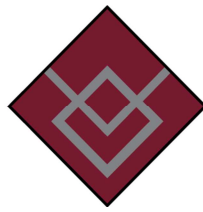


**NORTHERN RURAL TRAINING
AND EMPLOYMENT CONSORTIUM
(NoRTEC)**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT REPORT
YEAR ENDED
June 30, 2014**

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Fund	13
Reconciliation of the Governmental Funds Balance Sheet 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 Fund to the Statement of Activities	16
Notes to Financial Statements	17-26
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund Type - Budget and Actual – General Fund	28
Schedule of Funding Progress – OPEB	29
SUPPLEMENTARY INFORMATION SECTION	
Schedule 1 - Schedule of Revenues, Expenditures and Changes in Fund Balances	31-32
Schedule 2 - Reconciliation of WIA Expenditures	33
Schedule 3 - Closeout Status of Cash Reports	34-41
SINGLE AUDIT SECTION	
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>	43-44
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133	45-46
Schedule of Expenditures of Federal Awards	47-48
Notes to the Schedule of Expenditures of Federal Awards	49
Schedule of Audit Findings and Questioned Costs	50-51



Tenney and Company
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern Rural Training & Employment Consortium
Chico, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund information of Northern Rural Training & Employment Consortium, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Northern Rural Training & Employment Consortium's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Northern Rural Training & Employment Consortium's 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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of Northern Rural Training & Employment Consortium, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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, budgetary comparison information, and OPEB plan funding progress on pages 5–9 and 28–29 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Rural Training & Employment Consortium's basic financial statements. The accompanying schedule of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 20, 2015, on our consideration of Northern Rural Training & Employment Consortium'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 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 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 Northern Rural Training & Employment Consortium's internal control over financial reporting and compliance.

Jenney and Company

March 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

This section of Northern Rural Training and Employment Consortium's (NoRTEC's) basic financial statements presents management's overview of the financial activities of the organization for the fiscal year ended June 30, 2014. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS

- As of June 30, 2014, NoRTEC reported a fund balance of \$40,208, a decrease of \$870 from last year.
- General Fund revenues were \$11,014,448, a decrease of \$1,760,144 in comparison with the prior year because a large amount of one-time ARRA stimulus funding was received in the prior year, (see Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund).
- General Fund expenditures were \$11,015,318 a decrease of (\$1,766,555) in comparison with the prior year. Decreased expenditures are a direct result of decreased grant revenues as discussed above.

INTRODUCTION TO THE BASIC FINANCIAL STATEMENTS

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

THE BASIC FINANCIAL STATEMENTS

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 NoRTEC's financial activities and financial position. These statements are supported by notes to the financial statements. All three sections must be considered together to obtain a complete understanding of the financial picture of NoRTEC.

Government-wide Financial Statements

Government-wide Financial Statements are prepared on the full accrual basis, which means they measure the flow of all economic resources of NoRTEC as a whole. They provide a longer-term view of NoRTEC'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 NoRTEC as a whole, including all of its capital assets on the full accrual basis, similar to that used by for-profit entities. The Statement of Activities provides information about all of NoRTEC's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of NoRTEC's programs. The Statement of Activities explains in detail the change in Net Position for the year.

**NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – NoRTEC's basic services are considered to be governmental activities. Its primary purpose, as a Local Workforce Investment Area (LWIA) established pursuant to the Workforce Investment Act of 1988, is to make education, job training, and employment services universally available and accessible, and to assist with local business expansion, retention, maintenance and enhancement within the eleven county NoRTEC service areas. NoRTEC is primarily funded by grants from federal and state governments.

Fund Financial Statements

The Fund Financial Statements report NoRTEC's operations in more detail than the government-wide statements and focus primarily on the short-term activities of NoRTEC's General Fund. The Fund Financial Statements measure only current revenues and expenditures and fund balances.

The Fund Financial Statements provide detailed information about NoRTEC'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.

NoRTEC adopts an annual appropriated budget for its General Fund. A budgetary comparison statement is presented for the General Fund to demonstrate compliance with the budget.

Analysis of the General Fund

Comparisons of budget and actual financial information are presented for the General Fund in these financial statements. Total Workforce Investment Board expenditures were \$481,402 less than budgeted amounts. This was primarily due to the grant funded project and special program expenditures being less than expected. As noted in the statement of revenues, expenditures and changes in fund balances governmental fund type – budget and actual, actual expenditures were less than budgeted expenditures by \$3,772,477 due to the reasons noted above.

Governmental Activities

NoRTEC's governmental net position amounted to \$89,042 as of June 30, 2014, a decrease of \$5,960 from 2013. This decrease is the Change in Net Position reflected in the Governmental Activities column of the Statement of Activities shown in Table 2.

**NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2014**

**TABLE 1
COMPARATIVE STATEMENT OF NET POSITION AT JUNE 30**

	<u>Governmental Activities</u>		<u>Change</u>	<u>Total Percentage Change</u>
	<u>2014</u>	<u>2013 - Restated</u>		
ASSETS:				
Cash and cash equivalents	\$ 241,982	\$ 258,798	\$ (16,816)	-6.50%
Grants receivable	577,807	196,215	381,592	194.48%
Accounts receivable	33,869	46,283	(12,414)	-26.82%
Capital assets, net of accumulated depreciation	<u>65,793</u>	<u>64,482</u>	1,311	2.03%
Total Assets	<u>919,451</u>	<u>565,778</u>	353,673	62.51%
LIABILITIES:				
Grants payable	502,469	224,542	277,927	123.78%
Accounts payable	105,355	25,665	79,690	310.50%
Compensated absences	205,626	210,009	(4,383)	-2.09%
OPEB liability	<u>16,959</u>	<u>10,560</u>	6,399	60.60%
Total Liabilities	<u>830,409</u>	<u>470,776</u>	359,633	76.39%
NET POSITION:				
Invested in capital assets	65,793	64,482	1,311	2.03%
Unrestricted	<u>23,249</u>	<u>30,520</u>	(7,271)	-23.82%
Total Net Position	<u>\$ 89,042</u>	<u>\$ 95,002</u>	(5,960)	-6.27%

**NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2014**

The Statement of Activities presents general revenues and expenses in detail. All of these are elements in the Changes of Governmental Net Position summarized below.

