

**MADERA COUNTY WORKFORCE
INVESTMENT CORPORATION**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**WITH INDEPENDENT AUDITOR'S
REPORT THEREON
JUNE 30, 2013**

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**MORSE WITTEW
SAMPSON, LLP**

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Christopher B. Morse
Sheryl E. Morse
Kenneth T. Wittwer
Doug A. Sampson
Robert S. Swanton

To the Board of Directors
Madera County Workforce Investment Corporation
Madera, California

Report on the Financial Statements

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We have audited the accompanying financial statements of Madera County Workforce Investment Corporation (a non-profit organization), which comprises the statement of financial position as of June 30, 2013, 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 concluded 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

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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, 2013, 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 27 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 20, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 October 15, 2013, 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, and grant agreements and other matters. The purpose of that report is 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 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.

Other Reporting Required by OMB Circular A-133

In accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we have issued our report dated October 15, 2013, on our consideration of Madera County Workforce Investment Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Madera County Workforce Investment Corporation's major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. The purpose of that report is to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. That report is an integral part of an audit performed in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* in considering Madera County Workforce Investment Corporation's internal control over compliance and compliance with each major federal program.

Morse Wittwer Sampson, LLP

October 15, 2013
Fresno, California

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

STATEMENT OF FINANCIAL POSITION
June 30, 2013

ASSETS

Current Assets	
Cash and cash equivalents	\$ 23,524
Grants receivable	148,943
Other receivable	8,349
Deposits and prepaid expenses	<u>17,696</u>
Total current assets	198,512
Property and Equipment, Net	<u>64,448</u>
Total assets	<u><u>\$ 262,960</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 48,819
Accrued payroll and related expenses	72,262
Refundable advances	<u>16,833</u>
Total current liabilities	<u>137,914</u>
Commitments and Contingencies	-
Net Assets	
Temporarily restricted	18,250
Unrestricted	<u>106,796</u>
Total liabilities and net assets	<u><u>\$ 262,960</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains, and Other Support:			
Grants and contracts	\$ 1,545,431	\$ -	\$ 1,545,431
In-kind contribution of property and equipment	63,286	-	63,286
Contributions	31,455	18,250	49,705
Rental and other income	33,968	-	33,968
Charges for services	6,115	-	6,115
Total revenues, gains, and other support	<u>1,680,255</u>	<u>18,250</u>	<u>1,698,505</u>
Expenses:			
Program services	1,545,431	-	1,545,431
Supporting services	28,028	-	28,028
Total expenses	<u>1,573,459</u>	<u>-</u>	<u>1,573,459</u>
Increase in Net Assets	106,796	18,250	125,046
Net Assets, Beginning of Year	-	-	-
Net Assets, End of Year	<u>\$ 106,796</u>	<u>\$ 18,250</u>	<u>\$ 125,046</u>

See Independent Auditor's Report and Notes to Financial Statements.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2013

	Program Services							Total Expenses
	Workforce Investment Act	Veterans Employment Related Assistance Program	Disability Employment Initiative	CCP Realignment	CBJTG Health Grant	Total Program Services	Supporting Services	
Salaries	\$ 533,836	\$ 5,243	\$ 68,351	\$ 25,232	\$ 1,077	\$ 633,739	\$ 17,390	\$ 651,129
Payroll taxes	48,842	691	6,240	2,508	112	58,393	1,738	60,131
Employee benefits	128,917	1,582	16,209	3,107	221	150,036	1,224	151,260
Materials and supplies	10,473	20	3,040	346	15	13,894	84	13,978
Overhead and operating expenses	85,877	1,362	13,579	3,870	196	104,884	7,592	112,476
Client program expenses	560,419	6,435	16,975	546	110	584,485	-	584,485
	<u>\$ 1,368,364</u>	<u>\$ 15,333</u>	<u>\$ 124,394</u>	<u>\$ 35,609</u>	<u>\$ 1,731</u>	<u>\$ 1,545,431</u>	<u>\$ 28,028</u>	<u>\$ 1,573,459</u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS For the Year Ended June 30, 2013

