



**PASCO COUNTY, FLORIDA**

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

September 30, 2008

# PASCO COUNTY, FLORIDA

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**KPMG LLP**  
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Tampa, FL 33602

**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 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, 2008, which collectively comprise Pasco County, Florida's basic financial statements and have issued our report thereon dated June 2, 2009, which referred to the adoption of Governmental Accounting Standards Board Statement No. 45. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Pasco County, Florida's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pasco County Florida's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described as items 2008-01, 2008-02, and 2008-03 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented



or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiencies described above are material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pasco County, Florida's financial statements are free of 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*.

We noted certain matters that we reported to management of Pasco County, Florida in a separate letter dated July 17, 2009.

Pasco County, Florida's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Pasco County, Florida's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Members of the Board of County Commissioners, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

June 2, 2009  
Certified Public Accountants



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

**Report on Compliance with Requirements Applicable to Each Major  
Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133 and  
*Rules of the Auditor General, State of Florida, Chapter 10.550***

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

**Compliance**

We have audited the compliance of Pasco County, Florida with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the requirements described in the Executive Office of the Governor's *State Projects Compliance Supplement* that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2008. Pasco County, Florida's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of Pasco County, Florida's management. Our responsibility is to express an opinion on Pasco County, Florida's compliance based on our audit.

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, State of Florida* (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 financial assistance 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. Our audit does not provide a legal determination on Pasco County, Florida's compliance with those requirements.

In our opinion, Pasco County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 or Chapter 10.550 and which are described in the accompanying schedule of findings and questioned costs as items 2008-04 through 2008-07.



## **Internal Control over Compliance**

The management of Pasco County, Florida is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered Pasco County, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state financial assistance project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state financial assistance project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-04 and 2008-06 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

## **Schedule of Expenditures of Federal Awards and State Financial Assistance**

We have audited 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, 2008, and have issued our report thereon dated June 2, 2009, which was modified to reference the adoption of Governmental Accounting Standards Board Statement No. 45. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Pasco County, Florida's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Pasco County, Florida's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Pasco County, Florida's responses and, accordingly, we express no opinion on them.



This report is intended solely for the information and use of management of Pasco County, Florida, the Board of County Commissioners, others within the entity, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

July 17, 2009  
Certified Public Accountants

PASCO COUNTY, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2008

Federal/State Grantor/Pass-Through Grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
U.S. Department of Agriculture:				
National School Lunch Program	10.555	None	None	\$ 9,864
Total U.S. Department of Agriculture				<u>9,864</u>
U.S. Department of Housing and Urban Development:				
Community Development Block Grant/Entitlement Grant	14.218	\$ 2,815,360	B05-UC-120009	878,494
Community Development Block Grant/Entitlement Grant	14.218	2,565,682	B06-UC-120009	2,473,345
Community Development Block Grant/Entitlement Grant	14.218	2,598,184	B07-UC-120009	11,492
Community Development Block Grant/Entitlement Grant	14.218	None	PROGRAM INCOME	131,466
Community Development Block Grant/Officer Friendly Grant	14.218	112,130	None	112,130
Total Program				<u>3,606,927</u>
Emergency Shelter	14.231	107,349	S-06-UC-12-0017	8,731
Emergency Shelter	14.231	110,658	S-07-UC-12-0017	110,145
Total Program				<u>118,876</u>
Home Investment Partnership Program	14.239	1,039,285	M05-UC-120216	85,699
Home Investment Partnership Program	14.239	964,201	M06-UC-120216	258,116
Home Investment Partnership Program	14.239	954,610	M07-UC-120216	865,718
Home Investment Partnership Program	14.239	None	PROGRAM INCOME	478,183
Total Program				<u>1,687,716</u>
Public and Indian Housing Drug Elimination Program	14.854	50,000	None	47,293
Total U.S. Department of Housing and Urban Development				<u>5,460,812</u>
Election Assistance Commission:				
Passed through State of Florida DOS Division of Elections:				
Poll Worker Recruitment and Training	90.401	None	MOA	20,044
Ballot-on Demand	90.401	None	MOA	136,610
Optical Scan	90.401	None	MOA	892,925
Voter Education	90.401	None	MOA	61,977
Total Election Assistance Commission				<u>1,111,556</u>
U.S. Department of Justice:				
Passed through Florida Office of Attorney General:				
Crime Victim Assistance	16.575	34,685	V7063	34,685
Total Program				<u>34,685</u>
Direct program:				
STOP Violence vs. Women	16.588	198,389	LN823	78,882
SCAAP	16.606	188,950	Various	20,612
Bulletproof Vest Program	16.607	174,396	2006BOBX05027484	110,038
Project Safe Neighborhood	16.609	99,353	2008-PMAG-PASC-1-R6-001	45,298
COPS 2005 Technology	16.710	246,661	2005CKWX0072	4,580
Drivers License Swipe Equipment	16.710	148,084	2006CKWX0105	120,816
Total Program				<u>125,396</u>

