

**FOOTHILL WORKFORCE DEVELOPMENT BOARD
PASADENA, CALIFORNIA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2020

FOOTHILL WORKFORCE DEVELOPMENT BOARD
PASADENA, CALIFORNIA

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors,
Foothill Workforce Development Board
Pasadena, California

Report on the Financial Statements

We have audited the governmental activities and the general fund of the Foothill Workforce Development Board (the Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 Board'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 Board'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and General Fund of the Foothill Workforce Development Board, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of the Board'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 the Board'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 the Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
February 8, 2021

FOOTHILL WORKFORCE DEVELOPMENT BOARD

STATEMENT OF NET POSITION

June 30, 2020

	<u>Governmental Activities</u>
CURRENT ASSETS	
Accounts receivable	\$ 656,629
 TOTAL CURRENT ASSETS	 <u>656,629</u>
CURRENT LIABILITIES	
Accounts payable	745,674
Accrued liabilities	<u>31,639</u>
 TOTAL CURRENT LIABILITIES	 <u>777,313</u>
NET POSITION	
Unrestricted	<u><u>\$ (120,684)</u></u>

See accompanying notes to financial statements.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues Operating Contributions and Grants	Net (Expenses) Revenue and Changes in Net Position Governmental Activities
Governmental Activities			
Workforce development	\$ 2,950,566	\$ 3,205,114	\$ 254,548
Total Governmental Activities	<u>\$ 2,950,566</u>	<u>\$ 3,205,114</u>	<u>254,548</u>
			254,548
			<u>(375,232)</u>
			<u>\$ (120,684)</u>

See accompanying notes to financial statements.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

BALANCE SHEET
GENERAL FUND

June 30, 2020

ASSETS

Accounts receivable	\$ 656,629
TOTAL ASSETS	<u>656,629</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES:

Accounts payable	745,674
Accrued liabilities	31,639
TOTAL LIABILITIES	<u>777,313</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenues	628,809
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>628,809</u>

FUND BALANCE

Unassigned	(749,493)
TOTAL FUND BALANCE	<u>(749,493)</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 656,629</u>
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See accompanying notes to financial statements.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2020

Fund balance of governmental funds	\$ (749,493)
Amounts reported for governmental activities in the statement of net position are different because:	
Revenues are reported as unavailable revenues in the governmental funds and recognized in the statement of activities.	<u>628,809</u>
Net position of governmental activities	<u><u>\$ (120,684)</u></u>

See accompanying notes to financial statements.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND

For the year ended June 30, 2020

REVENUES	
Intergovernmental	\$ 3,122,120
TOTAL REVENUES	<u>3,122,120</u>
EXPENDITURES	
Workforce development	<u>2,950,566</u>
TOTAL EXPENDITURES	<u>2,950,566</u>
NET CHANGE IN FUND BALANCE	<u>171,554</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(921,047)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u><u>\$ (749,493)</u></u>

See accompanying notes to financial statements.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

Net change in fund balance - total governmental funds	\$ 171,554
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues are reported as unavailable revenues in the governmental funds and recognized in the statement of activities. The change in unavailable revenue during the year is:	<u>82,994</u>
Change in net position of governmental activities	<u><u>\$ 254,548</u></u>

See accompanying notes to financial statements.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

Notes to Financial Statements

June 30, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Developed 35 years ago, the Foothill Workforce Development Board (the Board) was approved by the City Council of the City of Pasadena as a Joint Powers Agreement (JPA) among the cities of Arcadia, Duarte, Monrovia, Sierra Madre, South Pasadena, and Pasadena. The JPA created the Foothill Employment and Training Consortium (FETC) which the City of Pasadena is the fiscal agent and has the authority to receive and administer workforce development funds. FETC formed the Foothill Workforce Development Board (Board) to take the lead in developing the implementation plan for workforce development services for job seekers and businesses. The mission is to support economic growth in the San Gabriel Valley by investing in skill development and job training to ensure that businesses have qualified workforce talent and job seekers have career opportunities. The Board's Americas Job Center of California is located at 1207 East Green Street in Pasadena and is funded through the Workforce Innovation and Opportunity Act (WIOA).

a. Basis of Presentation

The Board's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by function to which they were allocated).