**TABLE 2
COMPARATIVE STATEMENT OF CHANGES IN NET POSITION AT JUNE 30**

	<u>Governmental Activities</u>		<u>Change</u>	<u>Total Percentage Change</u>
	<u>2014</u>	<u>2013 - Restated</u>		
PROGRAM EXPENSES:				
Workforce Investment Board	\$ 1,273,064	\$ 1,815,038	\$ (541,974)	-29.86%
Program services	9,787,854	11,029,232	(1,241,378)	-11.26%
Total Expenses	<u>11,060,918</u>	<u>12,844,270</u>	(1,783,352)	-13.88%
PROGRAM REVENUES:				
Grant funds	11,014,418	12,774,469	(1,760,051)	-13.78%
GENERAL REVENUES:				
Interest revenues	<u>30</u>	<u>123</u>	(93)	-75.61%
Total Revenues	<u>11,014,448</u>	<u>12,774,592</u>	(1,760,144)	-13.78%
Change in Net Assets	(46,470)	(69,678)	23,208	-33.31%
Net position, beginning of period	<u>135,512</u>	<u>164,680</u>	(29,168)	-17.71%
Net position, end of period	<u>\$ 89,042</u>	<u>\$ 95,002</u>	(5,960)	-6.27%

As Table 2 above shows, \$11,014,448, or approximately 100% of NoRTEC's June 30, 2014, governmental revenue came from grant funds.

Capital Assets

NoRTEC's capital assets, net of accumulated depreciation increased this year by \$1,311 to \$65,793. Current year depreciation was \$39,201. NoRTEC's capital assets are comprised of furniture and equipment held by NoRTEC and its sub-recipients, the title for which NoRTEC retains. There is no debt associated with these capital assets. Changes in capital assets are discussed in Note 7 to the financial statements.

**NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Economic Outlook

The current federal and state funding environment presents a serious challenge – NoRTEC anticipates declining funding in fiscal year 2014-2015. However, future federal and state funding levels are difficult to predict. Near and long-term financial planning will be based on all available economic information received from federal, state and local sources.

The economic condition of NoRTEC as it appears on the balance sheet reflects financial stability. However, management anticipates that the general trend of declining Federal funding levels will continue for the foreseeable future. This will likely have a negative effect on NoRTEC's ability to provide program services throughout the eleven county service areas. In spite of this challenge, NoRTEC management remains committed to sound fiscal management practices in its delivery of excellent employment, training and business services to area residents.

Contacting NoRTEC's Financial Management

This Annual Financial Report is intended to provide granting agencies and the general public with a general overview of NoRTEC's finances. Questions about this report should be directed to NoRTEC, at 525 Wall Street, Chico, CA 95928.

FINANCIAL STATEMENTS SECTION

NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
STATEMENT OF NET POSITION
June 30, 2014

		Governmental Activities
<u>ASSETS</u>		
ASSETS:		
Cash and cash equivalents	\$	241,982
Grants receivable		577,807
Deposits and other accounts receivable		33,869
Total Current Assets		853,658
NON-CURRENT ASSETS:		
Fixed Assets, net of accumulated depreciation		65,793
Total Assets		919,451
<u>LIABILITIES</u>		
LIABILITIES:		
Accounts payable		105,355
Grants payable		502,469
Compensated absences		205,626
OPEB liability		16,959
Total Liabilities		830,409
<u>NET POSITION</u>		
Net assets invested in capital assets		65,793
Unrestricted		23,249
TOTAL NET POSITION	\$	89,042

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

NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Operating Grants and Contracts</u>	<u>Governmental Activities</u>
Governmental Activities:			
Workforce Investment Board	\$ 1,273,064	\$ -	\$ (1,273,064)
Program services	9,787,854	11,014,418	1,226,564
Total Governmental Activities	<u>\$ 11,060,918</u>	<u>\$ 11,014,418</u>	<u>(46,500)</u>
Other local revenues			<u>30</u>
Change in net position			(46,470)
NET POSITION, beginning of period - restated			<u>135,512</u>
NET POSITION, end of period			<u><u>\$ 89,042</u></u>

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

NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2014

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	241,982
Grants receivable		577,807
Deposits and other accounts receivable		<u>33,869</u>
 Total Assets	 \$	 <u><u>853,658</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$	105,355
Grants payable		502,469
Compensated absences		<u>205,626</u>
 Total Liabilities		 <u>813,450</u>

FUND BALANCE:

Fund Balances		
Unassigned		<u>40,208</u>
 Total Liabilities and Fund Balance	 \$	 <u><u>853,658</u></u>

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

**NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
For The Year Ended June 30, 2014**

Total fund balances - governmental funds	\$	40,208
--	----	--------

Amounts reported for Governmental Activities in the Statement of Net Position is different from those reported in the Governmental Funds above because of the following:

Capital Assets:

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		65,793
--	--	--------

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities are reported. Long-term liabilities relating to governmental activities consist of:

OPEB liability		<u>(16,959)</u>
----------------	--	-----------------

Total net position, governmental activities	\$	<u><u>89,042</u></u>
---	----	----------------------

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

**NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For The Year Ended June 30, 2014**

	GENERAL FUND
REVENUES	
Grant funds	\$ 11,014,418
Other revenue	30
	11,014,448
Total Revenues	11,014,448
EXPENDITURES	
Workforce Investment Board:	
Salaries and benefits	815,310
Audit	16,800
Legal and consultants	3,163
Supplies	6,683
Telephone	11,063
Dues and memberships	15,184
Rent	49,196
Utilities	7,978
Equipment	17,052
Travel	15,209
Insurance	10,005
Meeting costs	59,017
Miscellaneous	2,524
Special projects	102,175
Capacity building	11,455
Grant funded projects	79,650
One Stop Operator	5,000
	1,227,464
Total Workforce Investment Board	1,227,464
Program services	9,787,854
	11,015,318
Total Expenditures	11,015,318
Excess of Expenditures Over Revenues	(870)
FUND BALANCE - July 01, 2013	41,078
FUND BALANCE - June 30, 2014	\$ 40,208

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

**NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2014**

This schedule reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(870)
--	----	-------

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The capital outlay expenditures are therefore added back to the fund balance.

