



**PASCO COUNTY, FLORIDA**

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

September 30, 2015

(With Independent Auditors' Report Thereon)

## 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:

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 (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements which comprise the County's basic financial statements, and have issued our report thereon dated July 29, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 2015-001 and 2015-002 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 2015-003 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 the County'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 Responses to the Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

July 29, 2016

Certified Public Accountants



KPMG LLP  
Suite 1700  
100 North Tampa Street  
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**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:

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

We have audited Pasco County, Florida's (the County) 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 the County's major federal programs and state projects for the year ended September 30, 2015. The County'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 the County'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 the County'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 the County's compliance.

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

In our opinion, the County 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, 2015.



### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and Chapter 10.550 and which is described in the accompanying schedule of findings and questioned costs as Finding 2015–004. Our opinion on each major federal program and state project is not modified with respect to this matter.

The County’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County’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 the County 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 the County’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 the County’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 2015–004 and 2015-005 that we consider to be significant deficiencies.

The County’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated July 29, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic 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 basic financial statements. The 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.

**KPMG LLP**

October 18, 2016  
Certified Public Accountants

**PASCO COUNTY, FLORIDA**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year ended September 30, 2015

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
U.S. Department of Housing and Urban Development:				
Direct Program:				
Community Development Block Grant / Entitlement Grant Cluster:				
Community Development Block Grant/Entitlement Grant	14.218	\$ —	Program Income	\$ 362,027
Community Development Block Grant/Entitlement Grant	14.218	2,491,086	B13-UC-12-0009	2,243,123
Community Development Block Grant/Entitlement Grant	14.218	2,624,280	B14-UC-12-0009	285,654
Officer Friendly	14.218	87,626		75,626
Neighborhood Stabilization Program NSP 1	14.218	—	Program Income	84,055
Neighborhood Stabilization Program NSP 3	14.218	—	Program Income	367,584
Total Community Development Block Grant Entitlement Grant Cluster				3,418,069
Choice Neighborhood	14.892	300,000	FL4H511CNP112	224,027
Total program				224,027
Passed through Neighborhood Lending Association:				
ARRA – Neighborhood Stabilization Program NSP 2	14.256	29,553,129	B09-CN-FL-0023	3,179,971
Total program				3,179,971
Direct Program:				
Emergency Solutions Grant Program	14.231	176,925	E13-UC-12-0017	56,041
Emergency Solutions Grant Program	14.231	202,373	E14-UC-12-0017	122,440
Total program				178,481
Direct Program:				
Home Investment Partnership Program	14.239	1,131,724	M09-DC-12-0216	39,884
Home Investment Partnership Program	14.239	1,124,396	M10-DC-12-0216	83,188
Home Investment Partnership Program	14.239	993,719	M11-DC-12-0216	894,347
Home Investment Partnership Program	14.239	835,246	M12-DC-12-0216	390,549
Home Investment Partnership Program	14.239	839,963	M13-DC-12-0216	10,455
Home Investment Partnership Program	14.239	888,050	M14-DC-12-0216	45,569
Home Investment Partnership Program	14.239	—	Program Income	612,257
Total program				2,076,249
Passed through Florida Office of Attorney General:				
HUD Capital Fund Drug Elimination	14.872	30,000	None	28,505
Total U.S. Department of Housing and Urban Development				9,105,302
Election Assistance Commission:				
Passed through State of Florida Department of State – Division of Elections:				
Poll Worker Recruitment and Training	90.401	77,458	MOA	4,721
Total Election Assistance Commission				4,721
U.S. Department of Justice:				
Bureau of Justice Assistance:				
Adult Drug Court Expansion – Prison Diversion	16.585	200,000	2013-DC-BX-0025	146,168
Direct Program:				
State Criminal Alien Assistance Program	16.606	94,091	2010-AP-BX-0007	16,835
Solving Colds Cases with DNA	16.560	116,747	2014-DN-BX-K466	19,804
Passed through Florida Office of Attorney General:				
Victims of Crime Act	16.575	41,868	V125-14003	39,835
Direct Program:				
Violence Against Women Formula Grants:				
STOP Enhanced LE Response	16.588	111,255	15-80090LE-ENH	85,538
STOP Enhanced LE Response	16.588	111,255	16-80090LE-EHN	26,386
Total program				111,924
JAG Program Cluster:				
Direct program:				
JAG V & N Gang Suppression (6)	16.738	94,599	2014-DJ-BX-0495	86,471
Multi-Jurisdictional Task Force – SNAP	16.738	128,215	2015-JAGC-PASC-1-R3-009	128,215
Total JAG Program Cluster				214,686
Federal Equitable Sharing	16.922	—	None	771,483
Total U.S. Department of Justice				1,320,735
U.S. Department of Transportation:				
Passed through Florida Department of Transportation:				
Urban Mass Transportation Technical Studies:				
Grant MPO Section 5303	20.505	14,443	AQT92 FY 12/13 STATE	2,928
Passed through Pinellas County MPO:				
Urban Mass Transportation Technical Studies:				
Grant MPO Section 5303	20.505	115,541	AQT92 FY 12/13 FEDERAL	23,426
Grant MPO Section 5303 (d)	20.505	135,631	ARA88 FY 13/14 FEDERAL	82,069
Grant MPO Section 5303 (d)	20.505	138,722	ARM21 FY 14/15 FEDERAL	6,479
Total program				114,902



