



FOOTHILL WORKFORCE DEVELOPMENT BOARD

FOR THE YEAR ENDED JUNE 30, 2025

BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

Focused
on YOU



FOOTHILL WORKFORCE DEVELOPMENT BOARD

Basic Financial Statements
with Independent Auditors' Report

For the Year Ended June 30, 2025

FOOTHILL WORKFORCE DEVELOPMENT BOARD

Basic Financial Statements
with Independent Auditors' Report

For the Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foothill Workforce Development Board
City of 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 of the City of Pasadena, California, (hereafter, the Board) as of and for the year ended June 30, 2025, 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 the General Fund of the Board as of June 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special Boards. 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 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.



To the Board of Directors
Foothill Workforce Development Board
City of Pasadena, California

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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.
- Conclude whether, in our judgment, 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



To the Board of Directors
Foothill Workforce Development Board
City of Pasadena, California

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 basic financial statements. Such missing 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. Our opinion on the basic 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 December 23, 2025, 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 Board's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
December 23, 2025

FOOTHILL WORKFORCE DEVELOPMENT BOARD
Balance Sheet / Statement of Net Position
June 30, 2025

	General Fund	Reclassification and Eliminations	Statement of Net Position
Assets:			
Cash and investments	\$ 23,786	\$ -	\$ 23,786
Accounts receivable	460,865	-	460,865
Total Assets	\$ 484,651	\$ -	\$ 484,651
Liabilities and Fund Balance/Net Position:			
Liabilities:			
Accounts payable	\$ 765,954	\$ -	\$ 765,954
Accrued compensated absences	-	1,949	1,949
Total Liabilities	765,954	1,949	767,903
Fund Balance (Deficit)/Net Position (Deficit):			
Unassigned (deficit)	(281,303)	(1,949)	(283,252)
Total Fund Balance (Deficit)/Net Position (Deficit)	\$ (281,303)	\$ -	\$ (283,252)

FOOTHILL WORKFORCE DEVELOPMENT BOARD
Statement of Revenues, Expenditures and
Changes in Fund Balance / Statement of Activities
For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Intergovernmental	\$ 2,618,336	\$ -	\$ 2,618,336
Total Revenues	<u>2,618,336</u>	<u>-</u>	<u>2,618,336</u>
Expenditures/Expenses:			
Foothill Workforce Development Board	3,123,154	(5,850)	3,117,304
Total Expenditures/Expenses	<u>3,123,154</u>	<u>(5,850)</u>	<u>3,117,304</u>
Net Change in Fund Balance/Net Position	(504,818)	5,850	(498,968)
Fund Balance/Net Position - Beginning	55,564	-	55,564
Restatement - Change in Accounting Principle	-	(7,799)	(7,799)
Restatement - Correction of an Error	<u>167,951</u>	<u>-</u>	<u>167,951</u>
Fund Balance (Deficit)/Net Position (Deficit) - Beginning, as Restated	<u>223,515</u>	<u>-</u>	<u>215,716</u>
Fund Balance (Deficit)/Net Position (Deficit) - Ending	<u>\$ (281,303)</u>	<u>\$ (1,949)</u>	<u>\$ (283,252)</u>

FOOTHILL WORKFORCE DEVELOPMENT BOARD

Notes to the Financial Statements

For the Year Ended June 30, 2025

NOTE 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 (FWDB) 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 FWDB'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 basic 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 in accordance with various GASB Statements.

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 ninety-day availability period.

FOOTHILL WORKFORCE DEVELOPMENT BOARD

Notes to the Financial Statements

For the Year Ended June 30, 2025

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

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.

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.

B. Cash and Investments

Investments are reported in the accompanying financial statements at fair value based on quoted market prices, except for certain certificates of deposit, money market investments that mature within one year of acquisition and investment contracts that are reported at cost because they are not transferable, they have terms that are not affected by changes in market interest rates, and provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Both realized and unrealized changes in fair value that occur during a fiscal year are recognized and recorded as net changes in fair value of investments. Investment earnings include interest earnings and all other investment income.

The Board pools cash and investments with the City of Pasadena. Investment income earned by the pooled investments is allocated to the various funds based on each fund’s average cash and investment balance.

C. 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.

D. 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. These categories apply only to net position, which is determined at the government-wide level, and are described below:

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

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

E. New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

1. *GASB Statement No. 101, Compensated Absences*

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

2. *GASB Statement No. 102, Certain Risk Disclosures*

The requirements of this Statement will improve financial reporting by providing users of the financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management has assessed the impact of this Statement on the Board's financial statements and determined that it did not have a material impact.

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 portion. The balance available for withdrawal is based on the accounting records maintained by the City. As of June 30, 2025, the Board's equity in the City's cash and investment pool was a balance of \$23,786.

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.

NOTE 3: FUND BALANCE

In the fund financial statements, governmental fund balance is made up of the following components:

- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes. In a governmental fund, expenditures incurred for a specific purpose might exceed the amounts in the fund that are restricted, committed, and assigned to that purpose and a negative residual balance for that purpose may result.

FOOTHILL WORKFORCE DEVELOPMENT BOARD
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3: FUND BALANCE (CONTINUED)

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, 2025, the Board had an unrestricted fund balance deficit of \$283,253.

NOTE 4: RESTATEMENT OF FUND BALANCE/NET POSITION

For the year ended June 30, 2025, the Board recorded restatements to beginning fund balance and beginning net position in the amounts of \$167,951 and (\$7,799), respectively.

The restatement of fund balance totaling \$167,951 was made to correct an error related to an accounts payable accrual that had been inadvertently omitted from the Board's financial statements for the year ended June 30, 2024.

The restatement of net position totaling (\$7,799) reflects the impact of implementing GASB Statement No. 101, *Compensated Absences*. Under this new standard, the Board determined that the entire compensated absences liability is considered short-term in nature as of June 30, 2025.

FOOTHILL WORKFORCE DEVELOPMENT BOARD
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,533,237	\$ 4,122,058	\$ 2,618,336	\$ (1,503,722)
Miscellaneous	417,805	417,805	-	(417,805)
Total Revenues	3,951,042	4,539,863	2,618,336	(1,921,527)
Expenditures:				
Foothill Workforce Development Board	4,451,038	5,039,859	3,123,154	1,916,705
Total Expenditures	4,451,038	5,039,859	3,123,154	1,916,705
Net Change in Fund Balance	<u>\$ 4,710,501</u>	<u>\$ (12,265,139)</u>	(504,818)	<u>\$ 11,760,321</u>
Fund Balance (Deficit) - Beginning			55,564	
Restatement - Correction of an Error			167,951	
Fund Balance (Deficit) - Beginning, as Restated			223,515	
Fund Balance (Deficit) - Ending			<u>\$ (281,303)</u>	

See Notes to the Required Supplementary Information.

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

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, 2025, 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

To the Board of Directors
Foothill Workforce Development Board
City of 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 (hereafter, the Board) of the City of Pasadena, California (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 23, 2025.

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 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 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*.



To the Board of Directors
Foothill Workforce Development Board
City of Pasadena, California

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Irvine, California
December 23, 2025