Depreciation expense is deducted from the fund balance		(39,201)
--	--	----------

OPEB:

In governmental funds, OPEB costs are recognized when benefits are paid. In the statement of activities, OPEB costs are recognized on the accrual basis.

The difference between OPEB costs and benefits paid was:		<u>(6,399)</u>
--	--	----------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(46,470)</u></u>
---	----	------------------------

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

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – GENERAL

Organization

Northern Rural Training and Employment Consortium ("NoRTEC") was formed in 1983 by a joint powers agreement between the counties of Del Norte, Lassen, Modoc, Plumas, Siskiyou, Tehama and Trinity, and was amended in 2000, 2006 and 2008 to add the counties of Butte, Shasta, Sierra and Nevada. The parties formed NoRTEC to create a separate public entity with no component units. It was established to develop an effective local government program to deal with the unemployment and under-employment problems of the residents of the eleven counties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of NoRTEC conform with U.S. generally accepted accounting principles and are applicable to governments. The following is a summary of the significant policies:

A. Basis of Presentation

NoRTEC's basic financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Financial Statements

NoRTEC's financial statements reflect only its own activities; it has no component units (other government units overseen by NoRTEC). 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 non-exchange revenues.

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. NoRTEC has only one fund, the General Fund, which accounts for all of NoRTEC's activities.

B. 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, 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. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenue is recognized when received in cash, except for revenues that are subject to accrual (generally 60 days after year-end), which are recognized when due. The primary resources that have been treated as susceptible to accrual by NoRTEC are grant revenues.

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. Basis of Accounting (continued)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

NoRTEC funds programs through cost-reimbursement contracts. Program revenues include grants that are restricted to meeting the operational needs of a particular program. Thus both restricted and unrestricted net assets may be available to finance WIA program expenditures. NoRTEC's policy is first to apply restricted grant resources to such programs, followed by unrestricted grant revenues if necessary.

C. Cost Allocation Plan

Costs which are not specifically identified as benefiting one specific program are distributed to programs in accordance with the NoRTEC cost allocation plan. NoRTEC uses WIA legislation and regulations as well as OMB Circulars and State Directives in reviewing and updating its cost allocation plan which is available on the NoRTEC website.

D. Budgets

NoRTEC adopts a budget each year. Proposed administrative expenditures are subjected to a line-by-line analysis by the Board. The budget may be revised by the Board during the year to give consideration to unanticipated expenditures. The final amended budget is presented in the basic financial statements.

E. Fixed Assets

On March 25, 2004, the State of California issued property management instructions to Local Workforce Investment Areas (LWIA's) through the Employment Development Department Workforce Investment Act Directive WIAD03-9. The requirements state that LWIA's are responsible for maintaining accurate records for tangible, non-expendable personal property (equipment) having an acquisition cost of more than \$5,000. The title to this property vests with the LWIA (i.e. NoRTEC).

NoRTEC's policy states that title to all property vests with NoRTEC. NoRTEC will maintain records for all equipment purchases having an acquisition cost of more than \$1,000 for inventory control and insurance purposes. Equipment purchases of \$5,000 or more will be recorded at cost on the statement of net assets. Capitalized fixed assets are depreciated over a three to ten year period (depending on the class of fixed asset) on a straight line basis.

F. Estimates

Management uses estimates and assumptions in preparing the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect reported amounts of assets and liabilities and the reported revenue and expenditures. Actual results could differ from those estimates.

G. Risk Management

NoRTEC 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 NoRTEC carries commercial insurance.

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (concluded)

H. Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantors. The management of NoRTEC deems this contingency remote because by accepting the grants and their terms, it has accommodated the objectives of NoRTEC to the provisions of the grants. Management is of the opinion that NoRTEC has complied with the terms of all grants.

I. Future Accounting Pronouncements

Statement No. 68	Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27	The provisions of this statement are effective for financial statement periods beginning after December 15, 2014.
Statement No. 69	Government Combinations and Disposals of Governmental Operations	The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2014.

J. Date of Management’s Review

Management has evaluated subsequent events the date through March 20, 2015, which the financial statements were available to be issued.

NOTE 3 – CASH

A. Custodial Credit Risk – Deposits

Custodial credit 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 deposits and 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.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of NoRTEC’s cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in NoRTEC’s name and places NoRTEC ahead of general creditors of the institution. The carrying amount of NoRTEC’s cash deposits was \$13,321 at June 30, 2014.

NOTE 4 – AUTHORIZED INVESTMENTS

Under the provisions of NoRTEC’s investment policies, NoRTEC may invest of deposit in any type of investment in accordance with the California Government Code Sections 53601 and 53635.

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 5 – CONCENTRATIONS

During the year NoRTEC received approximately 100% of its funding from the State of California Employment Development Department, Workforce Investment Division.

NOTE 6 – GRANTS RECEIVABLE

Grants receivable as of June 30, 2014, represent that portion of grants earned, but funds have not yet been drawn down as of year-end. The amounts of funds to be drawn down are as follows:

	June 30, 2014
State government	\$ 567,215
USDA	9,436
Nevada County Home Project	1,156
Total	\$ 577,807

NoRTEC has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected.

