



PASCO COUNTY, FLORIDA

Schedules of Expenditures of Federal Awards and
State Financial Assistance and Reports as Required by the
Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*

September 30, 2016

(With Independent Auditors' Report Thereon)

PASCO COUNTY, FLORIDA

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Independent Auditor's 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 aggregate 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 7, 2017.

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 opinion 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 have not been 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 weakness 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2016-001 to be a material weakness.

A significant deficiency is a deficiency, or 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 in the accompanying schedule of findings and questioned costs as Finding 2016-002 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*.

County's Response to Finding

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as Findings 2016-001 and 2016-002. 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

August 7, 2017
Certified Public Accountants



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Independent Auditors' Report on Compliance for Each Major Federal Program and Major State Project; Report on Internal Control over Compliance; and Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance 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 Major State Project

We have audited Pasco County, Florida's (the County) compliance with the types of compliance requirements described in the *OMB 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 major state projects for the year ended September 30, 2016. The County's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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 major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550). Those standards, the Uniform Guidance, 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 major 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 major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and Major 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 major state projects for the year ended September 30, 2016.



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 major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified one deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-003 that we consider to be a significant deficiency in internal control over compliance over state programs.

The County's response to the internal control over compliance 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.

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 the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated August 7, 2017, 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 schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550 and are 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 schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

September 27, 2017
Certified Public Accountants

PASCO COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
Fiscal year ended September 30, 2016