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all economic resources and obligations of the reporting government (both current and long-term) are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities are recognized when earned or when a liability is incurred.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

General Fund Financial Statements

The operations of the board are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are presented after the government-wide financial statements.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

Notes to Financial Statements

June 30, 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of Presentation (Continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Board uses a sixty-day availability period. The Board considers intergovernmental revenues to be susceptible to accrual.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

b. Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred.

c. Equity Classifications

Government-Wide Statements

Net position is the excess of all the Board’s assets over all its liabilities, regardless of fund. Net position is divided into three categories under GASB Statement No. 34. The category used in the government-wide financial statements is as follows:

Unrestricted net position - Consists of total net position less net investment in capital assets and restricted net position, if any.

General Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Unassigned - Amounts representing the residual classification for the fund.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

Notes to Financial Statements

June 30, 2020

2. CASH AND INVESTMENTS

- a. Equity in the Cash and Investment Pool of the City of Pasadena

The Board has no separate bank accounts or investments other than its equity in the cash and investment pool managed by the City. The Board is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The Board has not adopted an investment policy separate from that of the City. The fair value of the Board's investment in this pool is reported in the accompanying financial statements at amounts based upon the Board's pro rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City.

- b. Disclosures Relating to the Investment Policy, Interest Rate Risk, Credit Risk and Custodial Credit Risk

Additional disclosures related to the investment policy, interest rate risk, credit risk and custodial credit risk are available in the City of Pasadena's Comprehensive Annual Financial Report.

- c. Fair Value Measurements

The Board categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The Board's investment in the City investment pool is not subject to the fair value hierarchy.

3. FUND BALANCE

The accounting policies of the Board consider restricted fund balance to have been spent first when expenditures are incurred for purposes for which both the restricted and unrestricted fund balance is available. Similarly, when expenditures are incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Board considers committed amounts to be reduced first, followed by assigned and then unassigned amounts.

As of June 30, 2020, the Board had an unassigned deficit fund balance of \$(749,493). The Board is aware of the deficit balance and is actively working on a plan to address the deficit which includes collecting grants receivable that did not meet the availability criteria.

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FOOTHILL WORKFORCE DEVELOPMENT BOARD

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (921,047)	\$ (921,047)	\$ (921,047)	\$ -
Resources (Inflows):				
Intergovernmental	4,343,030	6,601,252	3,122,120	(3,479,132)
Other revenue	10,000	10,000	-	(10,000)
	<u>4,353,030</u>	<u>6,611,252</u>	<u>3,122,120</u>	<u>(3,489,132)</u>
Charges to Appropriations (Outflows):				
Workforce development	5,095,508	7,353,730	2,950,566	4,403,164
	<u>5,095,508</u>	<u>7,353,730</u>	<u>2,950,566</u>	<u>4,403,164</u>
Budgetary Fund Balance, June 30	<u>\$ (1,663,525)</u>	<u>\$ (1,663,525)</u>	<u>\$ (749,493)</u>	<u>\$ 914,032</u>

See notes to required supplementary information.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

Notes to Required Supplementary Information

June 30, 2020

Budget

As required by the laws of the State of California, the Board prepares and legally adopts a final operating budget on or before July 1 of each fiscal year for the funds, which is prepared on the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control.

Supplemental appropriations may be made during the fiscal year. All budget amounts in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

As of June 30, 2020, the Board did not incur expenditures exceeding appropriations.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Foothill Workforce Development Board
Pasadena, California

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 the governmental activities and the general fund of the Foothill Workforce Development Board (the Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 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 the Foothill Workforce Development Board'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 the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
February 8, 2021