

MOTHER LODE JOB TRAINING AGENCY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2021



**MOTHER LODE JOB TRAINING AGENCY**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021**

	<u>Page(s) No.</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	01
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	04
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Fund.....	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	16
Notes to the Basic Financial Statements.....	17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	27
Schedule of the Proportionate Share of the Net Pension Liability.....	28
Schedule of Pension Contributions.....	29
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards.....	31
Notes to Schedule of Expenditures of Federal Awards.....	33
<b>REPORT ON INTERNAL CONTROL AND COMPLIANCE</b>	
Independent Auditor's Report 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> .....	35
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	37
Schedule of Findings and Questioned Costs.....	39
Status of Prior Year Findings and Questioned Costs.....	42

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mother Lode Job Training Agency

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of Mother Lode Job Training Agency (the "Agency") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency'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.

### **Auditor's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

Management has not adopted Governmental Accounting Standards Board Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits other than Pensions*”, which was issued in June 2015, and effective July 1, 2017. The Statement requires an entity to record its other postemployment benefit liability, in addition to numerous disclosure requirements. The amounts by which this departure would affect the assets, deferred outflows and inflows of resources, liabilities, net position, and expenses of the governmental activities of Mother Lode Job Training Agency have not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Mother Lode Job Training Agency as of June 30, 2021, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of Mother Lode Job Training Agency as of June 30, 2021, and the respective change 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 Management’s Discussion and Analysis on pages 4 through 7 and the required supplementary information on pages 27 through 29 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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency’s basic financial statements. The accompanying schedule of expenditures of federal awards on page 31 - 33, 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 not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic 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 March 25, 2022, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

*Harshwal & Company LLP*

Oakland California  
March 25, 2022

**MOTHER LODE JOB TRAINING AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

The following discussion and analysis of the financial performance and activity of the Mother Lode Job Training Agency (the Agency), is to provide an introduction and understanding of the basic financial statements of the Agency. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

**The Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Agency's audited financial statements, which are comprised of the basic financial statements.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the Agency.

The basic financial statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

**Government-wide financial statements** - The government-wide financial statements are prepared on the full accrual basis, which means they measure the flow of all economic resources of the Agency as a whole. They provide a longer-term view of the Agency's activities as a whole and comprise the statement of net position and the statement of activities. The statement of net position provides information about the financial position of the Agency as a whole, including all of its capital assets and long-term liabilities on the full accrual basis of accounting, similar to that used by for-profit entities. The statement of activities provides information about all of the Agency's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the Agency's programs. The statement of activities explains in detail the change in net position for the year.

The statement of net position and the statement of activities present information about the following:

**Governmental activities** - The Agency's basic services are considered to be governmental activities. Its primary purpose, as One-Stop Operator in the Local Workforce Development Area (LWDA), is to provide employment and training activities that increase its customers' employment, retention, earnings and occupational skill levels, and, as a result, reduce welfare dependency and enhance local workforce productivity and competitiveness. The Agency is primarily funded through grants by federal, state, and local governments.

**Fund financial statements** - The fund financial statements report the Agency's operations in more detail than the government-wide financial statements and focus primarily on the short-term activities of the Agency's general fund. The fund financial statements measure only current revenues and expenditures and fund balances.

The fund financial statements provide detailed information about the Agency's only fund, which is the general fund.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements.

Comparisons of budget and actual financial information are presented for the general fund in these financial statements.

**MOTHER LODE JOB TRAINING AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Analysis of the General Fund**

General fund revenues decreased \$153,075 this fiscal year from last fiscal year, which was primarily from grant funding from Workforce Innovation and Opportunity Act (WIOA) programs. Actual revenues were less than the budgeted amounts by \$819,792.

General fund expenditures were \$3,004,133, a decrease of \$197,149 from the prior year. Total expenditures were less than budgeted amounts by \$835,182.