**PASCO COUNTY, FLORIDA**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year ended September 30, 2015

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
Highway Planning and Construction Cluster:				
Metropolitan Planning Organization Section 1107 PL	20.205	\$ 1,007,985	A5208 14-15	\$ 324,264
Metropolitan Planning Organization Section 1107 PL	20.205	1,373,714	A5208 15-16	164,794
Lake Iola – Construction	20.205	290,400	ARC04	1,369
Cypress Knoll Drive Sidewalk Project – Construction	20.205	106,050	ARI27	1,412
Foggy Ridge Parkway Sidewalk Project – Construction	20.205	62,200	ARI28	12,428
Shady Hills Road Traffic Operations Improvement Project	20.205	1,493,495	AR306	1,189,779
Trouble Creek Road Sidewalk Project – Design	20.205	96,720	AQP82	15,509
Villa Entrada Sidewalk Project – Construction	20.205	115,900	ARI29	1,356
Total Highway Planning and Construction Cluster				<u>1,710,911</u>
Direct Program:				
Federal Transit Cluster:				
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,136,824	FL90X-654	8,811
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,363,218	FL90X-695	20,803
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,339,128	FL90X-732	287,284
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,243,375	FL90X-753	30,617
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Capital	20.507	2,347,364	FL90X-780	24,008
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Capital	20.507	3,154,784	FL90X-814	1,130,328
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Operating	20.507	225,000	FL90X-814	90,000
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Capital	20.507	3,336,486	FL90X-847	248,771
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Operating	20.507	225,000	FL90X-847	90,000
ARRA – ZHILLS Small Urban	20.507	3,944,919	FL96X-020	61,742
Total Federal Transit Cluster				<u>1,992,364</u>
Passed through Florida Department of Transportation:				
Highway Safety Cluster:				
HVE Pedestrian Grant	20.600	25,227	BDV25/945-001	19,961
Total Highway Safety Cluster				<u>19,961</u>
Passed through Florida Department of Transportation:				
Formula Grants for Other than Urbanized Areas:				
Rural 5311 FY 13 Ops	20.509	387,843	APV20	136,175
Passed through Florida Department of Transportation:				
National Priority Safety Programs				
EMS STARS – CDX Grant	20.616	16,429	G0718	16,200
Total U.S. Department of Transportation				<u>3,990,513</u>
Office of Library Services, Institute of Museum and Library Services:				
Direct Program:				
National Foundation on the Arts and the Humanities:				
Pasco County Library Cooperative Web Portal (Get Help Florida)	45.310	15,000	14-LSTA-A-03-A	15,000
Total Office of Library Services				<u>15,000</u>
U.S. Department of Homeland Security:				
Direct Program:				
Staffing for Adequate Fire and Emergency Response (SAFER) (FY 11/12)	97.083	2,292,696	EMW-2011-FH-00566	771,038
Passed through the Division of Emergency Management:				
Citizens Corps Grant (FY 14/15)	97.042	5,485	15-CC-N2-08-61-02-283	4,693
Community Emergency Response Team (CERT) (FY 13/14)	97.042	11,200	13-CI-K1-08-61-02-295	147
Community Emergency Response Team (CERT) (FY 14/15)	97.042	14,465	15-CI-N2-08-61-02-284	12,942
Emergency Management Performance Grant (FY 13/14)	97.042	129,104	15-FG-4D-08-61-01-118	129,104
				<u>146,886</u>
Hazard Mitigation Grant Severe Repetitive Loss – PJ-04-FL-2010-13 (Heavens Way)	97.110	214,057	12SL-5E-08-61-01-510	204,503
Hazard Mitigation Grant – 561-24-R (Grand Blvd)	97.039	160,767	13HM-2Y-08-61-01-477	151,321
Hazard Mitigation Grant FY15 (various)	97.039	1,299,257	15-HM-6B-08-61-01-172	37,661
Total program				<u>188,982</u>
Passed through the Department of Community Affairs:				
Homeland Security (FY 13/14)	97.067	17,750	14-DS-L5-08-61-01-258	7,637
Homeland Security (FY 14/15)	97.067	20,000	15-DS-P4-08-61-01-377	5,743
Homeland Security Grant – Operation Stonegarden – Paradise Lost	97.067	67,914	15-DS-P9-08-61-01-482	46,233
Total program				<u>59,613</u>
Total U.S. Department of Homeland Security				<u>1,371,022</u>
U.S. Department of Health and Human Services:				
Passed through the Department of Elder Affairs:				
Aging Cluster Program:				
Title IIIB Transportation	93.044	199,513	OAA-EA015 PASCO TRANSP Fed	118,211
Title IIIB Transportation	93.044	12,000	OAA-EA015 Project Income	9,000
Title IIIB Transportation	93.044	200,176	EA014-Pasco-Transportation	61,383
Title IIIB Transportation	93.044	N/A	EA014 Project Income	3,000
Elderly Nutrition Title IIIC	93.045	175,418	EA015 Pasco Nutrition C1 Federal	109,242
Elderly Nutrition Title IIIC	93.045	N/A	EA015 Pasco Nutrition C1 Project Income	9,899
Elderly Nutrition Title IIIC	93.045	591,884	EA015 Pasco Nutrition C2 Federal	447,107
Elderly Nutrition Title IIIC	93.045	N/A	EA015 Pasco Nutrition C2 Project Income	2,615
Elderly Nutrition Title IIIC	93.045	247,298	EA014 Pasco Nutrition C1 Federal	108,198
Elderly Nutrition Title IIIC	93.045	N/A	EA014 Pasco Nutrition C1 Project Income	3,660
Elderly Nutrition Title IIIC	93.045	511,580	EA014 Pasco Nutrition C2 Federal	219,013
Elderly Nutrition Title IIIC	93.045	N/A	EA014 Pasco Nutrition C2 Project Income	1,308

