition Title IIIC	65.009	72,745	EL014 Pasco Nutrition C1- State	72,745
Elderly Nutrition Title IIIC	65.009	48,493	EL014 Pasco Nutrition C2- State	48,493
Total Florida Department of Elder Affairs				169,644
<i>Department of Economic Opportunity:</i>				
Economic Development Transportation Trust Fund	40.002	4,000,000	SB12-081	282,175
Total Department of Economic Opportunity				282,175

PASCO COUNTY, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2014

<u>Federal/state grantor/pass-through grantor</u>	<u>CFDA/ CSFA</u>	<u>Contract amount</u>	<u>Grant ID No.</u>	<u>Expenditures</u>
<i>Department of Juvenile Justice:</i>				
Juvenile Assessment	80.020	1,322,388	X-1638	233,797
At Risk Youth	80.022	475,176	X-1598	92,880
Total Department of Juvenile Justice				<u>326,677</u>
<i>Division of Emergency Management:</i>				
Emergency Management Preparedness and Assistance Grant (EMPA) (FY13/14)	31.063	105,806	14-BG-1M-83-08-61-01-051	82,188
Hazardous Materials Emergency Plan Agreement Planning (FY 12/13)	31.067	6,454	13-CP-11-08-61-01-215	4,328
Hazardous Materials Emergency Plan Agreement Planning (FY 13/14)	31.067	6,454	14-CP-11-08-61-01-305	3,701
Total program				<u>8,029</u>
Total Division of Emergency Management				<u>90,217</u>
Total Expenditures of State Awards				<u>\$ 9,610,764</u>

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards and state financial assistance.

PASCO COUNTY, FLORIDA

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance

Year ended September 30, 2014

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (Schedule) includes the federal and state grant activity of Pasco County, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and Chapter 215.97, *Florida Statutes*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Loans Outstanding

Pasco County, Florida had the following loan balances outstanding at September 30, 2014. The current year additions related to the loans are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance as expenditures.

<u>CFDA/CSFA #</u>	<u>Program</u>	<u>Amount</u>
14.218	Community Development Block Grant/Entitlement Grant	\$ 7,211,688
14.256	ARRA – Neighborhood Stabilization Program NSP2	6,289,273
14.239	HOME Investment Partnership Program	13,528,808
52.901	State Housing Initiative Partnership (SHIP) Program	<u>21,765,863</u>
		<u>\$ 48,795,632</u>

(3) Subrecipients

Of the federal and state expenditures presented in the Schedule, Pasco County, Florida provided awards to subrecipients during the year ended September 30, 2014 as follows:

<u>CFDA #</u>	<u>Program</u>	<u>Amount provided to subrecipients</u>
14.218	Community Development Block Grant/Entitlement Grant	\$ 820,596
93.778	Medicaid Medical Assistance Program (TRIP)	520,272

PASCO COUNTY, FLORIDA
 Schedule of Findings and Questioned Costs
 Year ended September 30, 2014

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2014

Identification of Major Federal Programs

Federal programs	CFDA number
U.S. Department of Homeland Security: Staffing for Adequate Fire and Emergency Response (SAFER) (FY 11/12)	97.083
U.S. Department of Housing and Urban Development: CDBG Entitlement Grant Cluster	14.218
Home Investment Partnership Program	14.239
U.S. Department of Health and Human Services: Passed through Department of Children and Families Temporary Assistance for Needy Families	93.558
Social Services Block Grant	93.667

The threshold for distinguishing Type A and Type B programs was \$1,544,252 for federal programs.

- Auditee qualified as low-risk auditee? No

State Projects

Internal control over major projects:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? Yes

Identification of Major State Projects

State projects	CSFA number
Florida Department of Environmental Protection: Implementation of BMPs in the Duck Slough Watershed N502	37.022
Florida Department of Transportation: Transportation Disadvantaged Trip and Capital TD Operating Transit Block Grant	55.001
TRIP Ridge Rd (Broad to Moon LK)	55.010
	55.026

The threshold for distinguishing Type A and Type B projects was \$300,000 for state projects.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

(2) **Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

Finding 2014-001

Criteria

Proper reporting of financial results in a timely and accurate manner is an important component of internal control. Controls should be in place to monitor account balances on a regular basis to detect potential errors that could impact the accurate reporting of financial results.

Condition

In performing our audit procedures we received multiple versions of supporting schedules and other audit evidence which did not agree, nor had been reconciled to, the general ledger. Such differences generally resulted in additional journal entries that needed to be posted to the general ledger, primarily in the areas of investments, allowance for doubtful accounts, debt, compensated absences, vouchers payable, and capital assets.