**PASCO COUNTY, FLORIDA**

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2008

Federal/State Grantor/Pass-Through Grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
GREAT	16.737	\$ 78,757	2007-JV-FX-0168	\$ 58,153
Multi-Jurisdiction Task Force	16.738	190,933	08-JAGC-PASC-1-Q-095	190,933
I/M Transportation/Crime Prevention	16.738	142,356	2005DJBX0232	6,227
JAG V&N Gang Suppression	16.738	129,498	2007-DJ-BX-0337	29,735
Gang Suppression Program	16.738	50,000	2008-JAGC-PASC-2-M8-270	44,442
Total Program				<u>271,337</u>
Federal Equitable Sharing	16.000	N/A	None	<u>170,815</u>
Total U.S. Department of Justice				<u>915,216</u>
U.S. Department of Transportation:				
Passed through Florida Department of Transportation:				
Highway Training and Education grants:				
Metropolitan Planning Organization	20.205	577,002	A5208 07-08	464,907
Metropolitan Planning Organization	20.205	515,845	A5208 08-09	24,637
Highway Planning and Construction:				
Marine Parkway Sidewalks	20.205	69,475	AOA55	25,058
Sea Forest Sidewalks	20.205	69,475	AOA54	47,840
Total Program				<u>562,442</u>
Passed through Pinellas County MPO:				
Urban Mass Transportation Technical Studies:				
Grant MPO Section 5303	20.505	73,067	ANP 74 FY 05/06	11,045
Grant MPO Section 5303	20.505	88,941	ANP 74 FY 06/07	74,104
Grant MPO Section 5303	20.505	99,952	ANP74 FY 07/08	18,396
Grant MPO Section 5303	20.505	9,133	ANP74 FY 05/06 STATE	1,381
Grant MPO Section 5303	20.505	11,118	ANP 74 FY 06/07 STATE	9,263
Grant MPO Section 5303	20.505	11,994	ANP 74 FY 07/08 STATE	2,299
Total Program				<u>116,488</u>
Direct Program:				
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	945,953	FL-90-X564	861,329
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	1,749,540	FL-90X-612	1,486,175
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	2,321,824	FL-90X-654	43,975
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	947,048	FL-90-X477	129,737
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	942,048	FL-90-X540	25,227
Total Program				<u>2,546,443</u>
Passed through Florida Department of Transportation:				
Public Transportation System-Operating Assistance	20.509	434,510	ANP-08	<u>137,592</u>
Total Program				<u>137,592</u>