**PASCO COUNTY, FLORIDA**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year ended September 30, 2015

<b>Federal/state grantor/pass-through grantor</b>	<b>CFDA/ CSFA</b>	<b>Contract amount</b>	<b>Grant ID No.</b>	<b>Expenditures</b>
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.:				
Nutrition Services Incentive Program	93.053	\$ 30,560	EU015 Pasco C1	\$ 36,702
Nutrition Services Incentive Program	93.053	83,001	EU015 Pasco C2	94,421
Nutrition Services Incentive Program	93.053	63,390	EU014 Pasco C1	8,312
Nutrition Services Incentive Program	93.053	—	EU014 Pasco C2	18,828
Total Aging Cluster Program				<u>1,250,899</u>
Passed through Department of Health:				
Department of Health, Substance Abuse and Mental Health Services – Veterans Treatment	93.243	325,000	1H79TI025040-01	193,681
Passed through Department of Children and Families:				
Temporary Assistance for Needy Families – Federal Portion	93.558	955,384	QJZ33	1,647,960
Foster Care – Title IV-E	93.658	50,553	QJZ33	37,119
Social Services Block Grant	93.667	988,399	QJZ33	884,333
Passed through Florida Department of Revenue:				
Child Support Enforcement	93.563	N/A	N/A	439,258
Passed through Department of Elder Affairs:				
Emergency Home Energy	93.568	107,799	EHEAP EP014-PASCO	49,731
Emergency Home Energy	93.568	95,036	EHEAP EP015-PASCO	95,036
Total program				<u>144,767</u>
Total U.S. Department of Health and Human Services				<u>4,598,017</u>
U.S. Department of Environmental Protection:				
Brownfield's Coalition Assessment Grant	66.818	1,000,000	EPA-OSWER-OBLER-10-09	119,411
Total U.S. Department of Environmental Protection				<u>119,411</u>
U.S. Department of Agriculture:				
Rural Housing Preservation Grant	10.433	70,000	Rural Deve Housing Pres Trilby	63,024
Total U.S. Department of Agriculture				<u>63,024</u>
Executive Office of the President:				
High Intensity Drug Trafficking Areas Program	95.001	60,000	G14CF0014A	59,670
High Intensity Drug Trafficking Areas Program	95.001	79,440	G15CF0014A	17,789
Total Executive Office of the President				<u>77,459</u>
Total Expenditures of Federal Awards				<u>\$ 20,665,204</u>

