



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

**Madera County Workforce
Investment Corporation**

June 30, 2019

Table of 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 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 <i>GOVERNMENT AUDITING STANDARDS</i>	19
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	21
Schedule of Findings and Questioned Costs.....	23
Summary Schedule of Prior Audit Findings	24

Report of Independent Auditors

To the Board of Directors
Madera County Workforce Investment Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Madera County Workforce Investment Corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madera County Workforce Investment Corporation as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, Madera County Workforce Investment Corporation adopted Accounting Standards Update (ASU) 2016-14, *Presenting Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, methods used to allocate costs to programmatic and other support information, and direction for consistency about information provided on investment return. The adoption of the standard resulted in additional footnote disclosures and changes to the disclosures related to net assets. Our opinion is not modified with respect to this matter.

Other Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 13, 2019, 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 13, 2019

Financial Statements

Madera County Workforce Investment Corporation
Statement of Financial Position
June 30, 2019

ASSETS

CURRENT ASSETS

Cash	\$	279,841
Grants receivable		315,957
Accounts receivable		34,297
Prepaid expenses		2,807

Total current assets 632,903

PROPERTY AND EQUIPMENT, net

62,263

Total assets

\$ 695,166

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	149,994
Accrued payroll and related expenses		113,390

Total current liabilities 263,384

NET ASSETS

With donor restriction		33,039
Without donor restriction		398,743

Total net assets 431,782

Total liabilities and net assets

\$ 695,166

Madera County Workforce Investment Corporation
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Grants and contracts	\$ 3,071,564	\$ 20,000	\$ 3,091,564
Contributions	1,481	-	1,481
Rental and other income	359,885	-	359,885
Charges for services	11,086	-	11,086
	<u>3,444,016</u>	<u>20,000</u>	<u>3,464,016</u>
Net assets released from restrictions	<u>11,064</u>	<u>(11,064)</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,455,080</u>	<u>8,936</u>	<u>3,464,016</u>
Expenses			
Program services	3,082,626	-	3,082,626
Supporting services	229,354	-	229,354
Total expenses	<u>3,311,980</u>	<u>-</u>	<u>3,311,980</u>
Change in net assets	<u>143,100</u>	<u>8,936</u>	<u>152,036</u>
Net assets, beginning of year	<u>255,643</u>	<u>24,103</u>	<u>279,746</u>
Net assets, end of year	<u>\$ 398,743</u>	<u>\$ 33,039</u>	<u>\$ 431,782</u>

Madera County Workforce Investment Corporation
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services						
	Workforce Innovation and Opportunity Act	Madera County Dept. of Corrections Realignment Services	Department of Social Services	Foundation Grants	Total Program Services	Supporting Services	Total Expenses
Salaries	\$ 1,211,237	\$ 27,799	\$ 88,254	\$ 2,759	\$ 1,330,049	\$ 41,123	\$ 1,371,172
Payroll taxes	112,160	2,657	8,045	275	123,137	3,838	126,975
Employee benefits	171,378	3,943	12,802	166	188,289	896	189,185
Materials and supplies	124,532	763	4,445	505	130,245	6,712	136,957
Overhead and operating expenses	328,755	5,817	17,341	-	351,913	176,785	528,698
Client program expenses	870,010	-	81,624	7,359	958,993	-	958,993
	<u>\$ 2,818,072</u>	<u>\$ 40,979</u>	<u>\$ 212,511</u>	<u>\$ 11,064</u>	<u>\$ 3,082,626</u>	<u>\$ 229,354</u>	<u>\$ 3,311,980</u>

Madera County Workforce Investment Corporation
Statement of Cash Flows
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 152,036
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,581
Change in operating assets:	
Grants receivable	(134,927)
Accounts receivable	2,169
Prepaid expenses	950
Change in operating liabilities:	
Accounts payable	74,543
Accrued payroll and related expenses	<u>12,001</u>
Net cash from operating activities	<u>120,352</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(48,894)</u>
Net cash from investing activities	<u>(48,894)</u>
Net change in cash and cash equivalents	71,458
CASH AND CASH EQUIVALENTS, beginning of year	<u>208,383</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 279,841</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 also serves surrounding communities in both Eastern Madera County and Chowchilla. 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.