**Governmental Activities**

**Statements of Net Position**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Amount Change</u>	<u>Percentage Change</u>
<b>Assets and deferred outflows of resources</b>				
Cash	\$ 167,329	\$ 71,016	\$ 96,313	135.62%
Grants receivable	218,168	381,099	(162,931)	(42.75)%
Prepaid expenses	9,235	41,175	(31,940)	(77.57)%
Deposits	2,835	2,835	-	-%
Capital assets, net	<u>27,016</u>	<u>36,839</u>	<u>(9,823)</u>	<u>(26.66)%</u>
Total assets	<u>424,583</u>	<u>532,964</u>	<u>(108,381)</u>	<u>(20.34)%</u>
Deferred outflows of resources	<u>572,472</u>	<u>591,900</u>	<u>(19,428)</u>	<u>(3.28)%</u>
Total assets and deferred outflows of resources	<u>997,055</u>	<u>1,124,864</u>	<u>(127,809)</u>	<u>(11.36)%</u>
<b>Liabilities and deferred inflows of resources</b>				
Accounts payable	41,890	52,267	(10,377)	(19.85)%
Accrued salaries and wages payable	86,926	63,248	23,678	37.44%
Unearned revenue	124,454	251,703	(127,249)	(50.56)%
Compensated absences	120,793	87,118	33,675	38.65%
Net pension liability	<u>2,628,040</u>	<u>2,417,245</u>	<u>210,795</u>	<u>8.72%</u>
Total liabilities	<u>3,002,103</u>	<u>2,871,581</u>	<u>130,522</u>	<u>4.55%</u>
Deferred inflows of resources	<u>183,397</u>	<u>322,896</u>	<u>(139,499)</u>	<u>(43.20)%</u>
Total liabilities and deferred inflows of resources	<u>3,185,500</u>	<u>3,194,477</u>	<u>(8,977)</u>	<u>(0.28)%</u>
<b>Net position</b>				
Net investment in capital assets	27,016	36,839	(9,823)	(26.66)%
Unrestricted	<u>(2,215,461)</u>	<u>(2,106,452)</u>	<u>(109,009)</u>	<u>(5.18)%</u>
Total net position	<u>\$ (2,188,445)</u>	<u>\$ (2,069,613)</u>	<u>\$ (118,832)</u>	<u>(5.74)%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 997,055</u>	<u>\$ 1,124,864</u>	<u>\$ (127,809)</u>	<u>(11.36)%</u>

**MOTHER LODE JOB TRAINING AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

The Agency's governmental net position amounted to \$(2,188,445) as of June 30, 2021, a decrease of \$118,832 from 2020.

The statement of activities presents general revenues and expenses in detail.

**Statements of Activities**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Expenses:				
Program expenses	\$ 3,004,133	\$ 3,201,282	\$ (197,149)	(6.16)%
Revenues:				
Grant revenues	2,837,099	3,038,376	(201,277)	(6.62)%
Other revenues	<u>48,202</u>	<u>-</u>	<u>48,202</u>	<u>100.00%</u>
Total revenues	<u>2,885,301</u>	<u>3,038,376</u>	<u>(153,075)</u>	<u>(5.04)%</u>
Change in net position	(118,832)	(162,906)	44,074	(27.05)%
Net position, beginning of year	<u>(2,069,613)</u>	<u>(1,906,707)</u>	<u>(162,906)</u>	<u>(8.54)%</u>
Net position, end of year	<u>\$ (2,188,445)</u>	<u>\$ (2,069,613)</u>	<u>\$ (118,832)</u>	<u>(5.74)%</u>

As the table above shows, \$2,885,301 or 98.33% of the Agency's fiscal year FY 2021 governmental revenue came from grant funds.

**Economic Outlook**

The economic condition of the Agency, as it appears in the tables above, reflects adjustments by management to maintain financial stability during a period of fluctuating resources.

Fiscal Year 2021-22 will be the seventh year of funding under the Workforce Innovation and Opportunities Act (WIOA). Based on the current and proposed federal appropriations and the State funding environment, the Agency anticipates a level to slight decrease in funding for formula based WIOA Title I funding. Funding for state discretionary WIOA Title I grants normally fluctuate from year to year, as does federal funding for National Emergency Grants and discretionary projects, and from other funding sources such as the county programs. The effect of COVID-19 on service delivery and funding has been challenging but positive overall, as the Agency plays an essential role in employment recovery and expects to continue receiving disaster-related grant awards.

Short and long-term financial planning and adjustments will be based on all available economic information received from federal, state, and local sources. The Agency will continue to pursue additional mission-appropriate resources, such as the State of California and National U.S. Department of Labor WIOA Title I discretionary funds, and other special project grants to bridge financial gaps created by diminished formula grant funding.