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

**PASCO COUNTY, FLORIDA**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year ended September 30, 2015

Federal/state grantor/pass-through grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
Florida Department of Environmental Protection: Water Management Districts – Land Acquisition and Improvement Program: Implementation of BMPs in the Duck Slough Watershed N502	37.022	\$ 1,000,000	13C00000015	\$ 487,667
Total Florida Department of Environmental Protection				487,667
Florida Department of State and Secretary of State: State Aid to Libraries Program: PCLC State Aid	45.030	8,877	15-ST-71	8,877
State Aid to Libraries	45.030	196,936	15-ST-71	196,936
Total Florida Department of State and Secretary of State				205,813
Florida Department of Community Affairs: State Housing Initiative Partnership	52.901	3,817,115	M01-UC-18-0216	845,704
State Housing Initiative Partnership	52.901	—	Program Income	1,432,843
Total Florida Department of Community Affairs				2,278,547
Florida Department of Transportation: Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	650,091	ARH17	487,566
Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	650,091	G0182	162,666
Total program				650,232
Transportation Disadvantaged Planning Grant	55.002	28,930	ARI22	21,119
Transportation Disadvantaged Planning Grant	55.002	28,930	G0250	3,182
Total program				24,301
Transit Block Grant	55.010	1,001,579	ARQ83	599,118
Transit Block Grant	55.010	973,351	AR805	325,045
Total program				924,163
County Incentive Grant Program: Moon Lake Rd @ SE52 (CIGP Agreement for ROW Acquisition)	55.008	1,845,100	AQQ83-FPN: 430383 1 48 01	1,297,654
SR54 & Morris Bridge Rd/Eiland Blvd Intersection (CIGP Agreement)	55.008	1,872,500	ARE33-FPN: 416561 3 48 01	396,315
Total program				1,693,969
Transit Corridor Program: MPO 5305(d) 2013-2014	55.013	16,954	ARA88	10,259
MPO 5305(d) 2014-2015	55.013	17,340	ARM21	810
Corridor SR 54	55.013	225,000	AR807	180,000
US19 FDOT 408319-1-84-13 FY 14	55.013	350,000	AR808	210,000
US19 FDOT 408319-1-84-14 FY 15	55.013	250,000	ARQ84	50,000
Total program				451,069
SR 54/56 (19-301) Toll Feasibility Study	55.023	218,785	AQ83	40,434
Transportation Regional Incentive Program: TRIP Ridge Rd (Broad to Moon LK)	55.026	15,228,065	AQQ73	5,271,485
TRIP Ridge Rd (Little Road to Moon Lake)	55.026	1,000,000	AP197	858
Total program				5,272,343
Transportation Infrastructure Program: TIP Lemon Road & Orchid Lake Road Intersection Project	55.029	461,114	AQA81	92,500
TIP Interlaken Road (Community Drive to Gunn highway – CR587)	55.029	3,839,470	FPN: 430446 1 38/48/58 01	2,067,491
Total program				2,159,991
Total Florida Department of Transportation				\$ 11,216,502
Florida Department of Health: County Grant Awards: EMS County Award	64.005	55,273	C2051	9,253
EMS County Award	64.005	84,343	C3051	13,228
Total program				22,481
EMS Match Award	64.003	47,938	M3032	47,938
Total Florida Department of Health				70,419
Florida Department of Elder Affairs, Passed through Area Agency on Aging of Pasco-Pinellas, Inc.: Local Services Programs: Title IIIB Transportation	65.009	48,406	OAA-EL014-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
Florida Department of Juvenile Justice: Juvenile Assessment	80.020	1,322,388	X-1638	206,395