**PASCO COUNTY, FLORIDA**

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2008

Federal/State Grantor/Pass-Through Grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
Passed through Florida Department of Community Affairs:				
DOT Operation Race Track	20.605	\$ 35,522	SC-08-13-04	\$ 32,705
DOT Traffic Analyst	20.605	30,130	TR-07-09-04	26,657
Total Program				<u>59,362</u>
Total U.S. Department of Transportation				<u>3,422,327</u>
Office Library Services, Institute of Museum and Library Services:				
National Foundation on the Arts and the Humanities: Pasco County E-Government Initiative	45.310	274,000	07-LSTA-F-05	271,451
Total Office Library Services				<u>271,451</u>
U.S. Department of Homeland Security:				
Hazard Mitigation	97.039	143,671	06HM-4@08-61-01-009	4,820
Hazard Mitigation	97.039	143,671	06HM-4@08-61-01-012	7,668
Hazard Mitigation	97.039	124,940	06HM-6@08-61-01-017	117,866
Hazard Mitigation	97.039	131,574	06HM-4@08-61-01-020	122,868
Hazard Mitigation	97.039	324,270	06HM-4@08-61-01-021	10,122
Hazard Mitigation	97.039	89,665	06HM-4@08-61-01-022	3,225
Hazard Mitigation	97.039	85,973	06HM-4@08-61-01-023	2,156
Hazard Mitigation	97.039	123,885	06HM-4@08-61-01-024	3,355
Hazard Mitigation	97.039	159,613	06HM-4@09-61-01-025	4,238
Total Program				<u>276,318</u>
Passed through Florida Department of Community Affairs:				
Homeland Security	97.004	66,567	07-DS-5M-08-61-01-229	15,833
Homeland Security	97.004	12,875	07-DS-5N-08-61-01-228	12,676
Homeland Security	97.004	112,687	08-DS-60-08-61-01-203	37,903
Total Program				<u>66,412</u>
Passed through United Way:				
Emergency Food and Shelter Phase XXV Human Services	97.024	5,263	None	377
Emergency Food and Shelter Phase XXVI Human Services	97.024	12,000	None	2,532
Emergency Food and Shelter Phase XXV Human Services	97.024	3,263	None	3,257
Total Program				<u>6,166</u>
Passed through the Division of Emergency Management:				
Emergency Management Performance Grant	97.042	55,049	08-BG-24-08-61-01-302	55,049
Staffing for Adequate Fire and Emergency Response (SAFER)	97.044	75,640	EMW-2006-FF-04030	8,057
Passed through the Department of Community Affairs:				
Community Emergency Response Team (CERT)	97.067	11,000	08-CI-64-08-61-01-079	10,506
Passed through the Florida Department of Law Enforcement:				
Terrorism Prevention	97.067	45,700	2009-LETP-PASC-1-53-056	36,947
Terrorism Prevention	97.004	140,000	2007-LETP-PASC-1-Q4-048	139,997
Total U.S. Department of Homeland Security				<u>599,452</u>
Federal Emergency Management Agency:				
Direct Programs: Flood Mitigation	83.536	107,151	05-FM-65-08-61-01-409	19,275
Total Federal Emergency Management Agency				<u>19,275</u>

**PASCO COUNTY, FLORIDA**

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2008

Federal/State Grantor/Pass-Through Grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
U.S. Department of Health and Human Services:				
Direct Programs:				
Aging Cluster Program:				
Title IIIB Transportation	93.044	\$ 223,638	OAA-EA007-PASCO-TRANSPORT	\$ 66,585
Title IIIB Transportation	93.044	223,637	OAA-EA008-PASCO-TRANSPORT	121,934
Title IIIB Transportation	93.044	N/A	PROGRAM INCOME	11,498
Elderly Nutrition Title IIIC1 & C2	93.045	226,227	EA007-PASCO NUTRITIONC-1 FED	61,330
Elderly Nutrition Title IIIC1 & C2	93.045	344,583	EA007-PASCO NUTRITION C-2 FED	67
Elderly Nutrition Title IIIC1 & C2	93.045	185,265	EA008-PASCO NUTRITION C-1FED	162,051
Elderly Nutrition Title IIIC1 & C2	93.045	429,482	EA008-PASCO NUTRITION C-2 FED	430,726
Elderly Nutrition Title IIIC1 & C2	93.045	N/A	PROGRAM INCOME	66,786
Total Aging Cluster Program				<u>920,977</u>
Passed through Area Agency on Aging of Pasco-Pinellas, Inc.				
Nutrition Services Incentive Program	93.053	111,945	EU008-PASCO	91,926
Total Program				<u>91,926</u>
Passed through Area Agency on Aging:				
Emergency Home Energy	93.568	24,962	EP007-PASCO	24,461
Emergency Home Energy	93.568	44,244	EP008-PASCO	25,348
Total Program				<u>49,809</u>
Passed through Florida Department of Revenue:				
Child Support Enforcement	93.563	Per Unit	CC351	372,262
Passed through Department of Children and Families:				
Temporary Assistance for Needy Families	93.558	N/A	QJZ62	1,322,160
Social Services Block Grant	93.667	N/A	QJZ62	469,636
Total U.S. Department of Health and Human Services				<u>3,226,770</u>
Total Expenditures of Federal Awards				\$ <u>15,036,723</u>
Department of Environmental Protection:				
Staauber Memorial Highway Park (Eagle Point Park)	37.017	200,000	A8064	\$ 15,230
Lake Lisa Park	37.017	200,000	F6019	176,125
Total Program				<u>191,355</u>
Passed through Southwest Florida Water Management District:				
Water Reservoir Land O'Lakes	37.039	2,252,927	H305	250,000
Lake Conley Watershed	37.049	135,534	S0093	70,362
Total Department of Environmental Protection				<u>511,717</u>
Department of Financial Services:				
My Safe Florida Home Program Grant	43.002	500,000	CF049	49,726
Total Department of Financial Services				<u>49,726</u>
Department of State, Division of Library, and Information Services:				
State Aid to Libraries	45.030	255,013	08-ST-67	255,013
PCLC State Aid	45.030	11,357	08-ST-67	11,357
Total Department of State, Division of Library and Information Services				<u>266,370</u>