NOTE 7 – FIXED ASSETS

A schedule of changes in general fixed assets for the year ended June 30 is shown below (see Note 2D for further details on fixed asset policies). The following fixed assets have been capitalized on the statements of net assets.

	6/30/13 Restated	Additions	Retirements	6/30/14
Fixed assets being depreciated:				
Furniture & equipment	\$ 451,773	\$ 40,512	\$ -	\$ 492,285
Total fixed assets	451,773	40,512	-	492,285
Less: accumulated depreciation	(387,291)	(39,201)	-	(426,492)
Total fixed assets being depreciated, net	\$ 64,482	1,311	-	\$ 65,793

Depreciation expense for the year was \$39,201.

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 – GRANTS PAYABLE

Grants payable as of June 30 represent that portion of grants not yet disbursed to the sub-recipients as of year-end. The amounts of funds to be disbursed are as follows:

		<u>2014</u>
State government	\$	-
Service provider		<u>502,469</u>
 Total	 \$	 <u><u>502,469</u></u>

NOTE 9 – COMPENSATED ABSENCE

Compensated absences comprise unused vacation leave and certain compensated time off, which are accrued as earned. Compensated absences are recognized as a liability of NoRTEC. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long-term portion is recorded in the statement of net assets. NoRTEC does not anticipate paying out any portion of the compensated absences within a year. Therefore, compensated absences are classified as long-term liabilities. The amount of accrued sick pay is not due upon termination and therefore is not recorded as a liability of NoRTEC.

The compensated absences balance was as of June 30, 2014.

The net change of compensated absences is as follows:

		<u>2014</u>
Beginning Balance	\$	210,009
Net change		<u>(4,383)</u>
Ending Balance	\$	<u><u>205,626</u></u>
 Current Portion	 \$	 <u><u>-</u></u>

NOTE 10 – PENSION PLAN

NoRTEC has a pension plan in the form of a SEP IRA. NoRTEC makes a contribution for qualified employees to the plan. Employees who are over 21 years of age are eligible. The total SEP IRA contributions paid by NoRTEC for the year were \$44,489.

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The NoRTEC Employee Handbook Revised July 2012 provides for postemployment health care benefits to all eligible employees retiring at 55 years of age or older who have provided 15 years of continuous service immediately preceding retirement. For eligible employees, NoRTEC administers a single-employer defined benefit healthcare plan (“postemployment health care plan”). The plan provides healthcare insurance for eligible retirees through the NoRTEC’s group health insurance plan until they reach Medicare Eligibility age. The health insurance plan covers both active and retired members. The postemployment health care plan does not issue a publicly available financial report.

Funding Policy

The NoRTEC provides 50% of the cost of the individual’s health benefits at the level and amount paid at the time of retirement. If premiums increase, the retiree would have the option to either pay the additional amount or to elect a less expensive benefit plan. Eligible retirees may purchase benefits for family members. Surviving spouses and dependents may continue benefits at their expense. Funding for this benefit is financed on a pay-as-you-go basis from current available funds.

For the fiscal year ended June 30, 2014, one retiree met the eligibility requirements. Benefits paid by the NoRTEC and charged to grants during the year ending June 30, 2014, for the participant totaled \$3,813.

Annual OPEB Cost and Net OPEB Obligation

The NoRTEC’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the NoRTEC. The NoRTEC has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The following table shows the components of the NoRTEC’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the NoRTEC’s net OPEB obligation to the Retiree Health Plan:

		2014
Annual required contribution	\$	10,564
Interest on net OPEB Obligation		-
Adjustment to annual required contribution		(352)
Annual OPEB cost (expense)		10,212
Less: contributions made including premiums paid for retiree healthcare		(3,813)
Increase in net OPEB obligation		6,399
Net OPEB obligation – beginning of year		10,560
Net OPEB obligation – end of year	\$	16,959

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - (continued)

The NoRTEC’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year June 30, 2014, and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 10,560	0.00%	\$ 10,560
6/30/14	\$ 6,399	0.00%	\$ 16,959

Annual OPEB Cost and Net OPEB Obligation

As of June 30, 2014, the actuarial accrued liability for benefits was \$87,010, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$568,718, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.3%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement Age for Active Employees—Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Marital Status—Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality—Life expectancies were based on mortality tables from the National Center for Health Statistics. The 19W9 United States Life Tables for Males and for Females were used.

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - (concluded)

Methods and Assumptions - (concluded)

Turnover—Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate—The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 7 percent initially, reduced to an ultimate rate of 5 percent after 6 years, was used.

Health Insurance Premiums—2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate—The expected long-term inflation assumption of 3.3 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2001 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Payroll Growth Rate—The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns a discount of 5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, was twenty-seven years.

NOTE 12 – OPERATING LEASE

NoRTEC had a five-year operating lease for office space ending on June 30, 2012. NoRTEC exercised the option to renew the lease for an additional five year period on June 21, 2012. The current lease renewal expires June 30, 2017. The lease payments for the year ending June 30, 2014, are \$3,617 per month with an annual 2% increase beginning July 1, 2013. Total rent expense for the year ended June 30, 2014, was \$38,839

Future minimum rental payments including the renewal option consist of the following:

2015	\$	44,267
2016		45,153
2017		46,056
2018		-
2019		-
Thereafter		-
Total	\$	<u>135,476</u>

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 – NET POSITION AND FUND BALANCE

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of fund balance, which is measured on the modified accrual basis. The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

A. Net Assets

Net assets are the excess of all NoRTEC's assets over all its liabilities, regardless of fund. Net assets are divided into captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the government-wide level, and are described below:

- *Invested in Capital, net of related debt* describes the portion of net assets that is represented by the current net book value of NoRTEC's capital assets, less the outstanding balance of any debt issued to finance these assets.
- *Restricted net position* describes the portion of net assets that have constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments: or (2) law through constitutional provisions or enabling legislation. These principally would include restrictions for capital projects, or other special revenue fund purposes.
- *Unrestricted* describes the portion of net assets that is not restricted for any project or other purpose.

B. Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by unrestricted resources.

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 – NET POSITION AND FUND BALANCE - (continued)

C. Fund Balances

To be in conformance with GASB Statement No. 54, fund balance is reported in classifications based primarily on the extent to which NoRTEC is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. As of June 30, 2014, NoRTEC’s fund balance was unassigned as defined below:

- Nonspendable—Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
- Available—Amounts that are for use but are classified based on their relative strength of the constraints that control the purposes for which specific amounts can be spent. Those classifications are:
 - Restricted—Amounts that are for specific purposes stipulated by constitution, external resource providers or enabling legislation.
 - Committed—Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board.
 - Assigned—Amounts that are designated by the Board for a particular purpose but are neither restricted nor committed.
 - Unassigned—Amounts not included in other spendable classifications.

NOTE 14 – RESTATEMENTS

Restatement of Net Position

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, NoRTEC reports these changes as restatements of beginning net position and beginning fund balance or assets invested in capital assets. During the fiscal year ending June 30, 2014, NoRTEC restated the assets invested in capital assets to reflect a reduction of \$1,747 in accumulated depreciation and a corresponding increase in assets invested in capital assets.

The impact of the restatement on the net position on the governmental activities financial statements as previously reported is presented below:

		<u>Governmental Activities</u>
Net assets invested in capital assets, June 30, 2013, as previously reported	\$	62,735
Correction – accumulated depreciation		1,747
Net assets invested in capital assets, July 1, 2013, as restated	\$	64,482

REQUIRED SUPPLEMENTARY INFORMATION SECTION

NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES GOVERNMENTAL FUND TYPE - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended June 30, 2014

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCES WITH FINAL BUDGET
	*ORIGINAL	*FINAL		
EXPENDITURES				
Workforce Investment Board:				
Salaries and benefits	\$ 1,031,866	\$ 1,031,866	\$ 815,310	\$ 216,556
Audit	18,000	18,000	16,800	1,200
Legal	9,500	9,500	3,163	6,337
Supplies, postage and other	11,000	11,000	6,893	4,107
Telephone	12,000	12,000	11,063	937
Dues and memberships	16,000	16,000	15,184	816
Rent	53,000	53,000	49,196	3,804
Utilities	10,000	10,000	7,978	2,022
Equipment	22,500	22,500	17,052	5,448
Travel	30,000	30,000	15,209	14,791
Insurance	12,000	12,000	10,005	1,995
Meeting costs	70,000	70,000	59,017	10,983
Miscellaneous	2,000	2,000	2,524	(524)
Special projects	231,000	231,000	101,965	129,035
Capacity building	25,000	25,000	11,455	13,545
Grant funded projects	2,466,000	150,000	79,650	70,350
One-Stop operator	5,000	5,000	-	5,000
Youth council	-	-	5,000	(5,000)
Total Workforce Investment Board	<u>4,024,866</u>	<u>1,708,866</u>	<u>1,227,464</u>	<u>481,402</u>
Program services	<u>13,011,911</u>	<u>13,078,929</u>	<u>9,787,854</u>	<u>3,291,075</u>
Total Expenditures	<u>17,036,777</u>	<u>14,787,795</u>	<u>11,015,318</u>	<u>3,772,477</u>
REVENUES				
Grant funds*	14,907,650	15,024,668	11,014,418	4,010,250
Other revenue	-	-	30	(30)
Total revenues	<u>14,907,650</u>	<u>15,024,668</u>	<u>11,014,448</u>	<u>4,010,220</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (2,129,127)</u>	<u>\$ 236,873</u>	(870)	<u>\$ 237,743</u>
FUND BALANCE - July 01, 2013			<u>41,078</u>	
FUND BALANCE - June 30, 2014			<u>\$ 40,208</u>	

* A portion of these awarded funds are carried over into the new fiscal year.

NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
SCHEDULE OF FUNDING PROGRESS - OPEB
For The Year Ended June 30, 2014

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfund ed AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/13	\$ -	87,010	87,010	0.00%	616,618	14.11%
6/30/14	-	87,010	87,010	0.00%	568,718	15.30%

The Schedule of Funding Progress - OPEB - presents a consolidated snapshot of NoRTEC's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to 100% funded status, the better position it will be in to meet all of its future liabilities.

The table above shows a two-year analysis of the most recent actuarial value of assets as a percentage of the actual accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the NoRTEC Other Post-Employment Benefit Plan (OPEB).

SUPPLEMENTARY INFORMATION SECTION

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
SCHEDULE 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2014

	K386311						K491032	
	Adult	Youth	Dislocated Worker	Rapid Response	NEG OJT	MCLAUS X	Adult	Total
PROGRAM REVENUE								
Grant Funds	\$ 778,626	\$ 1,017,100	\$ 1,250,382	\$ 148,456	\$ 469,390	\$ 1,798,866	\$ 1,490,950	\$ 6,953,770
Interest	-	-	-	-	-	-	-	-
Total Revenue	778,626	1,017,100	1,250,382	148,456	469,390	1,798,866	1,490,950	6,953,770
EXPENDITURES								
Workforce Investment Board	8,612	189,549	383,583	95,602	69,099	256,409	67,982	1,070,836
Program Activities	770,014	827,551	866,799	52,854	400,291	1,542,457	1,422,968	5,882,934
Total Expenditures	778,626	1,017,100	1,250,382	148,456	469,390	1,798,866	1,490,950	6,953,770
Excess of revenue over (under) expenditures	-	-	-	-	-	-	-	-
Fund balance-beginning of period	-	-	-	-	-	-	-	-
Fund balance-end of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
SCHEDULE 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2014

