



*Report of Independent Auditors and  
Financial Statements with  
Supplementary Information*

**Madera County Workforce  
Investment Corporation**

*June 30, 2018*

# Table of Contents

---

<b>REPORT OF INDEPENDENT AUDITORS .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	4
Statement of Activities.....	5
Statement of Functional Expenses .....	6
Statement of Cash Flows .....	7
Notes to Financial Statements .....	8
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards.....	14
Notes to Schedule of Expenditures of Federal Awards .....	15
Schedule of Grant Expenses – Workforce Innovation and Opportunity Act .....	16
<b>SINGLE AUDIT REPORTS</b>	
<b>REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....</b>	<b>18</b>
<b>REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE .....</b>	<b>20</b>
Schedule of Findings and Questioned Costs.....	22
Summary Schedule of Prior Audit Findings .....	23

## **Report of Independent Auditors**

To the Board of Directors  
Madera County Workforce Investment Corporation

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

We have audited the accompanying financial statements of Madera County Workforce Investment Corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madera County Workforce Investment Corporation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grant expenses on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 14, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have issued our report dated December 19, 2018, on our consideration of Madera County Workforce Investment Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Madera County Workforce Investment Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Madera County Workforce Investment Corporation's internal control over financial reporting and compliance.



Fresno, California  
December 19, 2018

## **Financial Statements**

---

**Madera County Workforce Investment Corporation**  
**Statement of Financial Position**  
**June 30, 2018**

---

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	208,383
Grants receivable		181,030
Accounts receivable		36,466
Prepaid expenses		<u>3,757</u>

Total current assets 429,636

**PROPERTY AND EQUIPMENT, net**

26,950

Total assets

\$ 456,586

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$	75,451
Accrued payroll and related expenses		<u>101,389</u>

Total current liabilities 176,840

**NET ASSETS**

Temporarily restricted		24,103
Unrestricted		<u>255,643</u>

Total net assets 279,746

Total liabilities and net assets

\$ 456,586

**Madera County Workforce Investment Corporation**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support			
Grants and contracts	\$ 2,306,099	\$ -	\$ 2,306,099
Contributions	4,608	-	4,608
Rental and other income	284,985	-	284,985
Charges for services	61,663	-	61,663
	<u>2,657,355</u>	<u>-</u>	<u>2,657,355</u>
Net assets released from restrictions	<u>14,486</u>	<u>(14,486)</u>	<u>-</u>
Total revenues, gains, and other support	<u>2,671,841</u>	<u>(14,486)</u>	<u>2,657,355</u>
Expenses			
Program services	2,372,218	-	2,372,218
Supporting services	265,717	-	265,717
Total expenses	<u>2,637,935</u>	<u>-</u>	<u>2,637,935</u>
Change in net assets	<u>33,906</u>	<u>(14,486)</u>	<u>19,420</u>
Net assets, beginning of year	<u>221,737</u>	<u>38,589</u>	<u>260,326</u>
Net assets, end of year	<u>\$ 255,643</u>	<u>\$ 24,103</u>	<u>\$ 279,746</u>

**Madera County Workforce Investment Corporation**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**

	Program Services						Total Program Services	Supporting Services	Total Expenses
	Workforce Innovation and Opportunity Act	Disability Employment Initiative	Madera County Dept. of Corrections Realignment Services	Department of Social Services	City of Madera Community Development Block Grant	Foundation Grants			
Salaries	\$ 1,225,571	\$ -	\$ 25,769	\$ 6,580	\$ -	\$ -	\$ 1,257,920	\$ 39,180	\$ 1,297,100
Payroll taxes	114,268	-	2,429	1,065	-	-	117,762	3,188	120,950
Employee benefits	174,546	-	5,101	3,327	-	-	182,974	582	183,556
Materials and supplies	14,589	-	442	573	-	-	15,604	5,922	21,526
Overhead and operating expenses	361,123	4,060	14,553	16,725	-	-	396,461	216,845	613,306
Client program expenses	10,898	-	-	18	-	-	10,916	-	10,916
Subcontracted program services	344,805	-	-	23,872	7,945	13,959	390,581	-	390,581
	<u>\$ 2,245,800</u>	<u>\$ 4,060</u>	<u>\$ 48,294</u>	<u>\$ 52,160</u>	<u>\$ 7,945</u>	<u>\$ 13,959</u>	<u>\$ 2,372,218</u>	<u>\$ 265,717</u>	<u>\$ 2,637,935</u>