Context

The finding is systemic in nature as several audit adjustments were needed to finalize year end account balances.

Effect

Ineffective design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements may prevent management from identifying a material misstatement, whether due to fraud or error.

Cause

Transition of key finance department personnel involved in the financial reporting process, along with other resource constraints related to a system conversion.

Recommendation

Management should establish policies and procedures to monitor and reconcile account balances and funds on a monthly basis. There should be adequate supervision and effective review performed to ensure all reconciliations are taking place on a timely basis and that journal entries related to reconciliations are properly reviewed. When errors are identified that require adjustment, the nature of the error needs to be identified and corrected so that similar errors in the future do not occur.

Management's Response

Management will review quarterly to monitor account balances to detect and correct potential errors.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2014

Finding 2014-002

Criteria

Management is responsible for the preparation and fair presentation of financial statements in accordance with U.S. generally accepted accounting principles; 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. A key component of an effective internal control environment is the timely reconciliation of accounts to the general ledger.

Condition

Subsequent to the County's conversion of the utility billing system in June 2014, there were several key controls that did not take place from June through September 30, 2014 which included:

- A monthly reconciliation of customers deposits to the general ledger
- A daily reconciliation of cash receipts to the bank statement and general ledger
- A periodic reconciliation of meter readings to the amount of water usage billed to customers.

Context

While the unreconciled differences, if any, at year end were not material to the financial statements, given the volume of transactions that are processed by the utility department on a daily basis increases the likelihood that a significant error could go uncorrected.

Effect

Ineffective design, implementation, and maintenance of internal control may prevent management from identifying a material misstatement, whether due to fraud or error.

Cause

At the time of the utility billing system conversion, the County had not completely evaluated the necessary changes that would be required to its business processes to ensure that existing reconciliations could continue to be performed effectively.

Recommendation

The County continue to review the modifications that are needed to its internal reconciliation processes to ensure that reconciliations of cash receipts and billings are being performed effectively and in a timely manner.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2014

Management's Response

The County has reviewed its reconciliation process in regards to the Utility Billing System and has implemented modifications to the process. Specifically, the following key controls have been addressed:

Daily reconciliation of cash receipts to the bank statement and general ledger

The County has implemented a process that reconciles the cash deposits, the daily bank activity statements, and the CIS activity on a daily basis. This reconciliation results in journal entries that represent all daily activity processed in the utility billing system. This process was implemented beginning with October 1, 2014 activity.

A monthly reconciliation of customers deposits to the general ledger

The County has developed a methodology to perform a reconciliation of customer deposits to the general ledger that will be used for FY 2015.

A periodic reconciliation of meter readings to the amount of water usage billed to customers

The County is working with the software developers to create a report to obtain the necessary information, as a report was not readily available in the system. This report will provide verification on the number of reads required versus the number of reads obtained.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

Finding 2014-003

Criteria

Management is responsible for the preparation and fair presentation of financial statements in accordance with U.S. generally accepted accounting principles; 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.

Condition

The Community Development loan tracking database does not track payoff of loans receivable or payments on these loans. As a result, Community Development is currently unable to create properly supported roll-forwards and reconciliations to ensure the completeness and accuracy of loans receivable and deferred revenue. Similarly, Community Development is unable to reconcile its records to the information reported by the third party loan servicer, MFS. Therefore, Community Development is unable to identify any errors that may occur related to the completeness or accuracy of MFS' reports, including the balance of loans receivable, loan delinquency, and other relevant account information. Additionally, Community Development erroneously prepared the journal entry to record outstanding loan balances at September 30, 2014.

Context

Total loans receivable of the Community Development function of the County amounted to approximately \$54,592,000 at September 30, 2014. As a result of our audit procedures, we identified an adjusting entry to reduce year end loan receivable balances by approximately \$1,752,000.

Effect

Ineffective design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements may prevent management from identifying a material misstatement, whether due to fraud or error.

Cause

The County does not have effective reconciliation controls in place to ensure the completeness and accuracy of notes receivable. Additionally, the County does not have a process in place to timely communicate with the Community Development office when a property is foreclosed upon for with the County has an outstanding loan receivable that should be written off.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

Recommendation

A knowledgeable person should reconcile the general ledger balance of notes receivable to the outstanding loan balances reported by the third-party loan servicer and maintained internally by the Community Development department on a consistent basis throughout the year and maintain documentation to support roll-forward balances. Additionally, such reconciliation should be reviewed by someone other than the preparer to help identify errors in supporting documentation and calculations. Lastly, Community Development should develop a process to timely identify loan balances for which the related mortgaged property has been foreclosed on, thus resulting in the County's need to write off the loan balances as uncollectible.