	<u>K491032</u>								
	Youth	Dislocated Worker	Rapid Response	Nevada County Housing Project	USDA RCDI Grant	Non Profit	Total - This Page	Total	
PROGRAM REVENUE									
Grant Funds	\$ 1,483,997	\$ 1,879,482	\$ 610,006	\$ 10,773	\$ 76,390	\$ 30	\$ 4,060,678	\$ 11,014,448	
Interest	-	-	-	-	-	-	-	-	
Total Revenue	<u>1,483,997</u>	<u>1,879,482</u>	<u>610,006</u>	<u>10,773</u>	<u>76,390</u>	<u>30</u>	<u>4,060,678</u>	<u>11,014,448</u>	
EXPENDITURES									
Workforce Investment Board	3,245	-	65,322	10,773	76,390	900	156,630	1,227,466	
Program Activities	<u>1,480,752</u>	<u>1,879,482</u>	<u>544,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,904,918</u>	<u>9,787,852</u>	
Total Expenditures	<u>1,483,997</u>	<u>1,879,482</u>	<u>610,006</u>	<u>10,773</u>	<u>76,390</u>	<u>900</u>	<u>4,061,548</u>	<u>11,015,318</u>	
Excess of revenue over (under) expenditures	-	-	-	-	-	(870)	(870)	(870)	
Fund balance-beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance-end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (870)</u>	<u>\$ (870)</u>	<u>\$ (870)</u>	

NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
SCHEDULE 2
RECONCILIATION OF WIA EXPENDITURES
For the Year Ended June 30, 2014

	K386311	K282489				
	DOL OJT	Adult	Youth	Dislocated Worker	Rapid Response	Total
EXPENDITURES						
Expenditures per WIA final status of cash report for the period ended June 30, 2014	\$ 500,000	\$ 2,470,596	\$ 2,610,447	\$ 2,661,603	\$ 590,956	\$ 8,833,602
 Less amounts reported in prior year's audit reports through June 30, 2013	30,609	2,470,596	2,610,447	2,661,603	590,956	8,364,211
Net Expenditures	469,391	-	-	-	-	469,391
 WIA expenditures per audit report	469,391	-	-	-	-	469,391
 Difference in expenditures per WIA closeout status of cash report over (under) expenditures reported in audit report	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule 3 - Closeout Status of Cash Reports

WIAExpenditureMain - PrintForm.aspx

Page 1 of 2		WIA SUMMARY OF EXPENDITURES		06/25/2014 08:58:20 PM	
Subgrantee Code: NORTEC		Report Type: M			
Grant Code: 338					
Grant Term: 07/01/2012-05/31/2014		Report Period: 201405			
I.SUBGRANT INFORMATION					
1.Year Of Appropriation					2012
2.Report Revision Number					1
3.Subgrant Number					K386311
4.Subgrant Term From-To:					4/1/2012-9/30/2014
5.Total Allotment					\$500,000.00
6.Closeout Report (Y/N)					Yes
II. TOTAL EXPENDITURES (Admin + Program)					\$500,000.00
III. ADMINISTRATIVE EXPENDITURES					
1.Administrative Cash Expenditures					\$16,817.00
2.Administrative Accrued Expenditures					\$0.00
3.Total Admin Expenditures					\$16,817.00
IV. OTHER REPORTABLE ITEMS (ADMIN)					
1.Non-Federal Support (Stand-in)					\$0.00
2.Unliquidated Obligations					\$0.00
3.Program Income Earned					\$0.00
4.Program Income Expended					\$0.00
V. CUMULATIVE EXPENDITURES (PROGRAM)					
	Cash	Accrued	Total		
	Expenditure	Expenditure	Expenditure		
1.Core Self Services					\$0.00
2.Core Registration					\$0.00
3.Intensive Services					\$156,289.00
4.Training Services					\$267,233.00
a.Training Payments					\$267,233.00
b.Other Training Services					\$0.00
5.Other					\$59,661.00
6.TOTAL PROGRAM EXPENDITURES	\$0.00	\$0.00			\$483,183.00
VI. OTHER REPORTABLE ITEMS (PROGRAM)					
1.Non-Federal Support (Stand-in)					\$0.00
2.Unliquidated Obligations					\$0.00
a.Unliquidated Obligations-Core and Intensive Services					\$0.00
b.Unliquidated Obligations-Training Services					\$0.00
c.Unliquidated Obligations-Other					\$0.00
3.Program Income Earned					\$0.00
4.Program Income Expended					\$0.00

Schedule 3 - Closeout Status of Cash Reports

WIAExpenditureMain - PrintForm.aspx

Page 2 of 2

WIA SUMMARY OF EXPENDITURES

06/25/2014 08:58:20 PM

VII. MISCELLANEOUS ITEMS (ADMIN AND/OR PROGRAM)

	Cash Contributions	In-Kind Contributions	Total
1.Federal Mandated Match	\$0.00	\$0.00	\$0.00
2.State Mandated Match	\$0.00	\$0.00	\$0.00
3.Federal Leveraged Resources	\$0.00	\$0.00	\$0.00
4.Non-Federal Leveraged Resources	\$0.00	\$0.00	\$0.00

VIII. 9130 - RECIPIENT SHARE OF EXPENDITURES

1. Total Recipient Share of Expenditures	\$0.00
2. Total Program Income Earned	\$0.00
3. Total Program Income Expended	\$0.00

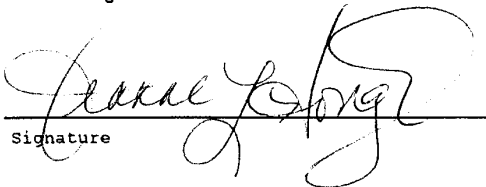
IX. TOTAL NEG EXPENDITURES: PROJECT OPERATOR LEVEL

1.Participant Wages	\$0.00
2.Participant Fringe Benefits	\$0.00
3.Core and Intensive Services	\$156,289.00
4.NEG - Funded Training	\$267,233.00
5.NEG- Funded Supportive Services	\$0.00
6.Needs Related Payments(NRP)	\$0.00
7.Program Management and Oversight	\$76,478.00
a.Administrative, Excl NRP Processing	\$16,817.00
b.Other	\$59,661.00
8.Other	\$0.00