Grantor agency and program title	CFDA number	Grantor/Contract number	Program expenditures	Amounts Passed through to subrecipients
U.S. Department of Agriculture:				
Emergency Watershed Protection Program:				
USDA NRCS Anclote River Watershed EWP	10.923	68-4209-16-200	\$ 389,258	\$ —
Total U.S. Department of Agriculture			<u>389,258</u>	—
U.S. Department of Housing and Urban Development:				
Community Development Block Grants / Entitlement Grants Cluster:				
Community Development Block Grant / Entitlement Grant	14.218	Program Income	336,307	
Community Development Block Grant / Entitlement Grant	14.218	B15-JC-120009	2,052,675	
Community Development Block Grant / Entitlement Grant	14.218	Outstanding loans	9,608,359	
Neighborhood Stabilization Program NSP 1	14.218	Program Income	225,053	
Neighborhood Stabilization Program NSP 3	14.218	B11-UN-12-0014	11,656	
Neighborhood Stabilization Program NSP 3	14.218	Program Income	376,784	
Total Community Development Block Grant / Entitlement Grants Cluster			<u>12,610,834</u>	<u>454,367</u>
Emergency Solutions Grant Program:				
Emergency Solutions Program	14.231	E15-JC12-0009	146,525	
Emergency Solutions Program	14.231	E14-JC-12-0017	23,551	
Total Emergency Solutions Grant Program			<u>170,076</u>	<u>93,834</u>
Home Investment Partnerships Program:				
Home Investment Partnership Program	14.239	M10-DC-12-0216	118,240	
Home Investment Partnership Program	14.239	M11-DC-12-0216	37,981	
Home Investment Partnership Program	14.239	M12-DC-12-0216	626,435	
Home Investment Partnership Program	14.239	M13-DC-12-0216	177,056	
Home Investment Partnership Program	14.239	M15-DC-12-0216	102,869	
Home Investment Partnership Program	14.239	M14-DC-12-0216	25,771	
Home Investment Partnership Program	14.239	Program Income	10,074	
Home Investment Partnership Program	14.239	Outstanding loans	12,533,279	
Total Home Investment Partnerships Program			<u>13,631,705</u>	—
Neighborhood Stabilization Program (Recovery Act Funded):				
Passed through Neighborhood Lending Association:				
ARRA – Neighborhood Stabilization Program NSP 2	14.256	B09-CN-FL-0023	989,945	
ARRA – Neighborhood Stabilization Program NSP 2	14.256	Program Income	444,692	
ARRA – Neighborhood Stabilization Program NSP 2	14.256	Outstanding loans	10,285,005	
Total ARRA – Neighborhood Stabilization Program NSP 2			<u>11,719,642</u>	<u>69,861</u>
Public Housing Capital Fund:				
Passed through Florida Office of Attorney General:				
HUD Capital Fund Drug Elimination	14.872	None	30,000	—
Total U.S. Department of Housing and Urban Development			<u>38,162,257</u>	—
U.S. Department of Justice:				
Missing Alzheimer's Disease Patient Assistant Program:				
Endangered Adult	16.015	2015-SJ-BX-0001	15,914	—
National Institute of Justice Research, Evaluation, and Development Project Grants:				
Solving Cold Cases with DNA	16.560	2014-DN-BX-K466	39,471	—
Crime Victim Assistance:				
Passed through Office of Attorney General:				
Victims of Crime Act	16.575	V125-14003	41,868	—