At Risk Youth	80.022	475,176	X-1598	85,628
Total Florida Department of Juvenile Justice				292,023
Executive Office of the Governor: Emergency Management Preparedness and Assistance Grant (EMPA) (FY14/15)	31.063	105,806	15-BG-83-08-61-01-051	105,806
Emergency Management Projects Program: Hazardous Materials Emergency Plan Agreement Planning (FY 13/14)	31.067	6,454	14-CP-11-08-61-01-305	1,505
Hazardous Materials Emergency Plan Agreement Planning (FY 14/15)	31.067	5,763	15-CP-11-08-61-01-257	905
Total program				2,410
Total Executive Officer of the Governor				108,216
Florida Fish and Wildlife Conservation Commission: Florida Boating Improvement Program	77.006	19,800	13399	19,800
Total Florida Fish and Wildlife Conservation Commission				19,800
Total Expenditures of State Awards				\$ 14,848,631

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, 2015

#### (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 the County, 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

The County had the following loan balances outstanding at September 30, 2015. The current year additions related to the loans are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance as expenditures.

CFDA/CSFA #	Program	Amount
14.218	Community Development Block Grant/Entitlement Grant	\$ 9,608,359
14.256	ARRA – Neighborhood Stabilization Program NSP2	10,285,005
14.239	HOME Investment Partnership Program	12,533,279
52.901	State Housing Initiative Partnership (SHIP) Program	21,612,932
		<u>\$ 54,039,575</u>

#### (3) Subrecipients

Of the federal and state expenditures presented in the Schedule, the County provided awards to subrecipients during the year ended September 30, 2015 as follows:

CFDA #	Program	Amount provided to subrecipients
14.218	Community Development Block Grant/Entitlement Grant Cluster	\$ 496,576

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

**(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, 2015

***Identification of Major Federal Programs***

<b>Federal programs</b>	<b>CFDA number</b>
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: Community Development Block Grants / Entitlement Grants Cluster	14.218
Passed through Neighborhood Lending Association: ARRA – Neighborhood Stabilization Program NSP 2	14.256
U.S. Department of Justice: Federal Equitable Sharing Program	16.922
U.S. Department of Transportation: Highway Planning and Construction Cluster	20.205
U.S. Department of Health and Human Services: Aging Cluster Program	Various
Child Support Enforcement	93.563

The threshold for distinguishing Type A and Type B programs was \$359,727 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? Yes

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? No

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

***Identification of Major State Projects***

<b>State projects</b>	<b>CSFA number</b>
Florida Department of Transportation:	
Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001
County Incentive Grant Program	55.008
Transit Corridor Program	55.013
Transportation Regional Incentive Program	55.026
Transportation Infrastructure Program	55.029

The threshold for distinguishing Type A and Type B projects was \$445,459 for state projects.