X. COMMENTS

XI. CERTIFICATION

1.Name	2.Title	3.Phone Number	
Jeanne,Hough	Fiscal Director	(530) 892-9600	
4.Contact Name	5.Contact Title	6.Phone Number	7.Date Submitted
Jeanne Hough	Fiscal Director	(530) 892-9600	6/25/2014



 Signature

6/26/14

 Date

Schedule 3 - Closeout Status of Cash Reports

PXPD Summary of WIA Expenditures 08/22/2013
 xnorhoug 11:48:49

Subgrantee Code: NOR NORTEC Report Type: II
 Grant Code: 201 WIA TITLE I ADULT FORMULA
 Grant Term: 07/01/2011 to 06/30/2013 Report Period: 07/2011 to 06/2013

I. SUBGRANT INFORMATION

1. Year of Appropriation	2011
2. Report Revision Number	01
3. Subgrant/Contract Number	K282489
4. Subgrant Term:	04/01/2011
From	06/30/2013
To	
5. Total Allotment	\$ 189,159.00
6. Closeout Report (N/C/A)	C

II. TOTAL EXPENDITURES (Admin + Program) \$ 189,159.00

III. ADMINISTRATIVE EXPENDITURES

1. Administrative Cash Expenditures	\$	908.00
2. Administrative Accrued Expenditures	\$	0.00
3. Total Administrative Expenditures	\$	908.00

IV. OTHER REPORTABLE ITEMS (ADMIN)

1. Non-Federal Support (Stand-in)	\$	0.00
2. Unliquidated Obligations		0.00
3. Program Income Earned		0.00
4. Program Income Expended		0.00

V. CUMULATIVE EXPENDITURES (PROGRAM)	Cash Expenditures	Accrued Expenditures	Total Expenditures
1. Core Self Services			\$ 41,567.00
2. Core Reg			29,301.00
3. Intensive Services			57,551.00
4. Training Services			59,832.00
a. Training Payments			21,769.00
b. Other Training Services			38,063.00
5. Other			0.00
6. TOTAL PGM EXPEND	\$ 188,251.00	\$ 0.00	188,251.00

VI. OTHER REPORTABLE ITEMS (PROGRAM)

1. Non-Federal Support (Stand-in)	\$	0.00
2. Unliquidated Obligations		0.00
a. Unliquidated Obligations-Core and Intensive Services		0.00
b. Unliquidated Obligations-Training Services		0.00
c. Unliquidated Obligations-Other		0.00
3. Program Income Earned		17,953.00
4. Program Income Expended		17,953.00

VII. MISCELLANEOUS ITEMS (Admin and/or Program)

	Cash Contributions	In-Kind Contributions	Total
1. Match	0.00	0.00	\$ 0.00
2. Federal Leveraged Res	0.00	0.00	0.00
3. Non-Federal Leveraged Res	0.00	0.00	0.00

VIII. COMMENTS

IX. CERTIFICATION

Name	Title	Phone Number	
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	
Contact Name	Title	Phone Number	Date Submitted
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	08/22/2013

Jeanne Hough
 Signature _____
 Fiscal Dir _____
 Title _____
 Date 8/22/13 _____

Schedule 3 - Closeout Status of Cash Reports

PXPD Summary of WIA Expenditures 08/22/2013
 xnorhoug 11:48:49

Subgrantee Code: NOR NORTEC Report Type: II
 Grant Code: 202 WIA TITLE I ADULT FOR 2
 Grant Term: 10/01/2011 to 06/30/2013 Report Period: 10/2011 to 06/2013

I. SUBGRANT INFORMATION

1. Year of Appropriation	2011
2. Report Revision Number	01
3. Subgrant/Contract Number	K282489
4. Subgrant Term: From	04/01/2011
To	06/30/2013
5. Total Allotment	\$ 2,281,437.00
6. Closeout Report (N/C/A)	C

II. TOTAL EXPENDITURES (Admin + Program) \$ 2,281,437.00

III. ADMINISTRATIVE EXPENDITURES

1. Administrative Cash Expenditures	\$ 58,093.00
2. Administrative Accrued Expenditures	\$ 0.00
3. Total Administrative Expenditures	\$ 58,093.00

IV. OTHER REPORTABLE ITEMS (ADMIN)

1. Non-Federal Support (Stand-in)	\$ 0.00
2. Unliquidated Obligations	0.00
3. Program Income Earned	0.00
4. Program Income Expended	0.00

V. CUMULATIVE EXPENDITURES (PROGRAM)

	Cash Expenditures	Accrued Expenditures	Total Expenditures
1. Core Self Services			\$ 388,566.00
2. Core Reg			257,957.00
3. Intensive Services			583,027.00
4. Training Services			993,794.00
a. Training Payments			481,988.00
b. Other Training Services			511,806.00
5. Other			0.00
6. TOTAL PGM EXPEND	\$ 2,223,344.00	\$ 0.00	2,223,344.00

VI. OTHER REPORTABLE ITEMS (PROGRAM)

1. Non-Federal Support (Stand-in)	\$ 0.00
2. Unliquidated Obligations	0.00
a. Unliquidated Obligations-Core and Intensive Services	0.00
b. Unliquidated Obligations-Training Services	0.00
c. Unliquidated Obligations-Other	0.00
3. Program Income Earned	0.00
4. Program Income Expended	0.00

VII. MISCELLANEOUS ITEMS (Admin and/or Program)

	Cash Contributions	In-Kind Contributions	Total
1. Match	0.00	0.00	\$ 0.00
2. Federal Leveraged Res	0.00	0.00	0.00
3. Non-Federal Leveraged Res	0.00	0.00	0.00

VIII. COMMENTS

IX. CERTIFICATION

Name	Title	Phone Number	
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	
Contact Name	Title	Phone Number	Date Submitted
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	08/22/2013