**Madera County Workforce Investment Corporation**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**

---

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 19,420
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,393
Change in operating assets:	
Grants receivable	(7,133)
Accounts receivable	48,618
Prepaid expenses	3,080
Change in operating liabilities:	
Accounts payable	(26,856)
Accrued payroll and related expenses	10,818
	<u>59,340</u>
Net cash provided by operating activities	<u>59,340</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(9,357)</u>
	<u>(9,357)</u>
Net cash used in investing activities	<u>(9,357)</u>
	49,983
Net change in cash and cash equivalents	49,983
CASH AND CASH EQUIVALENTS, beginning of year	<u>158,400</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 208,383</u></u>

# Madera County Workforce Investment Corporation

## Notes to Financial Statements

---

### NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of activities** – Madera County Workforce Investment Corporation (the Organization) is a California nonprofit public benefit corporation incorporated in 2011. The Organization received its tax exempt status as a 501(c)(3) organization from the Internal Revenue Service in 2012. The Organization is located in Madera, California and has satellite offices in Chowchilla, California and Oakhurst, California. The Organization was formed with the purpose of securing more private sector jobs for the unemployed and working poor, attracting greater employer participation in all aspects of local employment and training activities, and acting as an administrative entity to assist in the implementation of the Workforce Innovation and Opportunity Act (WIOA) in Madera County in a manner that is responsive to the needs of the private sector. The Organization is also authorized to receive contributions and to make donations to, and otherwise aid and support, legally permissible undertakings consistent with the above-stated purposes.

**Reporting entity** – The Organization is considered a component unit of the County of Madera (the County) by virtue of the Organization's dependency on governmental funding and oversight by the Madera County Board of Supervisors. The Organization is discretely presented in the government-wide financial statements of the County to emphasize that it is legally separate from the County. The financial statements included in this report are intended to present the financial position and activities of only the Organization. They are not intended to present the financial position or activities of the County taken as a whole.

**Basis of presentation** – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as follows:

*Unrestricted* – These generally result from revenue generated by receiving grants, unrestricted contributions, providing services, and interest received from investments less expenses incurred in providing program-related services, raising contributions (fundraising expenses), and performing administrative functions.

*Temporarily restricted* – Gifts of cash and other assets are temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had temporarily restricted net assets of \$24,103 at June 30, 2018.

*Permanently restricted* – These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization did not have any permanently restricted net assets at June 30, 2018.

**Method of accounting** – The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Madera County Workforce Investment Corporation

## Notes to Financial Statements

---

**Cash and cash equivalents** – For purposes of reporting the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, there were uninsured cash balances of \$8,873.

**Grants and accounts receivable** – Grants receivable are primarily awards from federal and State of California grants for services provided under cost reimbursement agreements. These receivables are considered fully collectible and, therefore, no allowance for doubtful accounts has been recorded in the accompanying financial statements.

Accounts receivable consist primarily of rental income in addition to reimbursed administrative fees charged to sub lessees. Receivables are written off through an allowance for doubtful accounts when the Organization determines the payments will not be received. Management believes all receivables are fully collectible and has historically experienced minimal write-offs; therefore, no allowance has been recorded at June 30, 2018. All accounts receivable are non-interest bearing.

**Exchange transactions** – Revenues earned from contracts and grants with state and federal agencies are considered to be exchange transactions. Revenue from exchange transactions are reported gross of any related expense in the accompanying financial statements.

**Property and equipment** – It is the Organization’s policy to capitalize property and equipment over \$500. Purchased property and equipment is capitalized at cost. Donated property and equipment is recorded at fair value at the date of the gift. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5 – 10 years
Office and computer equipment	3 – 5 years
Vehicles	5 years

**Advertising costs** – Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which the future benefits are expected to be received. There were no costs required to be capitalized during the year ended June 30, 2018. Advertising costs during the year ended June 30, 2018 were \$6,874.

**Income taxes** – The Organization is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income. The Organization does not believe its unrelated business income activities result in a material tax liability and therefore no tax provision has been recorded in the financial statements.