The Agency will continue to make adjustments to program design to maximize efficiencies and the use of resources, and will monitor service delivery and expenditure levels to maintain program compliance and sound fiscal management practice in the delivery of high quality employment and training services to area residents. This responsibility includes developing partnerships with businesses and the alignment of government services and programs into a system that is better integrated and responsive to the needs of both business and job seekers.



**MOTHER LODE JOB TRAINING AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Contacting the Agency's Financial Management**

This Annual Financial Report is intended to provide granting agencies and the general public with a general overview of the Agency's finances. Questions about this report should be directed to the Agency at: 197 Mono Way, Suite B, Sonora, California 95370.

## **BASIC FINANCIAL STATEMENTS**

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MOTHER LODE JOB TRAINING AGENCY  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

<b>ASSETS</b>	
Cash	\$ 167,329
Grant receivable	218,168
Prepaid expense	9,235
Deposits	2,835
Capital assets, net	<u>27,016</u>
Total assets	<u>424,583</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pension	<u>572,472</u>
Total deferred outflows of resources	<u>572,472</u>
Total assets and deferred outflows of resources	<u>997,055</u>
<b>LIABILITIES</b>	
Accounts payable	41,890
Accrued salaries and wages payable	86,926
Unearned revenue	124,454
Compensated absences	120,793
Net pension liability	<u>2,628,040</u>
Total liabilities	<u>3,002,103</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pension	<u>183,397</u>
Total deferred inflows of resources	<u>183,397</u>
<b>NET POSITION</b>	
Net investment in capital assets	27,016
Unrestricted	<u>(2,215,461)</u>
Total net position	<u>(2,188,445)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 997,055</u>

The accompanying notes are an integral part of these financial statements.

**MOTHER LODE JOB TRAINING AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

***PROGRAM EXPENSES***

Salaries, wages, and benefits	\$ 2,126,553
Training and work experience	262,032
Rent and lease expense, net	121,711
Other program expenses	484,014
Depreciation	<u>9,823</u>
Total program expenses	<u>3,004,133</u>

***PROGRAM REVENUES***

Other revenues	48,202
Grant revenues	<u>2,837,099</u>
Total program revenues	<u>2,885,301</u>

Change in net position	(118,832)
Net position, beginning of year	<u>(2,069,613)</u>
Net position, end of year	<u><u>\$ (2,188,445)</u></u>

The accompanying notes are an integral part of these financial statements.

## FUND FINANCIAL STATEMENTS

**MOTHER LODE JOB TRAINING AGENCY  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2021**

**ASSETS**

Cash	\$ 167,329
Grant receivable	218,168
Prepaid expenditures	9,235
Deposits	<u>2,835</u>
Total assets	<u>397,567</u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	41,890
Accrued salaries and wages payable	86,926
Unearned revenue	<u>124,454</u>
Total liabilities	<u>253,270</u>

**FUND BALANCE**

Nonspendable	12,070
Unassigned	<u>132,227</u>
Total fund balance	<u>144,297</u>
Total liabilities and fund balance	<u><u>\$ 397,567</u></u>

The accompanying notes are an integral part of these financial statements.

**MOTHER LODE JOB TRAINING AGENCY**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

Fund balance - governmental fund	\$ 144,297
Amount reported for governmental activities in the statement of net position is different from those reported in the governmental fund above because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the general fund.	27,016
Deferred inflows and outflows of resources related to the net pension liability not reported in the general fund.	
Deferred inflows of resources	(183,397)
Deferred outflows of resources	572,472
Liabilities are not due or payable in the current period and, therefore, are not reported in the general fund.	
Net pension liability	(2,628,040)
Compensated absence	<u>(120,793)</u>
Net position of governmental activities	<u>\$ (2,188,445)</u>

The accompanying notes are an integral part of these financial statements.



**MOTHER LODE JOB TRAINING AGENCY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**GOVERNMENTAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

***REVENUES***

Other revenues	\$ 48,202
Grant revenues	<u>2,837,099</u>
Total revenues	<u>2,885,301</u>

***EXPENDITURES***

Current:	
Administrative	170,308
Intensive	1,722,381
Core	93,937
Training	302,755
Rapid response	<u>580,530</u>
Total expenditures	<u>2,869,911</u>
Net change in fund balance	15,390
Fund balance, beginning of year	<u>128,907</u>
Fund balance, end of year	<u><u>\$ 144,297</u></u>

The accompanying notes are an integral part of these financial statements.

