



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

**Madera County Workforce
Investment Corporation**

June 30, 2022

Table of Contents

REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	5
Statement of Activities.....	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	17
Notes to Schedule of Expenditures of Federal Awards	18
Schedule of Grant Expenses – Workforce Innovation and Opportunity Act	19
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>	21
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	23
Schedule of Findings and Questioned Costs.....	26



Report of Independent Auditors

The Board of Directors
Madera County Workforce Investment Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Madera County Workforce Investment Corporation (the “Organization”), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Madera County Workforce Investment Corporation as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

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 19 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 as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 schedule of grant expenses and the schedule of expenditures of federal awards are 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 also issued our report dated December 5, 2022, 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 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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Fresno, California
December 5, 2022

Financial Statements

Madera County Workforce Investment Corporation
Statement of Financial Position
June 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$	377,991
Grants receivable		295,610
Accounts receivable		44,048
Prepaid expenses		2,992

Total current assets 720,641

PROPERTY AND EQUIPMENT, net

5,744

Total assets \$ 726,385

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	38,545
Accrued payroll and related expenses		90,766

Total current liabilities 129,311

NET ASSETS

With donor restrictions		36,113
Without donor restrictions		560,961

Total net assets 597,074

Total liabilities and net assets \$ 726,385

Madera County Workforce Investment Corporation
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants and contracts	\$ 2,936,674	\$ 20,000	\$ 2,956,674
Contributions	509	-	509
Rental and other income	231,165	-	231,165
	<u>3,168,348</u>	<u>20,000</u>	<u>3,188,348</u>
Net assets released from restrictions	<u>7,810</u>	<u>(7,810)</u>	<u>-</u>
Total revenues, gains, and other support	<u>3,176,158</u>	<u>12,190</u>	<u>3,188,348</u>
EXPENSES			
Program services	2,944,484	-	2,944,484
Supporting services	183,245	-	183,245
Total expenses	<u>3,127,729</u>	<u>-</u>	<u>3,127,729</u>
CHANGE IN NET ASSETS	48,429	12,190	60,619
NET ASSETS, beginning of year	<u>512,532</u>	<u>23,923</u>	<u>536,455</u>
NET ASSETS, end of year	<u>\$ 560,961</u>	<u>\$ 36,113</u>	<u>\$ 597,074</u>

Madera County Workforce Investment Corporation
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services								
	Workforce Innovation and Opportunity Act	Madera County Department of Corrections Realignment Services	Madera County Juvenile Probation Department	State Prison to Employment (P2E) Services	California Department of Corrections and Rehabilitation	Foundation Grants	Total Program Services	Supporting Services	Total Expenses
Salaries	\$ 1,140,476	\$ 66,129	\$ 13,922	\$ 4,002	\$ 16,975	\$ -	\$ 1,241,504	\$ 20,314	\$ 1,261,818
Payroll taxes	101,246	5,539	1,159	432	1,344	-	109,720	1,348	111,068
Employee benefits	195,295	12,881	2,571	1,445	3,312	-	215,504	831	216,335
Materials and supplies	76,101	585	109	1	209	-	77,005	16,044	93,049
Overhead and operating expenses	363,612	18,894	3,182	662	6,752	7,288	400,390	144,708	545,098
Client program expenses	892,181	569	-	7,089	-	522	900,361	-	900,361
	<u>\$ 2,768,911</u>	<u>\$ 104,597</u>	<u>\$ 20,943</u>	<u>\$ 13,631</u>	<u>\$ 28,592</u>	<u>\$ 7,810</u>	<u>\$ 2,944,484</u>	<u>\$ 183,245</u>	<u>\$ 3,127,729</u>

Madera County Workforce Investment Corporation
Statement of Cash Flows
Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 60,619
Adjustment to reconcile change in net assets to net cash from operating activities:	
Depreciation	16,997
Change in operating assets and liabilities:	
Grants receivable	3,917
Accounts receivable	(27,195)
Prepaid expenses	(1,682)
Accounts payable	(47,547)
Accrued payroll and related expenses	4,929
	<hr/>
Net cash from operating activities	10,038
	<hr/>
NET CHANGE IN CASH	10,038
CASH, beginning of year	<hr/> 367,953
CASH, end of year	<hr/> <hr/> \$ 377,991

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.

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.