PASCO COUNTY, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2008

Federal/State Grantor/Pass-Through Grantor	CFDA/ CSFA	Contract amount	Grant ID No.	Expenditures
Department of Community Affairs:				
Florida Forever Act	52.002	\$ 788	08-CT-C1-07-F7-A1-089	\$ 784,756
Emergency Management Preparedness and Assistance Trust Fund Agreement	52.008	102,959	08-BG-24-08-61-01-302	102,158
Regional Hurricane Shelter	52.010	5,348,575	07-CP-5M-08-61-0	137,334
Hazardous Materials Emergency Plan Agreement Planning	52.023	6,575	07CP-11-08-61-01-055	59
Hazardous Materials Emergency Plan Agreement Planning	52.023	4,604	08-C9-04-08-61-01-060	4,604
Total Program				4,663
LUCA (Local Update of Censuses Addresses) Grant Agreement	52.038	28,666	08-DD-J3-08-61-01-075	20,305
State Housing Initiative Partnership	52.901	3,853,870	M01-UC-17-0216	3,835,985
State Housing Initiative Partnership	52.901	3,851,301	M01-UC-18-0216	450,590
State Housing Initiative Partnership	52.901	None	Program Income	1,518,180
Total Program				5,804,755
Total Department of Community Affairs				6,853,971
Department of Transportation:				
Transportation Disadvantaged Trip and Capital	55.001	N/A	BDA99	740,014
Transportation Disadvantaged Trip and Capital	55.001	N/A	AP688	116,797
Transportation Disadvantaged Trip and Capital	55.001	N/A	AOT88	361,145
Total Program				1,217,956
Transportation Disadvantaged Planning Grant	55.002	N/A	AP667	12,917
Transportation Disadvantaged Planning Grant	55.002	N/A	AOR97	19,257
Total Program				32,174
Public Transit Block Grant	55.010	N/A	AN026	814,104
Public Transit Service Development Program	55.012	N/A	A0U58	230,000
U.S. 19 Urban Corridor Program	55.013	N/A	AOU53	280,000
County Incentive Program – SR 54 (SR581-CR577)	55.008	3,412,750	Financial 420284 1 4801	3,412,750
Transportation Regional Incentive Program – SR 54 (SR581-CR577)	55.026	6,226,050	AOV34	2,716,077
Total Department of Transportation				8,703,061
Department of Children and Families:				
Homeless Challenge Grant	60.014	26,025	QFZ82	24,128
Total Department of Children and Families				24,128
Department of Health:				
EMS Matching Grant Program	64.003	10,094	M7050	10,078
EMS Pre-hospital Emergency Medical Services	64.005	139,525	C7051	126,655
Total Department of Health				136,733

**PASCO COUNTY, FLORIDA**

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2008

<u>Federal/State Grantor/Pass-Through Grantor</u>	<u>CFDA/ CSFA</u>	<u>Contract amount</u>	<u>Grant ID No.</u>	<u>Expenditures</u>
Fish and Wildlife Conservation Commission:				
Florida Boating Improvement Program:				
Derelict Vessel Removal	77.006	\$ 37,500	FWC 06165	\$ 28,499
Boating Safety and Education	77.006	74,610	7109	<u>72,663</u>
Total Fish and Wildlife Conservation Commission				<u>101,162</u>
Department of Juvenile Justice:				
Juvenile Assessment	80.020	759,180	X1307	282,475
High Risk Youth	80.022	188,154	X1166	<u>62,718</u>
Total Department of Juvenile Justice				<u>345,193</u>
Total Expenditures of State Financial Assistance				\$ <u><u>16,992,061</u></u>

See accompanying notes to the 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, 2008

**(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, 2008. The current year additions related to the loans are included in the Schedule of Federal Awards and State Financial Assistance as expenditures.