**MOTHER LODE JOB TRAINING AGENCY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF**  
**ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net changes in fund balance of governmental fund	\$ 15,390
Amount reported for governmental activities in the statement of activities is different because:	
The general fund records capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	(9,823)
Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(90,724)
Compensated absence expense	<u>(33,675)</u>
Changes in net position of governmental activities	<u>\$ (118,832)</u>

The accompanying notes are an integral part of these financial statements.

**MOTHER LODE JOB TRAINING AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Mother Lode Job Training Agency (the Agency), under the direction of the Workforce Development Board, is a special district joint powers agency, created by a Joint Powers Agreement among the following counties: Amador, Calaveras, Mariposa, and Tuolumne. The purpose of the Agency is the development and implementation of public and private employers' job training programs under which local employment needs and goals will be determined, and training and employment programs will be planned, developed, and administered. The Agency is funded through grants by the federal and state government. The Agency's administrative office is in Sonora, California, with a program office in each county to serve participants.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America and are applicable to governments. The following is a summary of the significant policies:

**Basis of presentation** - The Agency's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

**Government-wide financial statements** - The Agency's financial statements reflect only its own activities; it has no component units (other government units overseen by the Agency) or fiduciary funds. The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through intergovernmental revenues and other nonexchange revenues. Program revenues include (a) grants that are restricted to meeting the operational needs of a program; and (b) use allowance of government owned capital assets recorded as in-kind revenue.

**Fund financial statements** - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. The Agency has only one fund, the general fund, a major fund that accounts for all Agency activities.

**Basis of accounting** - The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis of accounting, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available." The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pension liabilities, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

**MOTHER LODE JOB TRAINING AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

The Agency funds programs with a combination of cost-reimbursement grants and categorical block grants. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Agency's policy is to first apply restricted grant resources to such programs, followed by unrestricted grant revenues if necessary. Certain indirect costs are included in program expenses reported for individual functions and activities.

**Budgets and budgetary accounting** - Under the Workforce Innovation and Opportunity Act (WIOA), the Agency's governing body approves the local job training plan. A public hearing must be conducted to receive comments prior to adoption. The Agency's governing body satisfied these requirements.

These plans are revised by the Agency's management and presented to the Workforce Development Board during the year to consider unanticipated income and expenditures. It is this original and final revised budget that is presented in the basic financial statements.

**Capital assets** - Capital assets used in Agency operations are accounted for in the statement of net position. Purchased capital assets are stated at cost. Donated capital assets are valued at their estimated fair value on the date of donation. The Agency follows the Counties capitalization threshold of \$5,000 for capital asset purchases. Capital equipment is depreciated using the straight-line method over an estimated useful life of five to ten years.

**Unearned revenue** - Deferred revenue in the Agency's governmental fund arises when potential revenue does not meet the "available" criteria for recognition in the current period. Unearned revenue arises when resources are received by the Agency before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

**Net pension liability** - The Agency recognizes a net pension liability, which represents the proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the Agency's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred and, depending on the nature of the change, are recognized as deferred inflows of resources, deferred outflows of resources or pension expense. Changes recorded as deferred inflows of resources or deferred outflows of resources are recognized in pension expense systematically over time.

For purposes of measuring the net pension liability, deferred outflows, and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to, and deductions from, the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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.

**MOTHER LODE JOB TRAINING AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**Departure from Generally Accepted Accounting Principles (GAAP)** - The Agency has elected not to adopt GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits other than Pensions*" which was issued in June 2015, and effective July 1, 2017. The Statement requires an entity to recognize a liability for the future costs of its other postemployment benefit plan, and provide numerous disclosures related to the other postemployment benefit plan. The amount by which this departure would affect the assets, deferred outflows and inflows of resources, liabilities, net position, and expenses of the governmental activities of the Agency has not been determined.