Violence Against Women Formula Grants:				
STOP Enhanced Law Enforcement Response Grant	16.588	16-8009-LE-EHN	84,115	
STOP Invest Grant	16.588	17-8009-LE-INV	2,825	
Total Violence Against Women Formula Grants			<u>86,940</u>	—
Edward Byrne Memorial Justice Assistance Grant Program:				
Federal Justice Assistance Grant (JAG) V&G Gang Suppression (6)	16.738	2014-DJ-BX-0495	317	
Multi-Jurisdictional Task Force – SNAP	16.738	2016-JAGC-PASC-1-H3-085	112,761	
Federal Justice Assistance Grant (JAG) Gang Suppression (7)	16.738	2015-DJ-BX-0482	65,040	
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>178,118</u>	—
Equitable Sharing Program:				
Federal Equitable Sharing	16.922	None	114,863	—
Total U.S. Department of Justice			<u>477,174</u>	—
U.S. Department of Transportation:				
Highway Planning and Construction Cluster:				
Passed through Florida Department of Transportation:				
Sec1107PLFAPN 1157052	20.205	A5208 15-16; FPN: 259342-1-14-16	493,381	
LAP Lake Iola (Blanton-Her. Co. Line)	20.205	ARC04 FPN: 433438 1 58/68 01	273,773	
Trouble Creek Sidewalk	20.205	ARQ49 FPN: 43035915801 & 43035916801	230,953	
Moon Road Sidewalk	20.205	FPN 433698-1-58/68-01	492,139	
MPO FY 16-17 5305(D)	20.205	A5208 FY 16-17	117,766	
CR77/Rowan Sidewalk Project	20.205	ARQ50 FPN 43035815801 & 43035816801	316,500	
Mile Stretch Drive Sidewalk	20.205	FPN 4339715801 & 43369716801	99,163	
HVE Pedestrian Safety Grant	20.205	#BDV25 / 945-002	18,483	
Total Highway Planning and Construction Cluster			<u>2,042,158</u>	—
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:				
Passed through Florida Department of Transportation:				
MPO Section 5305(d)	20.505	ARA88 2013-14 Federal	53,562	
MPO Section 5305(d)	20.505	ARM21 2014-15 Federal	22,783	
Total Metropolitan Transportation Planning and State Non- Metropolitan Planning and Research			<u>76,345</u>	—
Federal Transit Cluster:				
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Capital	20.507	FL90X-814	557,341	
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Capital	20.507	FL90X-847	1,345,519	
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Capital	20.507	FL90X-654	30,956	
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Operating	20.507	FL90X-847	134,723	
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	FL90X-695	81,706	
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	FL90X-732	156,131	
Urban Mass Transportation Capital and Operating Assistance Formula Grant	20.507	FL90X-753	66,856	
Urban Mass Transportation Capital and Operating Assistance Formula Grant – Capital	20.507	FL90X-780	71,510	
FTA Capital	20.526	FL-34-0022	261,099	
Total Federal Transit Cluster			<u>2,705,841</u>	—
Formula Grants for Rural Areas:				
Passed through Florida Department of Transportation:				
Capital McKendree Project	20.509	APV-21	4,375	
Rural 5311 FY13 Ops	20.509	APV20	48,220	
Rural 5311 ART64 FY15	20.509	ART64	36,343	
Total Formula Grants for Rural Areas			<u>88,938</u>	—