Management's Response

Since the County started lending funds in 1993, the Finance Department had requested an annual accounting of all loan balances by fund for the end of the fiscal year. For many years, this information was kept on Lotus and then Excel databases. As the amount of loans grew to the thousands, it was obvious that a new database was needed, that not only kept information about balances, but also information about different cases. With the assistance of the Information Technology Department, a vendor was selected and a database system was created, named HMS.

The Community Development loan database, HMS, contains information on over 3000 loans. Most Pasco County loans have an interest rate of 0% (some older loans have an interest rate, as do homebuyer loans when the County is the sole lender). There are generally two types of loans – deferred loans and payback loans. Deferred loans do not require monthly payments. Payments are deferred for 3, 5, or 10 years. Because the loan interest rate is at 0%, the deferred loan balances normally do not change. County staff manages these loans.

The County has contracted since 1993 with Multi Financial Services (MFS) for the management of payback loans, which currently exceeds 1300 cases. MFS sends our client coupon books, collects payments, sends tax forms for those with interest, and wires a payment monthly to Pasco County.

Since a prior audit finding on this matter, the County has been making great strides to improve the accuracy of the annual report. To further improve performance, the County is working with the Tax Collector to take payments in-house, with one database to manage all loans. The Information Technology Department is currently working on specifications to implement this process. Before the loans are placed on the new system, Community Development and Fiscal staff will work together to reconcile all accounts.

The large part of the accounting error reported in the finding was not related to the data base or the loan servicer. The error was clerical. One of the pages that listed loans was printed twice, so the balances were counted for twice. The other error was a loan that we told MFS to remove from their records and they did not, so it was included both in the County and MFS data base.

The recommendation of the audit, that a person should reconcile the balances, other than the person preparing the report, is the process that has been done. Both errors were clerical in nature.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

A majority of the loans that the County holds are second mortgages. The foreclosing lender is not always timely in informing the County when a loan is finally foreclosed, and sometimes does not inform the County at all. All County loan files are pulled physically at least once every two years and ownership is verified. To address this concern in the future, the County will participate in the Clerk & Comptroller's property fraud prevention program beginning in November, 2015. This program will notify interested parties of any documents recorded in Official Records matching their subscribed names. The County will subscribe the names of its current property owners, thereby receiving notification of any documents recorded that may affect the County's interest in those properties.

It should be noted that the actual individual balances of loans are known and correct. The total balances reported while incorrect, does not impair the ability to prepare pay-off balances nor decision-making regarding individual loans.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

(3) Findings and Questioned Costs Relating to Major Federal Programs

Finding 2014-004 – Activities Allowed or Unallowed and Allowable Costs

Federal Agency

U.S. Department of Homeland Security

Federal Program

Staffing for Adequate Fire and Emergency Response CFDA #97.083; Award Number: EMW–2011–FH–00566, Award Year: 2011

Criteria

In accordance with the funding restrictions in the grant award, overtime that is not related to costs for overtime fire departments routinely pay as part of the base salary or the firefighters regular salary and contracted shift hours is not eligible for funding. Furthermore, A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition Found

In a sample of 2 reimbursement requests totaling \$590,053 of 6 submitted during the fiscal year totaling \$1,085,819, we identified \$5,815 of costs for which reimbursement was requested that did not agree to supporting documentation and were ineligible expenditures for reimbursement. Of the \$5,815, the County received \$2,095 in federal funds for an employee who no longer worked in the program, \$2,605 in federal funds because of a manual error when making the funds request, \$1,057 in federal funds for an employee who was on reduced hours, and the remaining difference is presumed to be ineligible overtime.

Questioned Costs

\$5,815

Effect

Not complying with requirements related to activities allowed or unallowed and allowable costs could jeopardize the County's future receipt of federal funds.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

Cause

Management does not have adequate review controls in place to ensure that reimbursement requests are accurately prepared and reconciled to the general ledger to include only allowable costs.

Recommendation

We recommend the County implement controls to ensure compliance with activities allowed or unallowed and allowable costs requirements as stated in the grant agreement.

View of Responsible Officials

Management has implemented a review process to ensure compliance with allowable costs requirements. Prior to submittal of payment requests, the Grant Coordinator shall have management review the submission to assure that no mistakes are submitted.