**Risk management** - The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance.

**NOTE 2 - CASH**

Cash balances at June 30, 2021, are as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Oak Valley Community Bank - General Account	\$ 112,717	\$ 123,421
Oak Valley Community Bank - Payroll Account	54,312	55,413
Petty Cash	<u>300</u>	<u>-</u>
Total	<u>\$ 167,329</u>	<u>\$ 178,834</u>

The Agency's investment policy and the California Government Code permit investments in Securities of the U.S. Government or its agencies, Certificates of Deposit, Negotiable Certificates of Deposit, Banker's Acceptances, Commercial Paper, the State of California Local Agency Investment Fund (LAIF Pool), and Passbook Savings Account Demand Deposits.

**Custodial credit risk** - Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code Section 53652 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 15% of the secure public deposits.

**MOTHER LODE JOB TRAINING AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 - GRANTS RECEIVABLE**

Grants receivable at June 30, 2021, amounted to \$218,168. The Agency has not accrued an allowance for uncollectible receivables since it is the opinion of management that it is highly probable all receivables will be collected.

**NOTE 4 - CAPITAL ASSETS**

Changes in capital assets for the year were as follows:

	Balance <u>July 01, 2020</u>	<u>Additions</u>	Balance <u>June 30, 2021</u>
Depreciable assets:			
Office equipment	\$ 49,119	\$ -	\$ 49,119
Accumulated depreciation:	<u>(12,280)</u>	<u>(9,823)</u>	<u>(22,103)</u>
Total	<u>\$ 36,839</u>	<u>\$ (9,823)</u>	<u>\$ 27,016</u>

Depreciation expense for the year ended June 30, 2021, was \$9,823.

**NOTE 5 - COMPENSATED ABSENCES**

Compensated absences are comprised of unused vacation leave and certain compensated time off, which is accrued as earned. A maximum of 600 hours, per employee, may be accrued. Temporary employees are generally not eligible. Compensated absences are recognized as a liability of the Agency. The liability for compensated absences is determined annually. At June 30, 2021, the compensated absence balance was \$120,793.

**NOTE 6 - NET PENSION LIABILITY**

**Plan description** - The Agency participates in CalPERS, a cost sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. CalPERS provides retirement, disability, and death benefits based on the employees' years of service, age, and final compensation. CalPERS provides retirement benefits payable at age 55 that are equal to 2% of the employee's final average compensation times the employee's years of service.

The State passed the California Employees' Pension Reform Act of 2013 (PEPRA), which became effective January 1, 2013. PEPRA changes include the classification of active employees into two distinct classifications: classic and new members. Classic members represent active members hired before January 1, 2013, and retain the pension plan benefits in effect. This plan was closed to entrants on January 1, 2013, or after. New members are active members hired on or after January 1, 2013, and are subject to PEPRA. PEPRA offers a reduced benefit formula and increased retirement ages to new public employees, who first became PERS members on or after January 1, 2013. CalPERS provides retirement benefits payable beginning at age 62 that are equal to 2% of the employee's final three-year average compensation times the employee's years of service. The provisions and all other requirements are established by State statute. CalPERS issues a stand-alone report that is available upon request at the following address: CalPERS Actuarial & Employer Service Division; P.O. Box 942709; Sacramento, California 94229-2709.

**MOTHER LODE JOB TRAINING AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 - NET PENSION LIABILITY - CONT'D**

**Funding policy** - The contribution requirements of the plan members and the Agency are established and may be amended by CalPERS. With the election to participate in CalPERS, the participation in Social Security is discontinued, and contributions to CalPERS are in lieu of contributions to Social Security. The Agency is required to contribute an actuarially determined rate. The employer contribution rate was 8.00% of annual covered payroll for the year ended June 30, 2021. All eligible participating employees are required to contribute 7.00% of their monthly salaries to CalPERS. The Agency deducts the contributions from employees' wages and remits to CalPERS on their behalf and for their account. Contributions to the pension plans from the Agency were \$264,306 for the year ended June 30, 2021.

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions** - At June 30, 2021, the Agency reported a liability of \$2,628,040 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020, using generally accepted actuarial principles. There were no other significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2020; therefore, the employer's portion was established as of the measurement date of June 30, 2020. The total pension liability in the June 30, 2019, actuarial valuation was based on the following actuarial methods and assumptions:

Actuarial cost method:	Entry Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016.
Post retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

All other actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Change of assumptions** - CalPERS has implemented a new actuarial valuation software system for the June 30, 2019, measurement date.