PASCO COUNTY, FLORIDA
Schedule of Expenditures of Federal Awards
Fiscal year ended September 30, 2016

Grantor agency and program title	CFDA number	Grantor/Contract number	Program expenditures	Amounts Passed through to subrecipients
Highway Safety Cluster:				
Passed through Florida Department of Transportation:				
DOT Motorcycle Safety Grant	20.600	MC-16-10-08	\$ 58,000	
DOT Enhanced DUI Enforcement	20.616	MHVE 16-06-09 / G0456	25,282	
Total Highway Safety Cluster			<u>83,282</u>	—
Total U.S. Department of Transportation			<u>4,996,564</u>	
Institute of Museum and Library Services:				
Grants of States:				
E-Gov Services to FL Public Libraries 2015-Get Help	45.310	15-LSTA-A-04-B	12,000	
Total Institute of Museum and Library Services			<u>12,000</u>	—
U.S. Election Assistance Commission:				
Help America Vote Act Requirements Payments:				
Grant Election Activities	90.401	MOA	43,555	
Federal Election Activities	90.401	MOA	9,040	
Total Help America Vote Act Requirements Payments			<u>52,595</u>	—
Total U.S. Election Assistance Commission			<u>52,595</u>	
U.S. Department of Health and Human Services:				
Aging Cluster:				
Passed through Florida Department of Elder Affairs:				
Title IIIB Transportation FY15	93.044	OAA-EA015-Pasco-Transportation	81,301	
Title IIIB Transportation – FY16	93.044	OAA-ELO16	48,406	
Total Program			<u>129,707</u>	—
Passed through Florida Department of Elder Affairs, then through West Central Florida Agency on Aging:				
Elderly Nutrition Title IIIC	93.045	C-1 EA015 Nutrition FY15 – Federal	66,176	
Elderly Nutrition Title IIIC	93.045	C-1 EA015 Nutrition FY15 – PI	2,713	
Elderly Nutrition Title IIIC	93.045	C-2 EA015 Nutrition FY15	144,777	
Elderly Nutrition Title IIIC	93.045	C-1 EA-016 Nutrition FY16	1,552	
Elderly Nutrition Title IIIC	93.045	C-2 EA-016 Nutrition FY16	431,658	
Elderly Nutrition Title IIIC	93.045	C-2 EA015 Nutrition FY15 – PI	622	
Nutrition Services Incentive Program	93.045	C-1 EU-016 Nutrition FY16	30,843	
Nutrition Services Incentive Program	93.045	C-2 EU-016 Nutrition FY16	84,960	
Total Program			<u>763,301</u>	—
Passed through Area Agency on Aging of Pasco Pinellas Inc:				
Nutrition Services Incentive Program	93.053	C-2 EU015 Nutrition FY15 – Fed NSIP	12,647	
Total Aging Cluster			<u>905,655</u>	—
Substance Abuse and Mental Health Services Projects of Regional and National Significance:				
Passed through Florida Department of Health:				
Pasco County Adult Drug Court Expansion – Dependency	93.243	5H79TI026111-02	226,743	
Pasco County Veterans Treatment Court Grant FY16	93.243	5H79TI025040-03	432,966	
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance			<u>659,709</u>	—
Temporary Assistance for Needy Families (TANF) Cluster:				
Passed through Florida Department of Children and Families:				
Child Protection Investigation	93.558	QJZ33	1,163,648	
Total TANF Cluster			<u>1,163,648</u>	—
Child Support Enforcement:				
Passed through Florida Department of Revenue:				
Child Support Enforcement	93.563	COC51	402,294	—
Low-Income Home Energy Assistance:				
Passed through Florida Department of Elder Affairs:				
Emergency Home Energy Assistance for Elderly	93.568	EHEAP EP015-PASCO	9,495	
Emergency Home Energy Assistance for Elderly	93.568	EHEAP EP016-PASCO	59,674	
Total Low-Income Home Energy Assistance			<u>69,169</u>	—
Foster Care Title IV-E:				
Passed through Florida Department of Children and Families:				
Temporary Assistance for Needy Families Block Grant	93.658	QJZ33	118,968	—
Social Services Block Grant:				
Passed through Florida Department of Children and Families:				
Social Services Block Grant	93.667	QJZ33	1,105,900	—
Total U.S. Department of Health and Human Services			<u>4,425,343</u>	
Executive Office of the President:				
High Intensity Drug Trafficking Areas Program:				
Pasco HIDTA	95.001	G14CF0014B	330	
Pasco HIDTA	95.001	G15CF0014A	38,299	
Pasco HIDTA	95.001	G16CF0014A	109,332	
Total High Intensity Drug Trafficking Areas Program			<u>147,961</u>	—
Total Executive Office of the President			<u>147,961</u>	
U.S. Department of Homeland Security:				
Emergency Food and Shelter National Board Program:				
Emergency Food and Shelter Program	97.024	FEMA XXXII	14,000	—
Hazard Mitigation Grant:				
Hazard Mitigation Grant FY 15	97.039	15-HM-6B-08-61-01-172	553,928	
Emergency Management Performance Grants:				
Passed through Florida Division of Emergency Management:				
EOC A/V Enhancement EMPG	97.042	17-FG-4D08-61-01-188	150,871	
EMPG Trust Grant FY 15-16	97.042	16-FG-5A-08-61-01-118	130,209	
Community Emergency Response Team (CERT) FY 15-16	97.042	16-CI-S9-08-61-02-392	6,500	
Citizen Corps Grant (FY15/16)	97.042	16-CC-59-08-61-02-393	2,420	
Total Emergency Management Performance Grants			<u>290,000</u>	—
Homeland Security Grant Program:				
Passed through Florida Department of Community Affairs:				
Homeland Security Grant Program (FY14/15)	97.067	15-DS-P4-09-61-01-377	16,050	
Operation Stonegarden – Paradise Lost	97.067	15-DS-P9-08-61-01-482	68,904	
Operation Stonegarden – Choke Point	97.067	16-DS-U8-08-61-01-374	24,882	
Total Homeland Security Grant Program			<u>107,836</u>	—
Staffing for Adequate Fire and Emergency Response (SAFER):				
SAFER Grant				
	97.083	EMW-2014-FF00387	87,016	—
Total U.S. Department of Homeland Security			<u>1,052,780</u>	
Total Expenditures of Federal Awards			<u>\$ 49,715,932</u>	<u>\$ 618,062</u>