<u>CFDA/CSEA #</u>	<u>Program</u>	<u>Amount</u>
14.218	Community Development Block Grant/Entitlement Grant	\$ 487,803
14.239	HOME Investment Partnership Program	13,246,589
52.901	State Housing Initiatives Partnership (SHIP) Program	26,119,715
		<u>\$ 39,854,107</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, 2008 as follows:

<u>CFDA #</u>	<u>Program</u>	<u>Amount provided to subrecipients</u>
14.218	Community Development Block Grant/Entitlement Grant	\$ <u>410,964</u>

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

**(1) Summary of Auditors' Results**

*Financial Statements:*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards:*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) Circular A-133?  Yes  No

Identification of major programs/projects:

<b>Federal Programs</b>	<b>CFDA number</b>
U.S. Department of Housing and Urban Development:	
HOME Investment Partnership Program	14.239
Community Development Block Grant/Entitlement Grant – Officer Friendly Grant	14.218
U.S. Department of Transportation:	
Highway Training and Education/Highway Planning and Construction	20.205
U.S. Department of Health and Human Services:	
Aging Cluster:	
Title IIIB Transportation	93.044
Elderly Nutrition Title IIIC1 & C2	93.045
Temporary Assistance for Needy Families	93.558
Social Services Block Grant	93.667
Election Assistance Commission Grants	90.401

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

The threshold for distinguishing Type A and Type B programs was \$451,101 for federal programs.

Auditee qualified as low-risk auditee?   X   Yes   X   No

*State projects:*

Internal control over major projects:

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

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

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?   X   Yes        No

Identification of major programs/projects:

<b>State Projects</b>	<b>CSFA number</b>
Department of Community Affairs:	
Florida Forever Act	52.002
State Housing Initiative Partnership	52.901
Department of Transportation:	
Public Transit Block Grant	55.010
County Incentive Program SR 54 (SR581–CR577)	55.008
Transportation Regional Incentive Program SR 54 (SR581–CR577)	55.026

The threshold for distinguishing Type A and Type B projects was \$509,761 for state projects.

**PASCO COUNTY, FLORIDA**  
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Year ended September 30, 2008

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

**Finding 2008-01**

***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 cash, allowance for doubtful accounts, capital assets and debt. Consequently the closing process and preparation of the financial statements was not completed for 8 months after the fiscal year-end.

***Context***

The finding is systemic in nature as several post closing journal entries (including \$6M of entries identified by the auditor) were needed to finalize year-end account balances.

***Effect***

The lack of regular timely account balance monitoring and reconciliation can result in errors occurring that could go undetected. Sometimes these errors can be the result of process activities or technology issues that need to be revised or changed to prevent future similar errors.

***Cause***

Transition of key finance department personnel involved in the financial reporting process.

***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 review performed to ensure all reconciliations are taking place 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***

The County will establish policies and procedures to monitor and reconcile account balances and funds on a monthly basis. Management will review and approve reconciliations and confirm supporting documentation ties to the general ledger thus expediting the year end process.

**PASCO COUNTY, FLORIDA**  
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Year ended September 30, 2008

**Finding 2008-02**

***Criteria***

EMS Receivables should be recognized at the time services are provided, and at the entity wide level, should be recorded at their net realizable fair value. EMS Revenues should be recorded on either the modified accrual (general fund) or full accrual (entity wide) basis in accordance with generally accepted accounting principles (GAAP).

