

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**



**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Foothill Workforce Development Board  
Pasadena, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying 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, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, as listed in the table of contents.

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, 2022, 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.

#### *Basis for Opinions*

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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, 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 opinions.

#### *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 Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' 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 auditors' 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 Board '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.

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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS 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 financial statements, and other knowledge we obtained during our audit of the 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.

Board of Directors,  
Foothill Workforce Development Board

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 March 17, 2023, 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  
March 17, 2023

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Governmental Activities
<b>CURRENT ASSETS</b>	
Cash	\$ 14,971
Accounts Receivable	2,305,577
Other Assets	4,414
Total Current Assets	2,324,962
<b>CURRENT LIABILITIES</b>	
Accounts Payable	352,701
Due to Other Governments	1,139,260
Total Current Liabilities	1,491,961
<b>NET POSITION</b>	
Restricted	\$ 833,001

See accompanying Notes to Financial Statements.

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	<u>Expenses</u>	<u>Program Revenues Operating Contributions and Grants</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>
<b>FUNCTIONS/PROGRAMS</b>			<u>Governmental Activities</u>
Governmental Activities:			
Workforce Development	<u>\$ 3,009,602</u>	<u>\$ 3,717,307</u>	<u>\$ 707,705</u>
<b>CHANGE IN NET POSITION</b>			707,705
Net Position (Deficit) - Beginning of Year			<u>125,296</u>
<b>NET POSITION - END OF YEAR</b>			<u><u>\$ 833,001</u></u>

See accompanying Notes to Financial Statements.

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
BALANCE SHEET  
JUNE 30, 2022**

**ASSETS**

Cash	\$	14,971
Accounts Receivable		2,305,577
Other Assets		<u>4,414</u>
Total Assets	\$	<u><u>2,324,962</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$	352,701
Due to Other Governments		1,139,260
Total Liabilities		<u>1,491,961</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable Revenues		831,064
Total Deferred Inflows of Resources		<u>831,064</u>

**FUND BALANCE**

Restricted for WIOA		1,937
Total Fund Balance		<u>1,937</u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$	<u><u>2,324,962</u></u>
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**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

Fund Balance of Governmental Funds	\$ 1,937
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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>831,064</u>
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Net Position of Governmental Activities

<u><u>\$ 833,001</u></u>
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*See accompanying Notes to Financial Statements.*

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

**REVENUES**

Intergovernmental	<u>\$ 2,888,234</u>
Total Revenues	2,888,234

**EXPENDITURES**

Workforce Development	<u>3,009,602</u>
Total Expenditures	<u>3,009,602</u>

**NET CHANGE IN FUND BALANCE**

(121,368)

Fund Balance (Deficit) - Beginning of Year

123,305

**FUND BALANCE - END OF YEAR**

\$ 1,937

*See accompanying Notes to Financial Statements.*

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance - Total Governmental Funds \$ (121,368)

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:

829,073

Change in Net Position of Governmental Activities

\$ 707,705

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Developed 36 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).

**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.

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.

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Basis of Presentation**

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.

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.

**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.

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**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:

*Restricted Net Position* – Amounts that are subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.

**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:

*Restricted* – Amounts that are subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.

**NOTE 2 CASH AND INVESTMENTS**

**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 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. As of June 30, 2022 the Board's equity in the City's cash and investment pool was a deficit of \$1,139,260 which has been classified as a liability, due to other governments in the accompanying financial statements.

**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 Annual Comprehensive Financial Report.

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 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.

**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>BUDGETARY FUND BALANCE - JULY 1, 2021</b>	\$ 123,305	\$ 123,305	\$ 123,305	\$ -
Resources (Inflows):				
Intergovernmental	5,483,888	5,483,888	2,888,234	(2,595,654)
Other Revenue	10,000	10,000	-	(10,000)
Total Resources	<u>5,493,888</u>	<u>5,493,888</u>	<u>2,888,234</u>	<u>(2,605,654)</u>
Charges to Appropriations (Outflows):				
Workforce Development	4,950,554	4,950,554	3,009,602	1,940,952
Total Charges to Appropriations	<u>4,950,554</u>	<u>4,950,554</u>	<u>3,009,602</u>	<u>1,940,952</u>
<b>BUDGETARY FUND BALANCE - JUNE 30, 2022</b>	<u>\$ 666,639</u>	<u>\$ 666,639</u>	<u>\$ 1,937</u>	<u>\$ (664,702)</u>

See accompanying Note to Required Supplementary Information.



**FOOTHILL WORKFORCE DEVELOPMENT BOARD  
CITY OF PASADENA, CALIFORNIA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 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, 2022, 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, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated March 17, 2023.

**Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

### **Report on 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 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 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.



**CliftonLarsonAllen LLP**

Irvine, California  
March 17, 2023



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