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

PASCO COUNTY, FLORIDA
Schedule of Expenditures of State Financial Assistance
Year ended September 30, 2016

Grantor agency and project title	CSFA number	Grantor number	Expenditures
Executive Office of the Governor:			
Emergency Management Programs:			
Emergency Management Preparation and Assistance	31.063	16-BG-83-08-61-01-051	\$ 105,806
Emergency Management Projects:			
Hazardous Materials Plan Agreement Planning	31.067	16-CP-11-08-61-01-198	3,389
Hazardous Materials Plan Agreement Planning	31.067	15-CP-11-08-61-01-257	4,853
Total Emergency Management Projects			<u>8,242</u>
Total Executive Office of the Governor			<u>114,048</u>
Florida Department of Environmental Protection:			
Water Management Districts – Land Acquisition and Improvement:			
Implementation of BMP's in the Duck Slough Watershed N502	37.022	13C00000015	55,359
Statewide Surface Water Restoration and Wastewater Projects:			
LP51020 Lacoochee Trilby Water	37.039	LP51020	500,000
Florida Springs Grant Program:			
N547 – Heritage Pines	37.052	14C00000013	300,000
Total Florida Department of Environmental Protection			<u>855,359</u>
Florida Department of Economic Opportunity:			
Economic Development Transportation Fund:			
Economic Development Transportation Trust Fund	40.002	SB12-081	1,274,086
Local Economic Development Initiatives:			
Florida Sports Foundation Grant	40.012	TD15-069	13,230
Total Florida Department of Economic Opportunity			<u>1,287,316</u>
Florida Department of State and Secretary of State:			
State Aid to Libraries:			
State Aid to Libraries	45.030	16-ST-70	168,253
Total Florida Department of State and Secretary of State			<u>168,253</u>
Florida Housing Finance Corporation:			
State Housing Initiatives Partnership (SHIP) Program:			
State Housing Initiative Partnership Program FY 2015/2016	52.901	M01-UC-18-0216	2,353,291
State Housing Initiative Partnership Program	52.901	Program Income	1,738,694
Total SHIP Program			<u>4,091,985</u>
Total Florida Housing Finance Corporation			<u>4,091,985</u>
Florida Department of Transportation:			
Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program:			
Transportation Disadvantaged Trip and Capital TD Operating	55.001	G0B92	170,892
Transportation Disadvantaged Planning Grant TD Operating FY15	55.001	G0182	487,425
Total Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program			<u>658,317</u>
Florida Commission for the Transportation Disadvantaged Planning Grant Program:			
Transportation Disadvantaged Planning Grant FY 2016	55.002	G0250	25,748
County Incentive Grant Program:			
CIGP SR54 & Morris Bridge Rd/Eiland Blvd Intersection	55.008	ARE33 FPN: 416561 3 48 01	418,917
CIGP CR54 at US 301	55.008	FPN 08857243190915801	316,219
CIGP Moon Lake Rd @ SR52	55.008	AQQ83 FPN: 430383 1 48 01	153,057
Total County Incentive Grant Program			<u>888,193</u>
Public Transit Block Grant Program:			
Transit Block Grant FY16 – State	55.010	G0920	579,293
Transit Block Grant – State FY15	55.010	ARQ83	402,454
Total Public Transit Block Grant Program			<u>981,747</u>
Transit Corridor Program:			
MPO Section 5305(d)	55.013	ARA88 2013-14 State	6,695
MPO Section 5305(d)	55.013	ARM21 2014-15 State	2,848
US19 FDOT 408319-1-84-14 FY15	55.013	ARQ84	200,000
SR 54 Capital	55.013	AR932	953,392
SR 54 TRANSIT CORRIDOR FY15	55.013	ARQ85	222,390
Total Transit Corridor Program			<u>1,385,325</u>
Transportation Regional Incentive Program (TRIP):			
TRIP Ridge Rd (Little Road to Moon LK)	55.026	AQQ73 FPN 422712 1 58 01	82,833
Transportation Infrastructure Program:			
TIP Interlaken Road, from Community Drive to Gunn Highway (CR 587)	55.029	ARA82 FPN: 430446 1 38/48/58 01	1,108,129
Total Florida Department of Transportation			<u>5,130,292</u>
Florida Department of Health:			
County Grant Awards:			
EMS "C" Grant County Award 15-16	64.005	C4051	32,195
Total Florida Department of Health			<u>32,195</u>
Florida Department of Elder Affairs:			
Local Services Programs:			
Passed through Area Agency on Aging of Pasco-Pinellas Inc:			
Elderly Nutrition Title IIIC	65.009	C-1 EL-015 Nutrition FY16	72,745
Elderly Nutrition Title IIIC	65.009	C-2 EL-015 Nutrition FY16	48,493
Title IIIB Transportation – FY16	65.009	OAA-EAO16	181,206
Total Local Services Programs			<u>302,444</u>
Total Florida Department of Elder Affairs			<u>302,444</u>

PASCO COUNTY, FLORIDA
Schedule of Expenditures of State Financial Assistance
Year ended September 30, 2016

<u>Grantor agency and project title</u>	<u>CSFA number</u>	<u>Grantor number</u>	<u>Expenditures</u>
Florida Department of Juvenile Justice:			
Juvenile Assessment Centers:			
Juvenile Assessment	80.020	10368	\$ 22,997
Juvenile Assessment	80.020	1638	<u>205,827</u>
Total Juvenile Assessment Centers			<u>228,824</u>
Diversion Services:			
At Risk Youth	80.022	X1598	21,507
At Risk Youth Diversion	80.022	10350	<u>140,740</u>
Total Diversion Services			<u>162,247</u>
Total Florida Department of Juvenile Justice			<u>391,071</u>
Total Expenditures of State Financial Assistance			<u>\$ 12,372,963</u>