**MOTHER LODE JOB TRAINING AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 - NET PENSION LIABILITY - CONT'D**

**Discount rate**

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term expected rate of return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.0%	-0.92%

(a) An expected inflation rate of 2.00% was used for this period.

(b) An expected inflation rate of 2.92% was used for this period.



**MOTHER LODE JOB TRAINING AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6 - NET PENSION LIABILITY - CONT'D**

**Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate** - The following presents the Agency's net pension liability as of June 30, 2021, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net pension liability	\$ 4,009,835	\$ 2,628,040	\$ 1,486,306

The Agency's proportion of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan was 0.02415% at June 30, 2021.

For the year ended June 30, 2021, the Agency recognized pension expense of \$355,030. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

For the year ended June 30, 2021, the Agency had \$572,472 of deferred outflows of resources and \$183,397 of deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	\$ 135,431	\$ -
Changes of assumptions	-	18,744
Net difference between projected and actual earnings on plan investments	78,070	-
Change in employer's proportion	94,665	-
Differences between employer's contributions and the employer's proportionate share of contributions	-	164,653
Pension contributions subsequent to measurement date	264,306	-
Total	\$ 572,472	\$ 183,397

The Agency reported \$264,306 as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ (10,677)
2023	49,513
2024	48,487
2025	37,446
2026	-
Thereafter	-
Total	\$ 124,769

**MOTHER LODE JOB TRAINING AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7 - LEASE COMMITMENT**

The Agency has entered various operating leases for buildings and office equipment, with lease terms in excess of one year. None of these agreements contain purchase options. All the agreements contain a termination clause providing for cancellation after a specified number of days' written notice to the lessors, but it is unlikely that the Agency will cancel any of the agreements prior to the expiration date. The total rental and lease expense for the year ended June 30, 2021, was \$121,711, which also included various leases that were considered month-to-month with no long-term commitments.

Minimum future rental payments under operating leases in aggregate are as follows:

Year Ending June 30,	Amount
2022	\$ 126,814
2023	87,475
2024	67,200
	\$ 281,489

The Agency sub-leases a portion of its office facilities to a non-related governmental agency. The sub-lease agreement is through March 2022, with the governmental agency able to terminate the lease with 60 days' notice.

Rental receipts for the year ended June 30, 2021, were \$7,422, which includes utility and other administrative charges allocated proportionately to the sub-lessor based on square footage leased and was netted against the rent and lease expense within the statement of activities.

**NOTE 8 - NET POSITION AND FUND BALANCE**

Government-wide net position consists of the following:

**Restricted net position** - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments. There were no restricted net position balances as of June 30, 2021.

**Invested in capital assets, net** - This category groups all capital assets into one component of net position. Accumulated depreciation that is attributable to the acquisition, construction or improvement of these assets reduces the balance in this category.

**Unrestricted net position** - This amount is all net assets that do not meet the definition of "invested in capital assets, net" or "restricted net position."

Governmental fund balance consists of the following:

**Fund balance** - Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below.

In the fund financial statements, governmental fund balances are reported in the following classifications:

**Nonspendable fund balance** includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

**MOTHER LODE JOB TRAINING AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 8 - NET POSITION AND FUND BALANCE - CONT'D**

**Restricted fund balance** includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

**Committed fund balance** includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest-level decision-making agency. The Board serves as the Agency's highest-level decision-making agency and has the Agency to establish, modify or rescind a fund balance commitment via minute's action.

**Assigned fund balance** includes amounts intended to be used by the Agency for specific purposes, subject to change, as established directly by the management officials to whom the assignment agency has been delegated by the Board.

**Unassigned fund balance** is the residual classification that includes the spendable amounts in the general fund that are available for any purpose.

At June 30, 2021, the Agency has all its fund balances classified as unassigned and nonspendable fund balances.

The Agency reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, and unassigned) amounts are available. The Agency reduced committed first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The total revenue and expenditures are less than the budgeted appropriations by \$819,792 and \$835,182, respectively, resulting in a fund balance increase of \$15,390. The Agency has plans to apply for new grants from other related governmental entities to continue to grow in the future years.