**Uncertain tax positions** – The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions.

## Madera County Workforce Investment Corporation Notes to Financial Statements

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position and before financial statements are issued. The Organization has evaluated subsequent events through December 19, 2018, which is the date the financial statements were available to be issued.

### NOTE 2 – GRANTS RECEIVABLE

The following grants receivable from funding sources were due to the Organization as of June 30, 2018:

		% of Total
State of California, Employment Development Department	\$ 150,091	82.91%
Madera County, Department of Social Services	10,280	5.68%
Stanislaus County, Workforce Investment Corporation	7,396	4.09%
Madera County, Probation Department	6,191	3.42%
City of Fresno, Workforce Investment Corporation	4,304	2.38%
Merced County, Workforce Investment Corporation	2,768	1.53%
	\$ 181,030	100%

### NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018:

Computer equipment	\$ 94,220	
Office equipment	17,788	
Furniture and fixtures	550	
		112,558
Less: accumulated depreciation		(85,608)
		\$ 26,950

The Organization incurred \$11,393 in depreciation expense for the year ended June 30, 2018, which is included in the statement of activities.

### NOTE 4 – OBLIGATIONS UNDER OPERATING LEASES

The Organization leases office space and office equipment under operating leases, which require certain minimum monthly rental payments. The leases vary in terms and expire between February 2018 and December 2026.

# Madera County Workforce Investment Corporation

## Notes to Financial Statements

---

The future minimum rental payments as of June 30, 2018 are as follows:

<u>Years Ended June 30,</u>	
2019	\$ 220,221
2020	215,284
2021	215,284
2022	217,422
2023	220,788
Thereafter	<u>805,781</u>
	<u>\$ 1,894,780</u>

Total rent expense included in the statement of activities and functional expenses for the year ended June 30, 2018 was \$217,800.

### NOTE 5 – RENTAL INCOME UNDER OPERATING LEASES

The Organization sub-leases a portion of its office facilities to nonrelated parties. The sublease expiration dates range from February 2020, to October 2022. Future minimum rental income relating to subleased property as of June 30, 2018 is as follows:

<u>Years Ended June 30,</u>	
2019	\$ 235,308
2020	181,184
2021	68,964
2022	70,294
2023	<u>22,772</u>
	<u>\$ 578,522</u>

Rental income on all leases for the year ending June 30, 2018 was \$258,741, which includes utility and other administrative charges allocated proportionately to the sub-lessor based on square footage leased.

### NOTE 6 – RETIREMENT PLAN

The Organization maintains a 457 Retirement Plan (the Plan) covering all active full-time employees. All full-time employees are eligible to participate in the Plan after completing a six-month introductory period. The Organization contributes 6% of the employee's compensation for the year. The employer contribution for the year ended June 30, 2018 was \$68,770 and is included within employee benefits on the statement of functional expenses.

**Madera County Workforce Investment Corporation**  
**Notes to Financial Statements**

---

**NOTE 7 – NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2018:

Wells Fargo Foundation – Basic Education & High School Equivalency Preparation for Adults	\$	13,612
Wells Fargo Foundation – Veterans Assistance Project		5,972
Chukchansi – Community Grant Program for Computers		3,458
Wells Fargo Foundation – Resources for Single Female Parent Non-Working Households		1,061
		1,061
	\$	24,103

**NOTE 8 – CONTINGENCIES AND CONCENTRATIONS**

***Federal and State Grants***

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. There are no pending audits or proposed adjustments at this time.

***Economic Dependency***

Approximately 87% of the Organization's total support and revenue is derived from state and federal grants. Grant and contract revenue for the year ended June 30, 2018 consisted of the following:

		% of Total
Programs		
Workforce Innovation and Opportunity Act:		
Adult Program	\$ 1,238,369	53.70%
Dislocated Worker Program	508,009	22.03%
Youth Program	499,422	21.66%
	2,245,800	97.39%
CCP Realignment	48,294	2.09%
CDBG Block Grant	7,945	0.34%
Disability Employment Initiative	4,060	0.19%
	\$ 2,306,099	100%