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

PASCO COUNTY, FLORIDA

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

September 30, 2016

(1) Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state grant activity of the County, and are presented on the accrual basis of accounting. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), and Chapter 215.97, *Florida Statutes*. Therefore, some amounts presented in the Schedules 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, 2016. For federal programs, the outstanding loan balance at the beginning of the year and the current year additions related to the loans are included in the schedule of expenditures of federal awards as expenditures. For state programs, only the current year additions related to the loans are included in the schedule of expenditures of state financial assistance.

<u>CFDA/CSFA #</u>	<u>Program</u>	<u>Amount</u>
14.218	Community Development Block Grant / Entitlement Grants	\$ 8,578,685
14.256	Neighborhood Stabilization Program NSP2	9,285,643
14.239	HOME Investment Partnerships Program	11,541,335
52.901	State Housing Initiative Partnership (SHIP) Program	20,132,869
		<u>\$ 49,538,532</u>

(3) Administrative Cost Allowance

The County has elected not to use the 10% de minimis indirect cost rate as outlined in the Uniform Guidance.

(4) Contingencies and Other Matters

Grant monies received and disbursed by the County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the County. The County does not believe that such disallowances, if any, would have a material effect on the financial position of the County. As of September 30, 2016, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
September 30, 2016

(1) Section I – Summary of Auditors’ Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles: Unmodified
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
- Material weaknesses: Yes
 - Significant deficiencies: Yes
- (c) Noncompliance material to the financial statements: No

Federal Awards

- (d) Internal control deficiencies over major programs disclosed by the audit:
- Material weaknesses: No
 - Significant deficiencies: No
- (e) Type of report issued on compliance for major programs: Unmodified
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) No
- (g) Major federal programs

Federal awards	CFDA number
U.S. Department of Housing and Urban Development: Community Development Block Grants / Entitlement Grants	14.218
U.S. Department of Transportation: Federal Transit Cluster	20.507, 20.526
U.S. Department of Health and Human Services: Temporary Assistance for Needy Families Social Services Block Grant	93.558 93.667

- (h) Dollar threshold used to distinguish between Type A and Type B programs:
- Federal awards \$750,000
- (i) Auditee qualified as a low-risk auditee: No

State Projects

- (j) Internal control deficiencies over major projects disclosed by the audit:
- Material weaknesses: No

PASCO COUNTY, FLORIDA
 Schedule of Findings and Questioned Costs
 September 30, 2016

- Significant deficiencies: Yes
- (k) Type of report issued on compliance for major programs: Unmodified
- (l) Audit findings that are required to be reported in accordance with Chapter 10.550: Yes
- (m) Major state projects

<u>State projects</u>	<u>CSFA number</u>
Florida Department of Environmental Protection: Statewide Surface Water Restoration and Wastewater Projects	37.039
Florida Department of Economic Opportunity: Economic Development Transportation Fund	40.002
Florida Department of Community Affairs: State Housing Initiative Partnership	52.901
Florida Department of Transportation: Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001

- (n) Dollar threshold used to distinguish between Type A and Type B programs:
 - State projects \$371,189

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

Finding 2016-001

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 capital assets, cash, accounts payable, accounts receivable, and restricted cash and investments.

Context

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

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
September 30, 2016

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 a conversion of the general ledger system in the current year have caused the deficiency. 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 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 in the appropriate accounting period so that similar errors in the future do not occur. Additionally, the County should consider the development of a year-end checklist and timeline to include key elements to consider in closing the books at year end as well as critical elements for review in the draft financial statements; for example a review of balances relative to prior year for those that remain unchanged, a review of construction work in progress balances for projects with no activity, and a review of reimbursement-based grant funds to ensure that proper accruals of unreimbursed costs have been made at year-end in order to avoid presentation of deficit fund balances.