**NOTE 9 - CONTINGENCIES AND CONCENTRATIONS**

**Federal and state grants** - The Agency participates in federal grants, the principal of which is the U.S. Department of Labor. Disbursement of funds received under these grants requires compliance with terms and a condition specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

**Economic dependency** - The Agency receives a substantial amount of revenue for its programs funded by the U.S. Department of Labor. During the fiscal year ended June 30, 2021, the Agency received \$2,837,099. This amounts to approximately 98% of total revenue for the year.

## REQUIRED SUPPLEMENTARY INFORMATION

**MOTHER LODE JOB TRAINING AGENCY**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/ (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b><i>REVENUES</i></b>				
Other revenues	\$ -	\$ -	\$ 48,202	\$ 48,202
Grant revenues	<u>3,705,093</u>	<u>3,705,093</u>	<u>2,837,099</u>	<u>(867,994)</u>
Total revenues	<u>3,705,093</u>	<u>3,705,093</u>	<u>2,885,301</u>	<u>(819,792)</u>
<b><i>EXPENDITURES</i></b>				
Administrative	211,595	211,595	170,308	41,287
Intensive	1,055,406	1,055,406	1,722,381	(666,975)
Core	49,719	49,719	93,937	(44,218)
Training	1,779,274	1,779,274	302,755	1,476,519
Rapid response	<u>609,099</u>	<u>609,099</u>	<u>580,530</u>	<u>28,569</u>
Total expenditures	<u>3,705,093</u>	<u>3,705,093</u>	<u>2,869,911</u>	<u>835,182</u>
Net change in fund balance	-	-	15,390	15,390
Fund balance , beginning of year	<u>128,907</u>	<u>128,907</u>	<u>128,907</u>	<u>-</u>
Fund balance, end of year	<u>\$ 128,907</u>	<u>\$ 128,907</u>	<u>\$ 144,297</u>	<u>\$ 15,390</u>

See Independent Auditor's Report

**MOTHER LODE JOB TRAINING AGENCY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN YEARS\*\***

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Measurement period	2019-2020	2018-2019	2017-2018	2016-2017	2012-2016
Proportion of the net pension liability	0.02415 %	0.02359 %	0.02284 %	0.02261 %	0.02220 %
Proportionate share of the net pension liability	\$ 2,628,040	\$ 2,417,245	\$ 2,201,142	\$ 2,242,699	\$ 1,920,717
Covered-employee payroll*	\$ 1,145,514	\$ 1,020,604	\$ 913,410	\$ 768,809	\$ 701,833
Proportionate Share of the net pension liability as percentage of covered-employee payroll	229.42%	236.84%	240.98%	291.71%	273.67%
Proportionate share of the plan's fiduciary net position as a percentage of the total pension liability	75.10 %	75.26 %	75.26 %	73.31 %	74.06 %

\* For the year ending on the measurement date.

\*\*2017 was the first year of implementation; therefore, only five years are shown.

See Independent Auditor's Report

**MOTHER LODE JOB TRAINING AGENCY  
SCHEDULE OF PENSION CONTRIBUTIONS  
LAST TEN YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 264,306	\$ 236,714	\$ 196,794
Contributions in relation to the actuarially determined contribution*	<u>264,306</u>	<u>236,714</u>	<u>196,794</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's covered employee payroll	\$ 1,111,304	\$ 1,145,514	\$ 1,020,604
Contributions as a percentage of covered employee payroll	23.78 %	20.66 %	19.28 %

\* For the fiscal year ending on the date shown.