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

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

**Finding 2015-001**

***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 identified several audit differences and adjusting entries, primarily in the areas of debt issuance costs, capital assets, accrued compensated absences, liability for incurred but not reported health claims, and restricted cash and investments.

***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***

Continued transition of key finance department personnel involved in the financial reporting process, along with other resource constraints related to a system conversion. Additionally, specific to capital assets, the fact that capital asset activity is only entered annually creates the potential for errors to occur.

***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.

***View of Responsible Officials***

Key open Financial Services management positions, along with the implementation of a new ERP system led to resource constraints to effectively review all reconciliations and year-end adjusting entries. During Fiscal Year 2015 – 2016, the new Financial Services management team has developed a corrective action plan to enhance its internal control over financial reporting. The plan is to implement a year-end process, which includes checklists assigned to specific personnel, each responsible for ensuring that all transactions are properly accounted for with the appropriate accounting standards applied.



**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

Management is also leading an effort to examine the process and resources involved in the reconciliation, review of account balances, and required journal entries. Management has established policies and procedures to monitor and reconcile account and fund balances on a monthly basis, identify areas that may be improved, and take action to do so. The Director of Financial Services and the Managers of Financial Accounting & Reporting review all reconciliations to ensure they are taking place on a timely basis, and journal entries are also properly reviewed for accuracy

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

**Finding 2015-002**

***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 were ineffective, missing, or not performed during the entire current fiscal year, which included:

- A monthly reconciliation of customers deposits to the general ledger
- A monthly reconciliation of accounts receivable per the utility billing system to amounts recorded in the general ledger.
- A daily reconciliation of cash receipts posted to the utility billing system to amounts recorded in the general ledger.
- A periodic reconciliation of meter readings to the amount of water usage billed to customers
- A periodic review of exception reports, including evidence of review and resolution of exceptions
- A lack of segregation of duties between the individual responsible for oversight of the utility billing system to the billing and collection functions.

***Context***

As a result of the lack of reconciliations taking place during the year, an error of approximately \$3.3 million was identified and recorded by the County. This error related to five batches of billings that were processed by the utility billing system that were not recorded in the general ledger. The volume of transactions that are processed by the utility department on a daily basis increases the likelihood that a material 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.

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

***Recommendation***

The County continue to review the modifications that are needed to its internal reconciliation processes to ensure that reconciliations are being performed effectively and in a timely manner. Additionally, that exception reports and other system features be used to effectively manage the billing and collection processes.

***View of Responsible Officials***

- **A monthly reconciliation of customers deposits to the general ledger.**

The County developed a method to reconcile customer deposits to the general ledger and implemented the process in January of 2015. The County, along with the Clerk and Comptroller's office, is employing a more effective and consistent process to the monthly closing to improve the progress of reconciliations. Preliminary documents have been recorded detailing the process. Monthly reconciliation of customer deposits is currently up to date.

- **A monthly reconciliation of accounts receivable per the utility billing system to amounts recorded in the general ledger.**

A process to reconcile accounts receivable per the utility billing system to amounts recorded in the general ledger was developed during FY 2015 and implemented in January 2016. Preliminary documents have been recorded detailing the process. Ongoing developments are being explored to improve the accuracy and simplicity of the process with the assistance of the Clerk and Comptroller' Office. The reconciliation of accounts receivable per the utility billing system to amounts recorded in the general ledger are currently up to date.

- **A daily reconciliation of cash receipts posted to the utility billing system to amounts recorded in the general ledger.**

The County implemented a daily reconciliation of cash receipts to the bank statement and general ledger in January of 2015 starting with October 1, 2014 activity. By September 30, 2015, a daily reconciliation was consistently performed and continues to date. The cash receipt process has been mapped and several Standard Operating Procedures (SOP's) have been drafted to document the process.