***Condition***

As noted in prior years, currently the County records revenue related to EMS activity on a cash basis; and while the County does properly record the uncollected portion of billings as a receivable, the County considers the entire outstanding receivable to be uncollectible for financial statement purposes. For proper reporting in accordance with GAAP, revenues should be recorded at the time the services are provided versus the time they are collected. While there are uncollectible outstanding accounts receivable at any period end, the County should at least annually perform a review of such outstanding balances and determine a reasonable amount which should be established as a reserve for uncollectible balances at the entity wide level.

***Context***

Revenues recognized in the general fund and related governmental activities on a cash basis during 2008 amounted to approximately \$12,700,000. A passed audit difference was identified to increase accounts receivable by approximately \$2,600,000 for estimated collectible outstanding balances.

***Effect***

Revenues are recognized on a cash basis of accounting versus an accrual basis; accordingly, revenues could be over/under stated depending on the timing of cash receipts and billings in a given fiscal year.

***Cause***

The County was not able to address the entire recommendation identified in the prior year.

***Recommendation***

We recommend the County review its existing procedures to determine what changes can be made to ensure information is provided to properly record EMS activity in accordance with GAAP.

***Management's Response***

EMS revenue will be reported on accrual rather than cash basis.

## PASCO COUNTY, FLORIDA

### Schedule of Findings and Questioned Costs

Year ended September 30, 2008

#### **Finding 2008-03**

##### ***Criteria***

Government Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33), states that governments should recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. All imposed nonexchange revenues should be recognized in the same period that the assets are recognized unless the enabling legislation includes time requirements. Impact fees revenue is classified as an imposed nonexchange transaction.

##### ***Condition***

Pasco County has several developer agreements, each with a unique set of terms and conditions. The County made several corrections during the current year to properly record errors in the prior year accounting associated with these agreements. However, ineffective communication of new agreements and changes (verbal or written) to existing agreements continues to make the appropriate accounting challenging.

As well, the County was not properly recording the value of multiple developer contributed roadways during the current fiscal year. Errors were made in the identification of roadway values based on engineering cost estimates received from developers and accounting for the addition of these assets was not consistent.

##### ***Context***

The County continues to enter into new agreements with developers as well as has existing agreements that are in various stages of the development life.

##### ***Effect***

There was a significant amount of audit effort expended to follow up with various County personnel in order to determine the status of various developer agreements and whether related activity was accounted for properly. Also, there were errors identified in the current year related to the prior period accounting for existing developer agreements.

##### ***Cause***

Ineffective communication between County departments in order to properly account for stipulations of existing developer agreements as well as ensure amendments to an original agreement are considered.

##### ***Recommendation***

We recommend the County establish appropriate internal controls over the identification and review of each significant developer agreement as they are being entered into and amended, including appropriate communication among involved departments, to ensure that associated revenues and infrastructure assets are properly recorded. Given the complexity of the agreements and the difficulty in determining their

**PASCO COUNTY, FLORIDA**  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2008

appropriate recording, we recommend that the proposed accounting treatment and related agreement be reviewed by a second individual.

***Management's Response***

The County will establish procedures to ensure that developer credits are reported correctly. The Impact Fee Coordinator and Capital Projects Coordinator along with the General Ledger staff will review contracts to ensure proper communication and reporting of contracts.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

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

**Finding 2008-04**

Federal agency: U.S. Department of Housing and Urban Development  
Programs: Community Development Block Grant (CDBG)/Entitlement Grant  
CFDA number: 14.218  
Award numbers: B-05-UC-120009, B-06-UC-120009, B-07-UC-120009  
Award years: 2005, 2006, 2007

***Criteria:***

Compensation for personnel services rendered during the period of performance under federal awards is determined and supported as provided in Appendix B, section 8h of Title 2 of the Code of the Federal Regulation (2 CFR), Subtitle A, Chapter II, part 225.

- Where employees are expected to work solely on a single Federal award, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semiannually and be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- Where employees work on multiple activities, a distribution of their salaries should be supported by personnel activity reports that meet the standards of Appendix B, 8h of 2 CFR Part 225.

***Condition:***

The County is allocating compensation costs for seven Community Development employees between CDBG, HOME, and SHIP based upon personnel activity reports.

***Questioned Costs:***

Known questioned costs of \$503 were calculated by comparing the amount recorded in the general ledger to the amount reflected on the employee's time sheet for seven employees. Likely questioned costs of \$3,842 were estimated by extrapolating the error rate in the 30 items selected to total payroll costs for CDBG.