View of Responsible Officials

The implementation of the new ERP System, Tyler Munis in August 2016 led to various resource constraints as the end of the fiscal year approached. The implementation of the new ERP System went live in late August which put a halt in the day-to-day operations for both the Clerk & Comptroller's Office, as well as, county staff. The Financial Services Management Team, in conjunction with various members of county staff, has worked to develop and enhance the necessary controls used to monitor account balances and detect potential errors.

The Financial Services Management Team has also worked within the organization to develop new policies and procedures and set the necessary expectations related to the implementation of the new ERP System. These policies and procedures will enhance the Clerk & Comptroller's Office and Pasco County's internal controls to ensure that account balances are reconciled and reviewed on a monthly basis. The Director and Managers of Financial Services will review all reconciliations to ensure that they are being completed timely and that the necessary adjusting entries are made in the appropriate periods. These policies and procedures, along with the necessary month and year end checklist, have been developed to set expectations for both the Clerk & Comptroller's Office and Pasco County staff to ensure that processes are completed in a timely manner. These procedures include, but are not limited to, the entry and reconciliation of capital asset related items and the review of reimbursement based grant funds. This will result in limiting the number of post-closing entries and allowing for the preparation and fair presentation of financial statements.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
September 30, 2016

Finding 2016-002

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.

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 \$50,000,000 at September 30, 2016.

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.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
September 30, 2016

View of Responsible Officials

After audit differences of incorrect balances in the reporting on the loans outstanding in prior years, the County has decided to bring those functions in-house and bring all loan information and balances in to one database. A software system was purchased in FY 2017, and an agreement has been signed with the Tax Collector for payment collection. While no mistakes were found on the FY 2016 database and balances, it is acknowledged this is an ineffective system. Because of the transition in loan database management, the suggestions to better track with the current database was not implemented, but will be corrected when the new system is in place. The goal is to implement daily reconciliations.

(3) Findings and Questioned Costs Relating to Federal Awards

None

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

Finding 2016-003 - Eligibility

State Agency

Florida Department of Transportation

State Project

Florida Commission for the Transportation Disadvantaged Trip and Equipment Grant Program, CSFA #55.001, Projects G0B92 and G0182, State fiscal years 2015-2016 and 2016-2017

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 operating effectiveness of internal controls surrounding eligibility for free or discounted bus passes, we identified that the County was unable to provide evidence to demonstrate that segregation of duties exists between performing the review of bus pass applications, determining eligibility, and entering the individuals into the Transview system for tracking. Therefore, we were unable to determine that effective segregation of duties exists within the eligibility control process to prevent, or detect and correct, noncompliance on a timely basis.

Based on walkthroughs performed with management, the County appears to have a process in place in which a preliminary review of eligibility is performed by an individual separate from the individual who finalizes the determination, creates a unique identification code, and enters the applicant into the Transview system tracking. However, evidence to support this understanding was not able to be produced.

PASCO COUNTY, FLORIDA
Schedule of Findings and Questioned Costs
September 30, 2016

Cause and Possible Asserted Effect

Evidence of segregation of duties within management controls surrounding the determination of eligibility for free or discounted bus passes is not maintained by the County.

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.

Questioned Costs

None

Whether the Sample Was a Statistically Valid Sample

The sample was not intended to be, and was not, a statistically valid sample.

Identification of Whether the Audit Finding Was a Repeat Finding in the Immediately Prior Audit

A similar finding was reported in the prior year's audit as finding 2015-005.

Recommendation

We recommend the County maintain evidence of proper segregation of duties when approving bus pass eligibility determination to substantiate that controls exist to prevent, or detect and correct noncompliance on a timely basis.

Views of Responsible Officials

Pasco County Public Transportation Department Management has worked to ensure that procedures have been established regarding the separation of duties in regards to determining the eligibility for free or discounted bus passes as identified in the year prior audit. It has been determined during this audit that these new procedures established will require some additional refinement to the tracking and documentation of determination of eligibility. Pasco County Public Transportation is currently developing a checklist to implement to ensure all proper steps are documented and signed off by the appropriate authority.