Finding 2014-005 – Reporting

Federal Agency

United States Department of Housing and Urban Development

Federal Program

CDBG Entitlement Grant Cluster: CFDA #14.218: Neighborhood Stabilization Program NSP 1 and Neighborhood Stabilization Program NSP 3; Award Numbers B08-UN-12-0014 and B11-UN-12-0014, Awards Years 2008 and 2011

Criteria

Per the grant agreements, the grantee shall submit information on performance measurement as established by the Secretary for activities undertaken with NSP grant funds. The Grantee is advised that providing false, fictitious or misleading information with respect to NSP grant funds may result in criminal, civil or administrative prosecution under 18 USC 1001, 18 USC 1343, 31 USC 3729, 31 USC 3802 or another applicable statute.

Condition Found

In reviewing the 2 quarterly reports submitted for Neighborhood Stabilization Program 1 and 3, we identified that the quarterly total funds expended per the report did not agree to supporting documentation provided by the County. In addition, within the report, the County acknowledged the balances were not correct and needed to be corrected; however, during our audit, the County could not provide us information that these reports were corrected.

Questioned Costs

None

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
Year ended September 30, 2014

Effect

Not complying with requirements related to reporting could jeopardize the County's future receipt of federal funds

Cause

Management does not have adequate review controls in place to ensure reporting requirements are met and information reported is accurately prepared and reconciled to the general ledger.

Recommendation

We recommend the County implement controls to ensure reports are submitted accurately and completely.

View of Responsible Officials

The reports were incorrect due to the DRGR external system (HUD's system) errors in that it was adding in additional numbers that weren't in the report. This was brought to the attention of the DRGR support team and they have corrected the system issue since. To ensure the reports are accurate each reporting period, the accountant will reconcile to the general ledger and process the quarterly report. Review and approval will be received from the Fiscal Manager prior to submission of the final report.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

(4) Findings and Questioned Costs Relating to Major State Projects

Finding 2014-006 – Eligibility

State Agency

Florida Department of Transportation

State Project

Transportation Disadvantaged Trip and Capital TD Operating, CSFA #55.001

Criteria

Section 215.97(8), Florida Statutes, The Florida Single Audit Act, requires auditors conducting a state single audit of recipients or subrecipients to obtain an understanding of internal controls, assess control risk and, unless the controls are deemed to be ineffective, perform tests of controls. Additionally, auditors are to determine whether the nonstate entity has internal controls in place to provide reasonable assurance of compliance with the provisions of laws, regulations, and other rules, pertaining to state awards that have a material effect on each major state project.

Condition Found

During the test of design and implementation of internal controls surrounding eligibility for free or discounted bus passes, we identified the Transportation Support Services Supervisor is responsible for performing the review of the application, determining eligibility, and entering the individual into the Transview System. Therefore, management does not have effective segregation of duties in order to prevent, or detect and correct noncompliance on a timely basis.

Questioned Costs

None

Effect

Assigning the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets to different people is intended to reduce the opportunities for any one person to be in a position to both perpetrate and conceal errors, fraud, or noncompliance in the normal course of his or her duties. Not having proper segregation of duties could inhibit the County's ability to prevent, or detect and correct noncompliance on a timely basis.

Cause

Management controls surrounding the determination of eligibility for free or discounted bus passes are not properly designed.

Recommendation

We recommend the County implement controls to ensure it has proper segregation of duties when approving bus pass eligibility determination or establish mitigating controls to prevent, or detect and correct noncompliance on a timely basis.

PASCO COUNTY, FLORIDA

Schedule of Findings and Questioned Costs

Year ended September 30, 2014

View of Responsible Officials

Pasco County Public Transportation (PCPT) provides bus passes to eligible riders who qualify based on criteria provided by the funding source (ie. CDBG, Transportation Disadvantaged). The passes are provided on a monthly basis and this program is called the “sponsored bus pass” program. The passes are not the same as our current monthly passes and they are generated by our Fiscal Accountant and assigned a number sequence. We will implement a system where these passes are then approved by the Fiscal Manager, who provides them to our dispatcher who oversees the eligible client list. Upon review and approval of the applications for pass eligibility, the passes are mailed to the clients and the inventory list is provided to the Transportation Coordinator for their review and approval. We will also implement a checklist that prescribes required steps to evidence the segregation of duties. This segregation of duties will be as follows effective immediately to ensure program accountability and ensure that all appropriate approval signatures are undertaken by PCPT.