Cash Flows From Operating Activities:	
Increase in net assets	\$ 125,046
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	8,870
In-kind contributions of property and equipment	(63,286)
Changes in operating assets and liabilities:	
Increase in grants receivable	(148,943)
Increase in other receivable	(8,349)
Increase in deposits and prepaid expenses	(17,696)
Increase in accounts payable	48,819
Increase in accrued payroll and related expenses	72,262
Increase in refundable advances	16,833
Net cash provided by operating activities	<u>33,556</u>
Cash Flows From Investing Activities:	
Purchase of property and equipment	(10,032)
Net cash used in investing activities	<u>(10,032)</u>
Net Increase in Cash and Cash Equivalents	23,524
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	<u>\$ 23,524</u>

See Independent Auditor's Report and Notes to Financial Statements.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 Investment Act (WIA) 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.

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 receiving interest 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 support 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 \$18,250 at June 30, 2013.

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.

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.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

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.

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 (3) 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, 2013 there were no uninsured cash balances.

Grants 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.

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:

	<u>Years</u>
Furniture and fixtures	5 - 10
Office and computer equipment	3 - 5
Vehicles	5

Refundable Advances: Refundable advances represent grant monies received by the Organization, but not yet spent or earned.

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, 2013. Advertising costs during the year ended June 30, 2013 were \$2,952.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

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.

Due to the Organization being in the first year of existence no federal and state income tax returns of the Organization have been examined by the respective taxing authorities. Both federal and state income tax returns are open to examination since inception.

Fundraising Expenses: Fundraising expenses are expensed as incurred. Revenue from fundraising events is recognized in the period in which the event takes place. The Organization did not have any fundraising activity during the year ended June 30, 2013.

Note 2. Grants Receivable

The following grants receivable from funding sources were due to the Organization as of June 30, 2013:

	<u>Amount</u>	<u>% of Total</u>
State of California, Employment Development Department	\$ 139,143	94%
Madera County	8,158	5%
Other	1,642	1%
	<u>\$ 148,943</u>	<u>100%</u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Property and Equipment

Property and equipment consisted of the following at June 30, 2013:

	<u>Amount</u>
Computer equipment	\$ 52,758
Furniture and fixtures	11,215
Office equipment	7,220
Vehicles	2,125
	<u>73,318</u>
Less: accumulated depreciation	(8,870)
	<u>\$ 64,448</u>

Note 4. Obligations Under Operating Leases

The Organization leases an office facility, the terms of which call for monthly payments of \$5,753 per month, through December 31, 2014. Future minimum annual lease commitments for the year ending June 30, 2014 are \$69,036 and for the year ending June 30, 2015 are \$34,518.

Rent expense on all leases for the year ended June 30, 2013 was \$48,127.

Note 5. Rental Income Under Operating Leases

The Organization sub-leases a portion of its office facilities to two non-related parties. The sub-leases vary in terms; both expire between June and August 2014. Future minimum rental receipts are as follows:

Year Ending June 30,	<u>Amount</u>
2014	\$ 19,536
2015	1,826
	<u>\$ 21,362</u>

Rental income on all leases for the year ending June 30, 2013 was \$23,508, which includes utility and other administrative charges allocated proportionately to the sub-lessor based on square footage leased.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. Retirement Plan

During the year ended June 30, 2013 the Organization established 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, 2013 was \$39,073 and is included within employee benefits on the statement of functional expenses.

Note 7. 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 government. 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

Over 90% 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, 2013 consists of the following:

<u>Programs</u>	<u>Amount</u>	<u>% of Total</u>
Workforce Investment Act:		
Dislocated worker program	\$ 562,797	36%
Adult program	438,589	28%
Youth program	328,062	21%
National Emergency Grants	38,916	4%
	<u>1,377,671</u>	<u>89%</u>
Disability Employment Initiative	124,394	8%
CCP Realignment	35,609	2%
Veterans Employment Related Assistance Program	15,333	0.9%
CBJTG Health Grant	1,731	0.1%
	<u>\$ 1,545,431</u>	<u>100%</u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 8. Net Assets

During the year ended June 30, 2013 the Organization received a contribution from the Madera County Office of Education (MCOE) in the amount of \$18,250 and recorded it as a temporarily restricted net asset. MCOE donated the amount with the restriction that the funds be used to maintain the One Stop Program, which serves as the primary vehicle for the provision of employment and training services within Madera County. As of June 30, 2013 there were no temporarily restricted net assets released from restriction.