## **Supplementary Information**

---

**Madera County Workforce Investment Corporation**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Pass-Through Grantor/Federal Grantor/Program Title	Federal CFDA #	Pass-Through Grantor's Number	Total Costs Expended
Workforce Innovation and Opportunity Act – Cluster			
U.S. Department of Labor			
Passed through State of California Employment Development			
Department Workforce Services Division:			
Title I-A: Workforce Innovation and Opportunity Act - Adult	17.258	201/202/500/1032/1065/1080/1090/1095	\$ 1,238,369
Title I-D: Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	292/293/501/502/540/541/1066	508,009
Title I-Y: Workforce Innovation and Opportunity Act - Youth	17.259	301	<u>499,422</u>
Total Workforce Innovation and Opportunity Act - Cluster			<u>2,245,800</u>
Other programs			
U.S. Department of Labor			
Passed through State of California Employment Development			
Department Workforce Services Division:			
Employment Service – Cluster			
Employment Service/Wagner - Peyser Funded Activities	17.207	1017	4,060
U.S. Department of Urban Housing and Development			
Passed through the City of Madera			
CDBG Entitlement Grants – Cluster			
Community Development Block Grant	14.218	2015-101	<u>7,945</u>
Total other programs			<u>12,005</u>
Total expenditures of federal awards			<u><u>\$ 2,257,805</u></u>



**Madera County Workforce Investment Corporation**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation** – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Madera County Workforce Investment Corporation (the Organization) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is 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* (Uniform Guidance).

**Relationship to financial reports** – Information included in the accompanying Schedule is in substantial agreement with the information reported in the related financial reports for major programs.

**Program costs** – The Organization accounts for and reports on the costs of program activities covered under the federal grant awards on an accrual basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect costs** – The Organization has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**Sub-recipients** – The Organization did not provide federal funds to sub-recipients.

**Madera County Workforce Investment Corporation**  
**Schedule of Grant Expenses – Workforce Innovation and Opportunity Act**  
**For the Year Ended June 30, 2018**

---

	Adult Program	Dislocated Workers Program	Youth Program	Total
Salaries	\$ 705,026	\$ 258,848	\$ 261,697	\$ 1,225,571
Payroll taxes	66,352	23,417	24,499	114,268
Employee benefits	99,138	42,577	32,831	174,546
Materials and supplies	8,487	2,836	3,266	14,589
Overhead and operating expenses	182,500	118,349	60,274	361,123
Client program expenses	4,732	4,793	1,373	10,898
Subcontracted program services	172,134	57,189	115,482	344,805
	<u>\$ 1,238,369</u>	<u>\$ 508,009</u>	<u>\$ 499,422</u>	<u>\$ 2,245,800</u>

## **Single Audit Reports**

---

## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Madera County Workforce Investment Corporation

We have audited, 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, the financial statements of Madera County Workforce Investment Corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Madera County Workforce Investment Corporation'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 Madera County Workforce Investment Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Madera County Workforce Investment Corporation's internal control.

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

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

### ***Compliance and Other Matters***

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

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to be 'M. Allen' followed by a stylized flourish.

Fresno, California  
December 19, 2018

## **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Madera County Workforce Investment Corporation

### **Report on Compliance for the Major Federal Program**

We have audited Madera County Workforce Investment Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Madera County Workforce Investment Corporation's major federal program for the year ended June 30, 2018. Madera County Workforce Investment Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Madera County Workforce Investment Corporation's major federal program 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; and 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). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about Madera County Workforce Investment Corporation'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 the major federal program. However, our audit does not provide a legal determination of Madera County Workforce Investment Corporation's compliance.

***Opinion on the Major Federal Program***

In our opinion, Madera County Workforce Investment Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

**Report on Internal Control over Compliance**

Management of Madera County Workforce Investment Corporation 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 Madera County Workforce Investment Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Madera County Workforce Investment Corporation'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 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Fresno, California  
December 19, 2018

**Madera County Workforce Investment Corporation**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

Yes  No

**Identification of Major Federal Programs**

<i>CFDA Number</i>	<i>Name of Federal Program/Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Program</i>
<i>Workforce Innovation and Opportunity Cluster</i>		Unmodified
17.278	U.S. Department of Labor - Workforce Innovation and Opportunity Act - Adult	
17.259	U.S. Department of Labor - Workforce Innovation and Opportunity Act - Dislocated Workers	
17.258	U.S. Department of Labor - Workforce Innovation and Opportunity Act - Youth	

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as "low-risk auditee"?

Yes  No

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported



**Madera County Workforce Investment Corporation**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2018**

---

**Types of Findings:**

None reported