***Context/Effect:***

We noted differences when comparing the amount recorded in the County's general ledger as compensation for CDBG payroll expenditures to the amount reflected as CDBG payroll expenditures per the employee's time sheet for 7 of 30 time sheets that were tested. An employee's time sheet breaks down their total payroll expenditures between CDBG, HOME, and SHIP using their personnel activity report. These errors were the result of keying errors when time sheets were entered into the payroll system.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

***Cause:***

Adequate internal controls are not in place to monitor costs charged to the program.

***Perspective:***

These incidents are considered systemic in nature.

***Recommendation:***

We recommend the County implement procedures to reconcile the hours reported on employee timesheets for each program with the amounts recorded in the general ledger.

***Management's Response:***

As of November 9, 2008, the Clerk's payroll department is no longer allocating employee compensation between CDBG, HOME, and SHIP. The Community Development Division's Accountant II and Senior Accounting Clerk are journalizing compensation to these program activities based on actual timeheets (personal activity reports) each pay period. Our procedures now require a review of this allocation journal entry each pay period by a second staff person to ensure accuracy. The journal allocation is also verified to the General Ledger posting.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

**Finding 2008-05**

Federal agency: U.S. Department of Housing and Urban Development  
Program: Community Development Block Grant (CDBG)/Entitlement Grant  
CFDA number: 14.218  
Award numbers: B-06-UC-120009, B-07-UC-120009  
Award years: 2006, 2007

**Criteria:**

Under the Davis-Bacon Act, the County is required to ensure that laborers and mechanics employed by contractors and subcontractors to work on construction projects with costs in excess of \$2,000 financed by Federal assistance funds are paid wages not less than those established for the locality of the project (prevailing wage rates) as provided in Code of Federal Regulations, Title 29 sections 5.5 and 5.6.

- Payrolls and basic records. (i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid.
- Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her designee, including a certificate appointing the designee as having the authority to sign in lieu of the primary contractor, who pays the persons employed under the contract.

**Condition:**

The County did not maintain basic records for all laborers working on a CDBG project. For one of 30 laborers selected, the job description was not sufficient to determine whether the laborer was paid the appropriate wage rate established for the locality of the project (prevailing wage rates) as required by the Department of Labor (40 USC 3141-3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)).

The County did not have documentation to support that a certificate appointing a designee to certify payroll records was obtained. For 1 of 4 contractors, the certificate appointing a designee to certify payroll records was not obtained prior to the submission of the first payroll.

**Questioned Costs:**

None.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

***Context/Effect:***

The County could be liable for additional payment of wages to construction workers if the wage rates actually paid were less than prevailing rates (as defined by the Department of Labor).

***Cause:***

Adequate internal controls are not in place over Davis-Bacon requirements.

***Perspective:***

These incidents are considered isolated to beginning of fiscal year due to the timing of the previous year finding.

***Recommendation:***

We recommend formal training for staff members responsible for Davis-Bacon Act compliance. In addition, written policies and procedures should be established to describe the County's processes and controls relating to Davis-Bacon Act compliance. The Davis-Bacon Act coordinator should be part of the review process for invoices. Prior to remitting any payments to contractors, the Davis-Bacon Act coordinator should formally indicate his/her approval of the invoice based upon the contractor's compliance with the Davis-Bacon Act.

***Management's Response:***

Additional formal training of the Senior Project Clerk responsible for Davis-Bacon compliance will take place as soon as HUD training is available. The written Davis-Bacon policy and procedures have been reviewed for relevancy and to ensure that the appropriate controls are in place to determine that contractors and subcontractors are paid prevailing wage rates. Our policy and procedures are in keeping with the Davis-Bacon Streamlining Program, which was launched in April 1997. The Davis-Bacon coordinator is part of the review process for payment of invoices and must formally indicate approval of the invoice based upon the contractor's compliance with the Davis-Bacon Act. All payrolls are reviewed for prevailing wages.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

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

**Finding 2008-06**

State agency: Department of Community Affairs  
Program: State Housing Initiatives Partnership (SHIP) Program  
CSFA number: 52.901  
Award number: n/a  
Award years: 2005-2006; 2006-2007; 2007-2008

