



Report of Independent Auditors and Financial
Statements with Supplementary Information

**Madera County Workforce
Investment Corporation**

June 30, 2016

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

CONTENTS

REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8
SUPPLEMENTARY INFORMATION	
Schedule of expenditures of federal awards	15
Notes to the schedule of expenditures of federal awards	16
Schedule of grant expenses – workforce innovation and opportunity act	17
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	19
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	21
Schedule of findings and questioned costs	23
Summary schedule of prior audit findings	25

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Madera County Workforce Investment Corporation (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, 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 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, 2016, 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 24 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 19, 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 February 24, 2017, 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.

Moss Adams LLP

Fresno, California
February 24, 2017

FINANCIAL STATEMENTS

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 225,641
Grants receivable	438,387
Accounts receivable, net	9,629
Prepaid expenses	<u>2,502</u>
Total current assets	676,159
PROPERTY, PLANT, AND EQUIPMENT, NET	<u>37,172</u>
Total assets	<u><u>\$ 713,331</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 401,709
Accrued payroll and related expenses	<u>103,350</u>
Total current liabilities	<u>505,059</u>
COMMITMENTS AND CONTINGENCIES	-
NET ASSETS	
Temporarily restricted	14,797
Unrestricted	<u>193,475</u>
	<u>208,272</u>
Total liabilities and net assets	<u><u>\$ 713,331</u></u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support			
Grants and contracts	\$ 4,871,146	\$ -	\$ 4,871,146
Contributions	646	-	646
Rental and other income	27,334	-	27,334
Charges for services	106,892	-	106,892
	<u>5,006,018</u>	<u>-</u>	<u>5,006,018</u>
Net assets released from restrictions	<u>11,232</u>	<u>(11,232)</u>	<u>-</u>
Total revenues, gains, and other support	<u>5,017,250</u>	<u>(11,232)</u>	<u>5,006,018</u>
Expenses			
Program services	4,948,012	-	4,948,012
Supporting services	9,287	-	9,287
Total expenses	<u>4,957,299</u>	<u>-</u>	<u>4,957,299</u>
Change in net assets	<u>59,951</u>	<u>(11,232)</u>	<u>48,719</u>
Net assets, beginning of year	<u>133,524</u>	<u>26,029</u>	<u>159,553</u>
Net assets, end of year	<u>\$ 193,475</u>	<u>\$ 14,797</u>	<u>\$ 208,272</u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services									
	Workforce Innovation and Opportunity Act	Disability Employment Initiative	Madera County Dept of Corrections Realignment Services	Prop 39 Pre- Apprenticeship	Department of Social Services	City of Madera Community Development Block Grant	Foundation Grants	Total Program Services	Supporting Services	Total Expenses
Salaries	\$ 1,181,633	\$ 526	\$ 48,109	\$ -	\$ 25,310	\$ -	\$ 6,060	\$ 1,261,638	\$ 30,182	\$ 1,291,820
Payroll taxes	102,498	57	4,449	-	2,071	-	551	109,626	2,790	112,416
Employee benefits	182,642	195	8,860	-	3,196	-	1,243	196,136	3,709	199,845
Materials and supplies	20,789	3	1,092	-	919	7,401	186	30,390	1,462	31,852
Overhead and operating expenses	380,161	3,635	11,377	1,800	28,261	353	3,125	428,712	(28,856)	399,856
Client program expenses	30,846	-	-	-	-	1,578	68	32,492	-	32,492
Subcontracted program services	2,881,274	-	-	4,076	-	3,668	-	2,889,018	-	2,889,018
	<u>\$ 4,779,843</u>	<u>\$ 4,416</u>	<u>\$ 73,887</u>	<u>\$ 5,876</u>	<u>\$ 59,757</u>	<u>\$ 13,000</u>	<u>\$ 11,233</u>	<u>\$ 4,948,012</u>	<u>\$ 9,287</u>	<u>\$ 4,957,299</u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 48,719
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	21,685
Bad debt expense	1,435
Changes in operating assets and liabilities:	
Decrease in grants receivable	145,336
Increase in other receivable	(1,393)
Increase in prepaid expenses	(2,502)
Decrease in accounts payable	(7,883)
Decrease in accrued payroll and related expenses	<u>(5,865)</u>
Net cash provided by operating activities	<u>199,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(35,452)</u>
Net cash used in investing activities	<u>(35,452)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	164,080
CASH AND CASH EQUIVALENTS, beginning of year	<u>61,561</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 225,641</u></u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$14,797 at June 30, 2016.

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.

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
JUNE 30, 2016

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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, 2016 there were no uninsured cash balances.

Grants and accounts receivable – 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. Allowance for doubtful accounts at June 30, 2016 was \$1,435. All accounts receivable are non-interest bearing.

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:

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, 2016. Advertising costs during the year ended June 30, 2016 were \$10,413.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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, 2016.