New accounting pronouncement – During the year ended August 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include presentation of two classes of net assets versus the previously required three and reporting investment income net of external and direct internal investment expenses. The guidance also enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the statement of financial position date, and expenses by both their natural and functional classification.

Classification of net assets – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without Donor Restrictions – Net assets not subject to use or time restrictions. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With Donor Restrictions – Net assets with donor restrictions include net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Madera County Workforce Investment Corporation

Notes to Financial Statements

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.

Concentration of credit risk – Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, there were uninsured cash balances of \$38,114.

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

Accounts receivable consist primarily of rental income in addition to reimbursed administrative fees charged to sub lessees. Receivables are written off through an allowance for doubtful accounts when the Organization determines the payments will not be received. Management believes all receivables are fully collectible and has historically experienced minimal write-offs; therefore, no allowance has been recorded at June 30, 2019. 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.

Functional expenses – The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Indirect or shared costs are allocated among program services and support services by a method that measures the relative degree of benefit, such as hours worked. Accordingly, certain costs have been allocated to program and supporting services.

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

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.

Madera County Workforce Investment Corporation

Notes to 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 13, 2019, 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, 2019:

		% of Total
State of California, Employment Development Department	\$ 269,368	85.25%
Madera County, Department of Social Services	41,830	13.24%
Madera County, Probation Department	2,079	0.66%
Merced County, Workforce Investment Corporation	2,680	0.85%
	\$ 315,957	100%

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

Computer equipment	\$	142,464
Office equipment		18,438
Furniture and fixtures		550
		161,452
Less: accumulated depreciation		(99,189)
	\$	62,263

The Organization incurred \$13,581 in depreciation expense for the year ended June 30, 2019, which is included in the statement of activities.

Madera County Workforce Investment Corporation

Notes to Financial Statements

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 May 2019 and December 2026.

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

<u>Years Ended June 30,</u>	
2020	\$ 215,284
2021	215,284
2022	216,468
2023	220,311
2024	224,718
Thereafter	<u>581,064</u>
	<u>\$ 1,673,129</u>

Total rent expense included in the statements of activities and functional expenses for the year ended June 30, 2019 was \$213,853.

NOTE 5 – RENTAL INCOME UNDER OPERATING LEASES

The Organization sub-leases a portion of its office facilities to nonrelated parties. The sublease expiration dates range from February 2020, to October 2022. Future minimum rental income relating to subleased property as of June 30, 2019, is as follows:

<u>Years Ended June 30,</u>	
2020	\$ 181,184
2021	68,964
2022	70,294
2023	<u>22,772</u>
	<u>\$ 343,214</u>

Rental income on all leases for the year ending June 30, 2019, was \$237,732, 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, 2019, was \$76,455 and is included within employee benefits on the statement of functional expenses.

Madera County Workforce Investment Corporation
Notes to Financial Statements

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019:

Wells Fargo Foundation – Basic Education & High School Equivalency Preparation for Adults	\$ 26,283
Wells Fargo Foundation – Veterans Assistance Project	2,772
Chukchansi - Community Grant Program for Computers	3,458
Wells Fargo Foundation – Resources for Single Female Parent NonWorking Households	<u>526</u>
	<u>\$ 33,039</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 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.