Note 9. Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent statements of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 15, 2013, which is the date on which the financial statements were available to be issued. There were no subsequent events required to be disclosed.

SINGLE AUDIT REPORTS



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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***

Kristina L. Dritsas
Jodie M. Rolih
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Roy K. Kikunaga

To the Board of Directors
Madera County Workforce Investment Corporation
Fresno, California

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 (a non-profit organization), which comprise the statement of financial position as of June 30, 2013, 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 October 15, 2013.

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Internal Control Over Financial Reporting

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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.

Morse Wittwer Sampson, LLP

October 15, 2013
Fresno, California



**MORSE WITTEW
SAMPSON, LLP**

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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To the Board of Directors
Madera County Workforce Investment Corporation
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited Madera County Workforce Investment Corporation’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Madera County Workforce Investment Corporation’s major federal programs for the year ended June 30, 2013. Madera County Workforce Investment Corporation’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Madera County Workforce Investment Corporation’s major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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

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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 each major federal program. However, our audit does not provide a legal determination of Madera County Workforce Investment Corporation's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2013.

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 each major federal program 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 to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Morse Wittwer Sampson, LLP

October 15, 2013
Fresno, California

MADERA COUNTY WORKFORCE INVESTMENT CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Pass-through Grantor/Federal Grantor/Program Title	Federal CFDA #	Pass-Through Grantor's Number	Total Costs Expended
Workforce Investment Act - Cluster			
U.S. Department of Labor			
Passed through State of California Employment Development Department Workforce Services Division:			
Title I-A: Workforce Investment Act - Adult	17.258	201/202/327	\$ 438,589
Title I-D: Workforce Investment Act - Dislocated Workers	17.278	501/502/537/540/541	562,797
Title I-Y: Workforce Investment Act - Youth	17.259	301	328,062
			<u>1,329,448</u>
Passed through State of California Workforce Investment Board:			
Title I-A: Workforce Investment Act - Adult	17.258	201/202	15,333
Total Workforce Investment Act - Cluster			<u>1,344,781</u>
Other Programs			
U.S. Department of Labor			
Passed through State of California Employment Development Department Workforce Services Division:			
Employment Service/Wagner-Peyser Funded Activities	17.207	326/329	124,394
Workforce Investment Act - National Emergency Grants	17.277	338	38,916
Total Other Programs			<u>163,310</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,508,091</u></u>

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

Note 1 – 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, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Subrecipients

Of the federal expenditures presented in the Schedule, the Organization provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
17.259	Title I-Y: Workforce Investment Act - Youth	\$ 276,278

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X No

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

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

Identification of major programs:

Title I-A: Workforce Investment Act - Adult - CFDA #17.258
Title I-D: Workforce Investment Act - Dislocated Workers - CFDA #17.278
Title I-Y: Workforce Investment Act - Youth - CFDA #17.259

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

TYPES OF FINDINGS:

There were no reportable findings related to financial statement reporting for the fiscal year ended June 30, 2013.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SECTION III - FEDERAL AWARD FINDINGS & QUESTIONED COSTS

TYPES OF FINDINGS:

There were no reportable findings for the fiscal year ended June 30, 2013.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no reportable audit findings in the prior fiscal year ended June 30, 2012.

SUPPLEMENTARY INFORMATION

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION

SCHEDULE OF GRANT EXPENSES - WORKFORCE INVESTMENT ACT

For the Year Ended June 30, 2013

	Adult Program	Dislocated Worker Program	Youth Program	National Emergency Program	Total
Salaries	\$ 194,187	\$ 292,761	\$ 31,736	\$ 15,152	\$ 533,836
Payroll taxes	18,244	26,582	2,720	1,295	48,841
Employee benefits	50,038	70,773	6,103	2,003	128,917
Materials and supplies	4,043	5,251	428	752	10,474
Overhead and operating expenses	30,514	45,540	7,835	1,988	85,877
Client program expenses	141,563	121,890	279,240	17,726	560,419
	<u>\$ 438,589</u>	<u>\$ 562,797</u>	<u>\$ 328,062</u>	<u>\$ 38,916</u>	<u>\$ 1,368,364</u>

See Independent Auditor's Report and Notes to Financial Statements.