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

Currently, on a daily basis, the number of meters to be read is compared against the actual number of meters read to ensure all readings are included. Additionally, the Utilities Department is working on the reimplementation of the Customer Information System. As part of that reimplementation, staff is analyzing reporting capabilities including consumption.

- **A periodic review of exception reports, including evidence of review and resolution of exceptions.**

Exceptions are currently being reviewed and resolved on a daily basis. They are then journaled and saved in the following location; U:/Utilities Customer Service Documents/CIS Journals FY2015-2016/date/Billing Journals. The personnel then complete the resolution, journal and save again and then the bills are generated.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2015

- **A lack of segregation of duties between the individual responsible for oversight of the utility billing system to the billing and collection functions.**

Reorganization and staffing changes within Customer Information & Services Department has resulted in changes needing to be made with numerous process and procedures to further ensure segregation of duties. Currently, the Utilities Department is modifying duties and responsibilities for several positions.

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

**Finding 2015-003**

***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, County personnel from Community Development are 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.

***Context***

Total loans receivable of the Community Development function of the County amounted to approximately \$54,000,000 at September 30, 2015.

***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.

***Recommendation***

A knowledgeable person should reconcile the general ledger balance of loans 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 additions, deletions and other activity affecting the loan balance. Additionally, such reconciliation should be reviewed by someone other than the preparer to help identify errors in supporting documentation and calculations.

***View of Responsible Officials***

After many years of incorrect balances in the reporting on the loans outstanding, the County decided to bring those functions in-house and bring all loan information and balances in one data base. A software system was approved to be purchased in FY 2017, and an agreement is being finalized with the Tax Collector for payment collection. While no errors were found on the FY2015 data base and balances, it is acknowledged that it is an ineffective system. Because of the transition in loan data base management, the suggestions to better track with the current data base was not implemented, but will be corrected when the new system is in place.

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

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

**Finding 2015-004 – Reporting**

***Federal Agency***

United States Department of Housing and Urban Development

***Federal Program***

Community Development Block Grants / Entitlement Grants: CFDA #14.218: Neighborhood Stabilization Program NSP 3; Award Number B11-UN-12-0014, Award Year 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 three quarterly reports submitted for Neighborhood Stabilization Program 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 had been corrected.

***Questioned Costs***

None

***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.

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

***View of Responsible Officials***

During the FY15 audit, Public Services Fiscal staff was undergoing a full reconciliation of the NSP3 fund as a whole dating back to Fiscal Year 2011. Fiscal staff was aware of the issue with the reporting and coordinated with HUD to obtain direction on how to fix the reporting issue, ultimately getting the balances to match general ledger expenditures life to date. HUD direction was given to make any adjustments into the current reporting period open in the DRGR system. A full reconciliation of the fund was completed approximately in July 2016, and the balance adjustments were completed in the 3<sup>rd</sup> quarter report. The NSP3 quarterly reports have been corrected to reflect the balances in the financial system as of June 30, 2016. Moving forward this will reflect the quarter's actual expenditures, ultimately balancing to the total expenditures. All quarterly reports will be reviewed with the appropriate supporting backup prior to submission/approval in the DRGR system by the Fiscal Services Manager or designee other than the originator.

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

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

**Finding 2015-005 – Eligibility**

***State Agency***

Florida Department of Transportation

***State Project***

Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program, CSFA #55.001

***Criteria***

Section 215.97(1), Florida Statutes, The Florida Single Audit Act, requires nonstate entities, including management and other personnel, to develop processes designed 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 regarding 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 to ensure proper segregation of duties.



**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2015

***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.

***View of Responsible Officials***

Management will establish procedures to reconcile and monitor the review of the applications, eligibility determination, and entering the individuals into the Transvue System. The new procedure will be reviewed by the Paratransit Supervisor, and then the pass is provided by our Fiscal Accountant, and then authorized by a second Fiscal Account following a review by the Fiscal Supervisor. Passes are then entered into Transvue” by the Paratransit supervisor and then final approval is given by the Transportation Administrative Manager.