Madera County Workforce Investment Corporation

Notes to Financial Statements

Economic Dependency

Approximately 89% 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, 2019, consisted of the following:

Programs		
Workforce Innovation and Opportunity Act:		
Adult Program	\$ 1,752,745	56.69%
Dislocated Worker Program	503,827	16.30%
Youth Program	<u>558,726</u>	<u>18.07%</u>
	2,815,298	91.06%
Disability Employment Initiative	2,774	0.09%
MCDC Realignment Services	34,912	1.13%
P2E Planning Merced	6,067	0.20%
Job Fair and Transitional Job Training (TJT)	212,513	6.87%
Foundational Grants	<u>20,000</u>	<u>0.65%</u>
	<u>\$ 3,091,564</u>	<u>100%</u>

NOTE 9 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2019:

Cash and cash equivalents	\$ 279,841
Grants receivable	315,957
Accounts receivable	<u>34,297</u>
Financial assets, at June 30, 2019	630,096
Less those unavailable for general expenditure within one year	<u>(33,039)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 597,057</u>

The Organization has a policy to structure their financial assets to be available as their general expenditures come due which is consistent with their spending policy.

Supplementary Information

Madera County Workforce Investment Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Pass-Through Grantor/Federal Grantor/Program Title	Federal CFDA #	Pass-Through Grantor's Identifying Number	Passed through to Subrecipients	Federal Expenditures
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	\$ -	\$ 1,259,506
Governor's Discretionary - Disability Employment Accelerator	17.258	1032	-	115,728
Governor's Discretionary - ELL Navigator	17.258	1095	126,554	222,064
Governor's Discretionary - WAF 6.0 Ex Offender Contract	17.258	1115	-	108,188
Title I-A: Workforce Innovation and Opportunity Act - Youth	17.259	301	-	558,726
Title I-A: Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	501/502	-	284,362
Title I-A: Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	540/541	-	160,624
Title I-A: Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	292/293	-	58,216
Passed through the Fresno Workforce Development Board				
Dislocated Worker Discretionary - WAF 6.0 VIPER Contract	17.258	623-1115	-	10,696
Passed through Fresno State				
Governor's Discretionary - Financial Literacy	17.258	SC360414-17-02	-	36,563
Passed through Merced Workforce				
Title I-A: Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	2017215	-	625
Total Workforce Innovation and Opportunity Act - Cluster			<u>126,554</u>	<u>2,815,298</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	-	2,774
Total expenditures of federal awards			<u>\$ 126,554</u>	<u>\$ 2,818,072</u>

Madera County Workforce Investment Corporation
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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, 2019. 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 position, or cash flows of Madera County Workforce Investment Corporation.

Expenditures reported on the schedule are reported on the accrual basis of accounting. 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.

Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. Pass-through entity identifying numbers are presented where available.

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 the accrual basis of accounting. 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, 2019

	Adult Program	Dislocated Workers Program	Youth Program	Total
Salaries	\$ 695,570	\$ 278,476	\$ 237,191	\$ 1,211,237
Payroll taxes	64,662	25,668	21,830	112,160
Employee benefits	97,152	40,600	33,626	171,378
Materials and supplies	70,366	28,687	25,479	124,532
Overhead and operating expenses	196,868	67,724	64,163	328,755
Client program expenses	630,902	62,671	176,437	870,010
	<u>\$ 1,755,520</u>	<u>\$ 503,826</u>	<u>\$ 558,726</u>	<u>\$ 2,818,072</u>

Single Audit Reports

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

To the Board of Directors
Madera County Workforce Investment Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Madera County Workforce Investment Corporation, which comprise the statement of financial position as of June 30, 2019, 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 13, 2019.

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 13, 2019

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

To the Board of Directors
Madera County Workforce Investment Corporation

Report on Compliance for the Major Federal Program

We have audited Madera County Workforce Investment Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Madera County Workforce Investment Corporation's major federal program for the year ended June 30, 2019. 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, 2019.

Report on Internal Control over Compliance

Management of Madera County Workforce Investment Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Madera County Workforce Investment Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Madera County Workforce Investment Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Fresno, California
December 13, 2019

Madera County Workforce Investment Corporation
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

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(ies) identified? Yes X 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(ies) identified? Yes X 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>		
17.258	U.S. Department of Labor - Workforce Innovation and Opportunity Act - Adult	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	

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

Auditee qualified as "low-risk auditee"? X 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, 2019

Types of Findings:

None reported