## SUPPLEMENTARY INFORMATION



**MOTHER LODE JOB TRAINING AGENCY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
<b>WIOA Cluster</b>			
<b>U.S. Department of Labor</b>			
Passed through the State of California Employment Development Department:			
Workforce Innovation and Opportunity Act - Youth	17.259	AA111016	\$ 277,301
Workforce Innovation and Opportunity Act - Adult	17.258	AA011016	78,333
Workforce Innovation and Opportunity Act - Adult	17.258	AA111016	403,650
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	AA011016	57,268
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	AA111016	320,812
Workforce Innovation and Opportunity Act - Rapid Response	17.278	AA111016	478,492
Rapid Response Layoff Aversion	17.278	AA011016	2,293
Rapid Response Layoff Aversion	17.278	AA111016	116,405
Regional Organizer/Regional Training Coordinator	17.258	K9110027	5,946
Regional Plan Implementation	17.258	K9110027	24,454
Regional Plan Implementation 3.0	17.258	AA011016	75,589
Regional Plan Implementation 4.0	17.258	AA111016	9,277
Disability Employment Accelerator	17.258	AA111016	6,816
Opioid Crisis	17.278	K9110027	55
Opioid Crisis	17.278	AA111016	37,789
CoVid-19 Dislocated Workers Rapid Response	17.278	K9110027	396,561
Underserved CoVid-19 Impacted Individuals	17.278	AA011016	68,691
CoVid-19 Employment Recovery	17.278	AA011016	<u>82,269</u>
Total U.S. Department of Labor			<u>2,442,001</u>
Total WIOA Cluster			<u>2,442,001</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through the Housing and Community Development			
Rural Community Assistance Corporation BioMass Utilization Fund	14.272	BUF/M301, No.1	<u>9,328</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 9,328</u>

See accompanying notes to schedule of expenditures of federal awards.

**MOTHER LODE JOB TRAINING AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through the County of Mariposa			
CalWorks	93.558		\$ 2,100
CalWorks ESEP	93.558		14,247
Passed through the County of Tuolumne			
CalWorks	93.558		21,031
Passed through the County of Calaveras			
CalWorks ESEP	93.558		<u>33,418</u>
Total U.S. Department of Health and Human Services			<u>70,796</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,522,125</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**MOTHER LODE JOB TRAINING AGENCY**  
**NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**JUNE 30, 2021**

**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 Mother Lode Job Training Agency (the Agency), under programs of the federal government for the year ended June 30, 2021. Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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).

**Relationship to financial reports** - Information included in the accompanying Schedule is in substantial agreement with the information reported in the related financial reports for major programs.

**Program costs** - The Agency accounts for and reports on the costs of program activities covered under the federal grant awards on an accrual basis. 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.

**Subrecipients** - The Agency does not pass through funds to subrecipients.

**WIOA Cluster** - 2 CFR 200.17 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. The OMB Compliance Supplement lists specific programs to be included in the WIOA Cluster; however, due to State government guidance, an additional program was required to be included in this cluster. The programs in the WIOA Cluster include the following federal assistance listing numbers:

<u>Federal Grantor, Program Title</u>	<u>Federal Assistance Listing Number</u>
U.S. Department of Labor	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278

**NOTE 2 - INDIRECT COSTS**

The Agency has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance as described in 2 CFR 200.414.

## REPORT ON INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT AUDITOR'S 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  
Mother Lode Job Training Agency

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 major fund of Mother Lode Job Training Agency (the "Agency") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Mother Lode Job Training Agency's basic financial statements, and have issued our report thereon dated March 25, 2022. Our opinion on the governmental activities as of and for the year ended June 30, 2021, was qualified because management has not adopted Governmental Accounting Standards Board Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits other than Pensions.*"

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mother Lode Job Training Agency'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 Mother Lode Job Training Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mother Lode Job Training Agency'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 Mother Lode Job Training Agency'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harshmal & Company LLP*

Oakland California  
March 25, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Mother Lode Job Training Agency

**Report on Compliance for Each Major Federal Program**

We have audited Mother Lode Job Training Agency's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mother Lode Job Training Agency's major federal programs for the year ended June 30, 2021. Mother Lode Job Training Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Mother Lode Job Training Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mother Lode Job Training Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mother Lode Job Training Agency's compliance.

## Opinion on Each Major Federal Program

In our opinion, Mother Lode Job Training Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Harshmal & Company LLP*

Oakland, California  
March 25, 2022



**MOTHER LODE JOB TRAINING AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

**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:

Governmental activities	Qualified
Major fund	Unmodified

Internal control over financial reporting:

Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported

Noncompliance material to financial statements noted	No
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**Federal Awards**

Internal control over major programs:

Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No
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Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	
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Various	WIOA Cluster	
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee	No
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**MOTHER LODE JOB TRAINING AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

**SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the fiscal year ended June 30, 2021.

**MOTHER LODE JOB TRAINING AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2021.

**MOTHER LODE JOB TRAINING AGENCY  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

There were no findings reported in prior year.