



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

**Madera County Workforce
Investment Corporation**

June 30, 2017

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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 (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2017, 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 17 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 15, 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 26, 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, 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 26, 2017

Financial Statements

Madera County Workforce Investment Corporation
Statement of Financial Position
June 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	158,400
Grants receivable		173,897
Accounts receivable		85,084
Prepaid expenses		6,837

Total current assets 424,218

PROPERTY AND EQUIPMENT, net

28,986

Total assets \$ 453,204

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	102,307
Accrued payroll and related expenses		90,571

Total current liabilities 192,878

NET ASSETS

Temporarily restricted		38,589
Unrestricted		221,737

Total net assets 260,326

Total liabilities and net assets \$ 453,204

Madera County Workforce Investment Corporation
Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Grants and contracts	\$ 2,834,238	\$ -	\$ 2,834,238
Contributions	2,321	40,000	42,321
Rental and other income	144,170	-	144,170
Charges for services	63,541	-	63,541
	<u>3,044,270</u>	<u>40,000</u>	<u>3,084,270</u>
Net assets released from restrictions	<u>16,208</u>	<u>(16,208)</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,060,478</u>	<u>23,792</u>	<u>3,084,270</u>
Expenses			
Program services	2,913,855	-	2,913,855
Supporting services	118,361	-	118,361
Total expenses	<u>3,032,216</u>	<u>-</u>	<u>3,032,216</u>
Change in net assets	<u>28,262</u>	<u>23,792</u>	<u>52,054</u>
Net assets, beginning of year	<u>193,475</u>	<u>14,797</u>	<u>208,272</u>
Net assets, end of year	<u>\$ 221,737</u>	<u>\$ 38,589</u>	<u>\$ 260,326</u>

Madera County Workforce Investment Corporation
Statement of Functional Expenses
For the Year Ended June 30, 2017

Program Services

	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	Total Program Services	Supporting Services	Total Expenses
Salaries	\$ 1,130,761	\$ -	\$ 38,989	\$ 19,299	\$ -	\$ 1,381	\$ 1,190,430	\$ 12,124	\$ 1,202,554
Payroll taxes	104,688	-	3,460	1,657	-	113	109,918	934	110,852
Employee benefits	184,485	-	5,618	3,061	-	260	193,424	-	193,424
Materials and supplies	20,306	-	522	240	336	-	21,404	2,965	24,369
Overhead and operating expenses	544,627	2,374	9,186	20,111	616	2,043	578,957	102,338	681,295
Client program expenses	26,527	-	-	-	712	511	27,750	-	27,750
Subcontracted program services	752,695	-	-	19,039	8,336	11,902	791,972	-	791,972
	<u>\$ 2,764,089</u>	<u>\$ 2,374</u>	<u>\$ 57,775</u>	<u>\$ 63,407</u>	<u>\$ 10,000</u>	<u>\$ 16,210</u>	<u>\$ 2,913,855</u>	<u>\$ 118,361</u>	<u>\$ 3,032,216</u>

Madera County Workforce Investment Corporation
Statement of Cash Flows
For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 52,054
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	14,347
Loss on disposal of property and equipment	710
Change in operating assets:	
Grants receivable	264,490
Accounts receivable	(75,455)
Prepaid expenses	(4,335)
Change in operating liabilities:	
Accounts payable	(299,402)
Accrued payroll and related expenses	<u>(12,779)</u>
Net cash used in operating activities	<u>(60,370)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(6,871)</u>
Net cash used in investing activities	<u>(6,871)</u>
Net change in cash and cash equivalents	(67,241)
CASH AND CASH EQUIVALENTS, beginning of year	<u>225,641</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 158,400</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 \$38,589 at June 30, 2017.

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, 2017.

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

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 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, 2017, there were no uninsured cash balances.

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 sublessees. 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, 2017. 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, 2017. Advertising costs during the year ended June 30, 2017 were \$13,458.

Madera County Workforce Investment Corporation

Notes to Financial Statements

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.