Grants and contracts – Federal, state, and local governments have awarded grants to support the Organization’s program activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. The largest of these grants is the WIOA grant, which supports the Organization’s adult, youth, and dislocated worker programs that aid the unemployed and other job seekers in obtaining jobs and training opportunities. The grants are cost-reimbursement grants, which are recognized when the Organization incurs allowable and reasonable qualifying expenses. Cost-reimbursement grants are recognized as revenues increasing net assets without donor restrictions because the conditions and restrictions are met in the same period.

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.

Concentration of credit risk – Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, there was uninsured cash balance of approximately \$194,000.

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; 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, 2022. All accounts receivable are noninterest bearing.

Contributions – Unconditional contributions are recognized as revenue in the period received. The Organization reports conditional contributions as with donor restriction support if they are received with donor stipulations that restrict the specific use or the occurrence of a certain future event limits the use of the contribution.

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

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.

Accounting pronouncements not yet adopted – On February 25, 2016, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*, and other subsequently issued related ASUs, which requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee’s right to use, or control the use of the given asset assumed under the lease. The standard will be effective for nonpublic business entities for the fiscal year beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating this new standard and the impact it will have on its financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements were 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 date and before financial statements were available to be issued.

The Organization has evaluated subsequent events through December 5, 2022, 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, 2022:

		% of Total
State of California, Employment Development Department	\$ 226,032	76.46%
Madera County Probation Department	59,531	20.14%
Other receivables	10,047	3.40%
	\$ 295,610	100%

Madera County Workforce Investment Corporation

Notes to Financial Statements

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following at June 30, 2022:

Computer equipment	\$	149,116
Office equipment		20,226
Furniture and fixtures		<u>550</u>
		169,892
Less: accumulated depreciation		<u>(164,148)</u>
	\$	<u><u>5,744</u></u>

The Organization incurred \$16,997 in depreciation expense for the year ended June 30, 2022, which is included in the statements of activities and functional expenses.

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 October 2022 and December 2026.

The future minimum rental payments as of June 30, 2022, are as follows:

<u>Years Ending June 30,</u>		
2023	\$	237,314
2024		241,876
2025		237,830
2026		233,796
2027		<u>210,233</u>
	\$	<u><u>1,161,049</u></u>

Total rent expense included in the statements of activities and functional expenses for the year ended June 30, 2022 was \$219,861.

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 related parties within the County and nonrelated parties. The sublease expiration dates range from December 2023 to December 2024. Future minimum rental income relating to subleased property as of June 30, 2022, is as follows:

<u>Years Ending June 30,</u>	
2023	\$ 156,832
2024	124,366
2025	<u>34,721</u>
	<u>\$ 315,919</u>

Rental income on all leases for the year ending June 30, 2022, was \$218,367, 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. If an employee contributes a minimum of 3% of their salary, the Organization will contribute 6% of the employee’s compensation for the year. If an employee chooses to opt-out within the first 30 days of enrollment, the Organization will contribute 2% of the employee’s compensation for the year. The employer contribution for the year ended June 30, 2022, was \$70,517 and is included within employee benefits on the statements of activities and functional expenses.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2022:

Wells Fargo Foundation – Basic Education & High School Equivalency Preparation for Adults	\$ 35,240
Wells Fargo Foundation – Veterans Assistance Project	528
Wells Fargo Foundation – Resources for Single Female Parent NonWorking Households	<u>345</u>
	<u>\$ 36,113</u>

NOTE 8 – CONTINGENCIES, CONCENTRATIONS, AND UNCERTAINTIES

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 currently.

Madera County Workforce Investment Corporation

Notes to Financial Statements

Economic Dependency

Approximately 91% 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, 2022, consisted of the following:

		<u>% of Total</u>
Programs:		
Workforce Innovation and Opportunity Act:		
Adult Program	\$ 1,528,566	51.70%
Dislocated Worker Program	518,105	17.52%
Youth Program	671,747	22.72%
COVID-19 Employment Recovery NDWG	19,184	0.65%
NEG September Wildfire Temporary Job	10,586	0.36%
Reintegration of Ex-Offenders - Pathway Home	<u>20,723</u>	<u>0.70%</u>
	2,768,911	93.65%
MCDC Realignment Services	104,597	3.54%
San Joaquin P2E IDS/SSEL	13,631	0.46%
MCDP Juvenile	20,943	0.71%
California Department of Correctional Rehabilitation	28,592	0.97%
Foundational Grants	<u>20,000</u>	<u>0.68%</u>
	<u>\$ 2,956,674</u>	<u>100%</u>

The Organization recognizes grant and contract revenue from related party organizations within the County for services performed under the terms of the grant or contract.