***Criteria:***

Chapter 67-37, SHIP Program, section 67-37.015, Compliance Monitoring for Housing Developed with SHIP Local Housing Distribution Funds, requires (1) The staff or entity with administrative authority for a local housing assistance plan must develop a tracking system to ensure that the local housing distribution funds disbursed from the local housing assistance trust fund are at all times expended in accordance with the set-aside requirements in 67-37.007 and time restraints detailed at 67-37.005 (6). 67-37.007, Uses of and Restrictions Upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans, includes salaries of persons directly responsible for preparation of the plans or reporting required as part of the administration of the local SHIP plan.

***Condition:***

The County is allocating compensation costs for seven Community Development employees between CDBG, HOME, and SHIP based upon personnel activity reports. We noted several small differences when comparing timesheet allocations to expenditures recorded in the general ledger.

***Questioned Costs:***

Known questioned costs of \$2,953 were calculated by comparing the amount recorded in the general ledger to the amount reflected on the employee's times sheet for seven employees. Likely questioned costs of \$60,573 were estimated by extrapolating the error rate in the 30 items selected to total payroll costs for SHIP.

***Context/Effect:***

Of the 30 timesheets we reviewed, 7 contained errors.

***Cause:***

Adequate internal controls are not in place to monitor costs charged to the program.

***Perspective:***

These incidents are considered systemic in nature.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

***Recommendation:***

We recommend the County implement procedures to reconcile the hours reported on employee timesheets for each program with the amounts recorded in the general ledger.

***Management's Response:***

As of November 9, 2008, the Clerk's payroll department is no longer allocating employee compensation between CDBG, HOME, and SHIP. The Community Development Division's Accountant II and Senior Accounting Clerk are journalizing compensation to these program activities based on actual timeheets (personal activity reports) each pay period. Our procedures now require a review of this allocation journal entry each pay period by a second staff person to ensure accuracy. The journal allocation is also verified to the General Ledger posting.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

**Finding 2008-07**

State agency: Department of Transportation  
Program: Public Transit Block Grant  
CSFA number: 55.010  
Award number: ANO26  
Award years: 2007, 2008

***Criteria:***

State of Florida, Public Transportation Joint Participation Agreement (the Agreement), award number ANO26, section 7.10, Establishment and Maintenance of Accounting Records, requires the County to retain documentation of the project for the period of the Agreement and for three years after final payment is made. Section 7.40, Documentation of Project Costs, requires all costs charged to the project, be supported by properly executed payrolls, time records, invoices, contracts, or vouchers evidencing in proper detail the propriety of the charges.

***Condition:***

The County charges a pro-rata portion of the aggregate insurance cost of general liability, workers' compensation, and all other costs of county wide coverage to the program. The pro-rata portion is calculated using an excel spreadsheet. The County's Office of Management and Budget (OMB) annually prepares the allocation of these costs. While this is an allowable activity, we were unable to inspect or obtain the Excel spreadsheet that supports the pro-rata amount charged to the program.

***Questioned Costs:***

Known and likely questioned costs of \$41,391.

***Context/Effect:***

The County charged insurance expenses of \$82,781 to the program and provides a 50% match.

***Cause:***

This condition is caused by the County not retaining the annual allocation spreadsheet that supports the pro-rata portion charged to the program.

***Perspective:***

These incidents are considered isolated to the condition identified above.

**PASCO COUNTY, FLORIDA**

Schedule of Findings and Questioned Costs

Year ended September 30, 2008

***Recommendation:***

We recommend that the County retain documentation to support the allocation of insurance costs as required by the Agreement.

***Management's Response:***

OMB calculates the pro-rata portion that is charged to the program by utilizing the same Excel file and linked worksheets year after year. The spreadsheet is updated annually with the new data and costs. Historically this has been done by over writing the previous year spreadsheet with the new data. The spreadsheet from the prior year is not retained. The methodology for determining the allocation is consistent from year to year.

The spreadsheet will be retained for each fiscal year, beginning with fiscal year 2010, the most current file, and will be made available to the auditors upon request by contacting OMB. The retention period of the spreadsheet will not be less than the longest period required by any of the Funds, Departments or Divisions to which it has been charged.