NOTE 2 - GRANTS RECEIVABLE

The following grants receivable from funding sources were due to the Organization as of June 30, 2016:

	<u>Amount</u>	<u>% of Total</u>
State of California, Employment Development Department	\$ 417,546	95%
City of Madera, Community Development	9,101	2%
Madera County, Department of Social Services	6,341	2%
Other	5,399	1%
	<u>\$ 438,387</u>	<u>100%</u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2016:

	Amount
Computer equipment	\$ 87,567
Office equipment	12,583
Vehicles	2,125
Furniture and fixtures	550
	102,825
Less: accumulated depreciation	(65,653)
	\$ 37,172

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 May 2019. The future minimum rental payments as of June 30, 2016 are as follows:

Years Ended June 30,	Amount
2017	\$ 6,765
2018	6,305
2019	4,937
	\$ 18,007

Total rent expense included in the statement of activities and functional expenses for the year ended June 30, 2016 was \$77,225.

NOTE 5 - RENTAL INCOME UNDER OPERATING LEASES

The Organization sub-leases a portion of its office facilities to a non-related party. The sub-lease expires June of 2017.

Rental income on all leases for the year ending June 30, 2016 was \$8,974, 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, 2016

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, 2016 was \$72,686 and is included within employee benefits on the statement of functional expenses.

NOTE 7 - NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016:

	<u>Amount</u>
Wells Fargo Foundation – Veterans Assistance Project	\$ 7,074
Wells Fargo Foundation – Resources for Single Female Parent Non-Working Households	4,265
Chukchansi – Community Grant Program for Computers	<u>3,458</u>
	<u>\$ 14,797</u>

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 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.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 - CONTINGENCIES AND CONCENTRATIONS (CONTINUED)

Economic Dependency

Over 95% 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, 2016 consists of the following:

	Amount	% of Total
Programs		
Workforce Innovation and Opportunity Act:		
National Emergency Grants	\$ 2,077,254	42.64%
Dislocated worker program	1,020,513	20.95%
Adult program	904,391	18.57%
Youth program	777,685	15.96%
	4,779,843	98.12%
CCP Realignment	73,887	1.52%
CDBG Block Grant	13,000	0.27%
Disability Employment Initiative	4,416	0.09%
	\$ 4,871,146	100%

NOTE 9 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2016, the date of the most recent statements of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is February 24, 2017, which is the date on which the financial statements were available to be issued. There were no subsequent events required to be disclosed.

SUPPLEMENTARY INFORMATION

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Pass-Through Grantor/Federal Grantor/Program Title	Federal CFDA #	Pass-Through Grantor's Number	Passed Through to Subrecipients	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	201/202/1026/1032		\$ 904,391
Title I-D: Workforce Innovation and Opportunity Act – Dislocated Workers	17.278	292/293/501/502/540/541/2014		1,020,513
Title I-Y: Workforce Innovation and Opportunity Act – Youth	17.259	301	\$ 534,568	777,685
Total Workforce Innovation and Opportunity Act – Cluster			<u>534,568</u>	<u>2,702,589</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	1017		4,416
Workforce Innovation and Opportunity Act – National Emergency Grant	17.277	1014	1,991,802	2,077,254
Passed through the City of Madera				
Community Development Block Grant	14.218	9908		13,000
Total other programs			<u>1,991,802</u>	<u>2,094,670</u>
Total expenditures of Federal awards			<u>\$ 2,526,370</u>	<u>\$ 4,797,259</u>

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016. 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). 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.

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.

MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
SCHEDULE OF GRANT EXPENSES – WORKFORCE INNOVATION AND OPPORTUNITY ACT
FOR THE YEAR ENDED JUNE 30, 2016

	Adult Program	Dislocated Worker Program	Youth Program	National Emergency Program	Total
Salaries	\$ 458,014	\$ 545,185	\$ 155,722	\$ 22,711	\$ 1,181,632
Payroll taxes	39,281	47,841	13,643	1,733	102,498
Employee benefits	74,716	77,134	29,022	1,769	182,641
Materials and supplies	9,704	10,417	613	57	20,791
Overhead and operating expenses	124,062	153,564	44,113	58,422	380,161
Client program expenses	8,083	21,999	4	760	30,846
Subcontracted program services	190,531	164,373	534,568	1,991,802	2,881,274
	<u>\$ 904,391</u>	<u>\$ 1,020,513</u>	<u>\$ 777,685</u>	<u>\$ 2,077,254</u>	<u>\$ 4,779,843</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
Madera, 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, 2016, 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 February 24, 2017.

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.

Moss Adams LLP

Fresno, California
February 24, 2017

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Madera County Workforce Investment Corporation
Madera, 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 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, 2016. 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 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 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 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 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, 2016.

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 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.

Moss Adams LLP

Fresno, California
February 24, 2017

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 X No

Significant deficiency(s) identified that are not consider to be material weaknesses? None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? 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 X 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>
17.277	U.S. Department of Labor - Workforce Innovation and Opportunity Act - National Emergency Grant	Unmodified
	<i>Workforce Innovation and Opportunity Cluster</i>	Unmodified
17.278	U.S. Department of Labor - Workforce Innovation and Opportunity Act - Dislocated Workers	
17.259	U.S. Department of Labor - Workforce Innovation and Opportunity Act - Youth	
17.258	U.S. Department of Labor - Workforce Innovation and Opportunity Act - Adult	

**MADERA COUNTY WORKFORCE INVESTMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016**

Types of Findings:

There were no reportable findings related to federal award reporting for the fiscal year ended June 30, 2015.