NOTE 9 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2022, 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, 2022:

Cash	\$ 377,991
Grants receivable	295,610
Accounts receivable	<u>44,048</u>
Financial assets, at June 30, 2022	717,649
Less: those unavailable for general expenditure within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 717,649</u>

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

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. The Organization has certain donor restricted net assets that are available for general expenditures within one year of June 30, 2022, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the upcoming year.

Supplementary Information

Madera County Workforce Investment Corporation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Grantor's Identifying Number</u>	<u>Federal Expenditures</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	\$ 1,226,907
Governor's Discretionary - Disability Employment Accelerator	17.258	1172	154,208
Governor's Discretionary - ELL Pathways to Careers	17.258	1206	134,899
Title I-Y: Workforce Innovation and Opportunity Act - Youth	17.259	301	671,747
Title I-D: Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	501/502	388,579
Dislocated Worker Discretionary - Rapid Response	17.278	540/541	128,898
Dislocated Worker Discretionary - Rapid Response Layoff Aversion	17.278	292/293	628
Governor's Discretionary - High Performing Board	17.258	1222	3,846
Passed through Stanislaus Workforce Development Board			
Governor's Discretionary - Stanislaus WIOA Veap Contract	17.258	n/a	3,706
Governor's Discretionary - RPI Slingshot	17.258	n/a	<u>5,000</u>
Total Workforce Innovation and Opportunity Act - Cluster			2,718,418
Other programs			
U.S. Department of Labor			
Passed through State of California Employment Development			
Department Workforce Services Division:			
COVID-19 Governor's Discretionary - COVID-19 Employment			
Recovery NDWG	17.277	1187	19,184
Governor's Discretionary - 2020 September Wildfire Temporary Jobs	17.277	6002	10,586
Passed through GRID Alternatives			
Reintegration of Ex-Offenders - Pathway Home	17.270	n/a	<u>20,723</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,768,911</u></u>

Madera County Workforce Investment Corporation
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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, 2022. 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.

Subrecipients – The Organization does not pass through funds to subrecipients.

NOTE 2 – INDIRECT COSTS

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

Madera County Workforce Investment Corporation
Schedule of Grant Expenses – Workforce Innovation and Opportunity Act
Year Ended June 30, 2022

	Adult Program	Dislocated Workers Program	Youth Program	COVID-19 Employment Recovery NDWG	Reintegration of Ex-Offenders - Pathway Home	NEG September Wildfire Temp Job	Total
Salaries	\$ 565,529	\$ 285,900	\$ 267,067	\$ -	\$ 14,785	\$ 7,195	\$ 1,140,476
Payroll taxes	50,562	25,267	23,612	-	1,177	628	101,246
Employee benefits	94,634	52,360	44,084	-	3,208	1,009	195,295
Materials and supplies	35,367	6,841	33,730	-	86	77	76,101
Overhead and operating expenses	206,944	78,196	75,328	-	1,467	1,677	363,612
Client program expenses	575,530	69,541	227,926	19,184	-	-	892,181
	<u>\$ 1,528,566</u>	<u>\$ 518,105</u>	<u>\$ 671,747</u>	<u>\$ 19,184</u>	<u>\$ 20,723</u>	<u>\$ 10,586</u>	<u>\$ 2,768,911</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*

The Board of Directors
Madera County Workforce Investment Corporation

We have audited, in accordance with the 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, 2022, 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 5, 2022.

Report on 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) as a basis for designing 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Madera County Workforce Investment Corporation'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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Moss Adams LLP".

Fresno, California
December 5, 2022

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

The Board of Directors
Madera County Workforce Investment Corporation

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Madera County Workforce Investment Corporation's compliance with the types of compliance requirements identified as subject to audit 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, 2022. Madera County Workforce Investment Corporation's major federal program is identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs.

In our opinion, Madera County Workforce Investment Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Madera County Workforce Investment Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Madera County Workforce Investment Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Madera County Workforce Investment Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Madera County Workforce Investment Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Madera County Workforce Investment Corporation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Madera County Workforce Investment Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Madera County Workforce Investment Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Madera County Workforce Investment Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 5, 2022

Madera County Workforce Investment Corporation
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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

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 Program and Type of Auditor's Report Issued on Compliance for the Major Federal Program

<i>Federal Assistance Listing Number</i>	<i>Name of Federal Program/Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Program</i>
Various	Workforce Innovation and Opportunity Act Cluster	Unmodified

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.