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 26, 2017, 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, 2017:

		<u>% of Total</u>
State of California, Employment Development Department	\$ 143,794	82.69%
Madera County, Department of Social Services	13,426	7.72%
City of Madera, Community Development	9,099	5.23%
Madera County, Probation Department	7,128	4.10%
Other	450	0.26%
	<u>\$ 173,897</u>	<u>100%</u>

Madera County Workforce Investment Corporation
Notes to Financial Statements

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2017:

Computer equipment	\$ 86,562
Office equipment	16,089
Furniture and fixtures	<u>550</u>
	103,201
Less: accumulated depreciation	<u>(74,215)</u>
	<u><u>\$ 28,986</u></u>

The Organization incurred \$14,347 in depreciation expense for the year ended June 30, 2017, 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. The future minimum rental payments as of June 30, 2017 are as follows:

<u>Years Ended June 30,</u>	
2018	\$ 242,895
2019	241,527
2020	236,590
2021	236,590
2022	238,729
Thereafter	<u>1,139,779</u>
	<u><u>\$ 2,336,110</u></u>

Total rent expense included in the statement of activities and functional expenses for the year ended June 30, 2017 was \$170,267.

Madera County Workforce Investment Corporation

Notes to Financial Statements

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 June 2018 to October 2022. Future minimum rental income relating to subleased property as of June 30, 2017 is as follows:

<u>Years Ended June 30,</u>	
2018	\$ 144,906
2019	161,258
2020	130,201
2021	68,964
2022	70,294
Thereafter	<u>22,772</u>
	<u>\$ 598,395</u>

Rental income on all leases for the year ending June 30, 2017 was \$122,863, 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, 2017 was \$58,792 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, 2017:

Wells Fargo Foundation – Basic Education & High School	
Equivalency Preparation for Adults	\$ 28,098
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	<u>1,061</u>
	<u>\$ 38,589</u>

Madera County Workforce Investment Corporation
Notes to Financial Statements

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 92% 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, 2017 consisted of the following:

		% of Total
Programs		
Workforce Innovation and Opportunity Act:		
Adult Program	\$ 1,071,971	37.82%
Youth Program	659,589	23.27%
Dislocated Worker Program	615,055	21.70%
National Emergency Program	417,474	14.73%
	2,764,089	97.52%
CCP Realignment	57,775	2.04%
CDBG Block Grant	10,000	0.35%
Disability Employment Initiative	2,374	0.09%
	\$ 2,834,238	100%

Supplementary Information

Madera County Workforce Investment Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Pass-Through Grantor/Federal Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Costs Expended</u>
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	-	\$ 1,071,971
Title I-D: Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	292/293/501/502/540/541	-	615,055
Title I-Y: Workforce Innovation and Opportunity Act - Youth	17.259	301	<u>315,644</u>	<u>659,589</u>
Total Workforce Innovation and Opportunity Act - Cluster			<u>315,644</u>	<u>2,346,615</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	-	2,374
Workforce Innovation and Opportunity Act - National Emergency Grant	17.277	1014	231,941	417,474
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>-</u>	<u>10,000</u>
Total other programs			<u>231,941</u>	<u>429,848</u>
Total expenditures of federal awards			<u>\$ 547,585</u>	<u>\$ 2,776,463</u>

Madera County Workforce Investment Corporation
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

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, 2017. 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.

Madera County Workforce Investment Corporation
Schedule of Grant Expenses – Workforce Innovation and Opportunity Act
For the Year Ended June 30, 2017

	Adult Program	Dislocated Workers Program	Youth Program	National Emergency Program	Total
Salaries	\$ 485,636	\$ 333,372	\$ 223,259	\$ 88,494	\$ 1,130,761
Payroll taxes	44,627	31,358	21,589	7,114	104,688
Employee benefits	79,363	46,977	40,690	17,455	184,485
Materials and supplies	13,233	3,618	2,883	572	20,306
Overhead and operating expenses	252,997	132,114	112,355	47,161	544,627
Client program expenses	16,593	6,870	608	2,456	26,527
Subcontracted program services	179,522	60,746	258,205	254,222	752,695
	<u>\$ 1,071,971</u>	<u>\$ 615,055</u>	<u>\$ 659,589</u>	<u>\$ 417,474</u>	<u>\$ 2,764,089</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 nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 26, 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.



Fresno, California
December 26, 2017

Report of Independent Auditors on Compliance for the 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 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, 2017. 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, 2017.

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.

A handwritten signature in black ink, appearing to read "M. Allen LLP".

Fresno, California
December 26, 2017

Madera County Workforce Investment Corporation
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

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>
	<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	

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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, 2017

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, 2017

Types of Findings:

None reported