Signature: *Jeanne Hough*
 Title: FISC DIR Date: 08/22/13

Schedule 3 - Closeout Status of Cash Reports

XYPD Summary of WIA Expenditures 08/22/2013
 xnorhoug 11:48:49

 Subgrantee Code: NOR NORTEC Report Type: II
 Grant Code: 301 WIA TITLE I YOUTH FORMULA
 Grant Term: 04/01/2011 to 06/30/2013 Report Period: 04/2011 to 06/2013

I. SUBGRANT INFORMATION

1. Year of Appropriation	2011
2. Report Revision Number	01
3. Subgrant/Contract Number	K282489
4. Subgrant Term: From	04/01/2011
To	06/30/2013
5. Total Allotment	\$ 2,610,447.00
6. Closeout Report (N/C/A)	C

II. TOTAL EXPENDITURES (Admin + Program) \$ 2,610,447.00

III. ADMINISTRATIVE EXPENDITURES

1. Administrative Cash Expenditures	\$ 34,866.00
2. Administrative Accrued Expenditures	\$ 0.00
3. Total Administrative Expenditures	\$ 34,866.00

IV. OTHER REPORTABLE ITEMS (ADMIN)

1. Non-Federal Support (Stand-in)	\$ 0.00
2. Unliquidated Obligations	0.00
3. Program Income Earned	0.00
4. Program Income Expended	0.00

V. CUMULATIVE EXPENDITURES (PROGRAM)

	Cash Expend	Accrued Expend	Total Expend
1. Youth In School			\$ 499,314.00
2. Youth Out of School			2,076,267.00
3. TOTAL PGM EXPEND	\$ 2,575,581.00	\$ 0.00	2,575,581.00
a. Youth Summer Employment Opportunitites			0.00

VI. OTHER REPORTABLE ITEMS (PROGRAM)

1. Non-Federal Support (Stand-in)	\$ 0.00
2. Unliquidated Obligations	0.00
3. Program Income Earned	13,268.00
4. Program Income Expended	13,268.00

MISCELLANEOUS ITEMS (Admin and/or Program)

	Cash		In-Kind		
	Contributions	Contributions	Contributions	Total	
1. Match	0.00	0.00	\$ 0.00	\$ 0.00	
2. Federal Leveraged Res	0.00	0.00	\$ 0.00	\$ 0.00	
3. Non-Federal Leveraged Res	0.00	0.00	\$ 0.00	\$ 0.00	

VIII. COMMENTS

IX. CERTIFICATION

Name	Title	Phone Number	
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	
Contact Name	Title	Phone Number	Date Submitted
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	08/22/2013

Signature

FISC DIR

Title

Date

08/22/13

Schedule 3 - Closeout Status of Cash Reports

PXPD Summary of WIA Expenditures 08/22/2013
 xnorhoug 11:48:49

Subgrantee Code: NOR NORTEC Report Type: II
 Grant Code: 501 WIA TITLE I DISLOCATED WR
 Grant Term: 07/01/2011 to 06/30/2013 Report Period: 07/2011 to 06/2013

I. SUBGRANT INFORMATION			
1. Year of Appropriation			2011
2. Report Revision Number			01
3. Subgrant/Contract Number			K282489
4. Subgrant Term:	From		04/01/2011
	To		06/30/2013
5. Total Allotment		\$	509,938.00
6. Closeout Report (N/C/A)			C

II. TOTAL EXPENDITURES (Admin + Program)		\$	509,938.00

III. ADMINISTRATIVE EXPENDITURES			
1. Administrative Cash Expenditures		\$	2,409.00
2. Administrative Accrued Expenditures		\$	0.00
3. Total Administrative Expenditures		\$	2,409.00

IV. OTHER REPORTABLE ITEMS (ADMIN)			
1. Non-Federal Support (Stand-in)		\$	0.00
2. Unliquidated Obligations			0.00
3. Program Income Earned			0.00
4. Program Income Expended			0.00

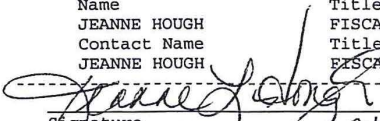
V. CUMULATIVE EXPENDITURES (PROGRAM)			
	Cash	Accrued	Total
	Expenditures	Expenditures	Expenditures
1. Core Self Services			\$ 106,309.00
2. Core Reg			61,766.00
3. Intensive Services			194,076.00
4. Training Services			145,378.00
a. Training Payments			48,238.00
b. Other Training Services			97,140.00
5. Other			0.00
6. TOTAL PGM EXPEND	\$ 507,529.00	\$ 0.00	507,529.00

VI. OTHER REPORTABLE ITEMS (PROGRAM)			
1. Non-Federal Support (Stand-in)		\$	0.00
2. Unliquidated Obligations			0.00
a. Unliquidated Obligations-Core and Intensive Services			0.00
b. Unliquidated Obligations-Training Services			0.00
c. Unliquidated Obligations-Other			0.00
3. Program Income Earned			2,952.00
4. Program Income Expended			2,952.00

VII. MISCELLANEOUS ITEMS (Admin and/or Program)			
	Cash	In-Kind	Total
	Contributions	Contributions	
1. Match	0.00	0.00	\$ 0.00
2. Federal Leveraged Res	0.00	0.00	0.00
3. Non-Federal Leveraged Res	0.00	0.00	0.00

VIII. COMMENTS			

IX. CERTIFICATION			
Name	Title	Phone Number	
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	
Contact Name	Title	Phone Number	Date Submitted
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	08/22/2013

			
Signature			
JANNE H	FISC DIR		08/22/13
Title			Date

Schedule 3 - Closeout Status of Cash Reports

PXPD Summary of WIA Expenditures 08/22/2013
 xnorhoug 11:48:49

Subgrantee Code: NOR NORTEC Report Type: II
 Grant Code: 502 WIA TITLE I DISLOCAT WR2
 Grant Term: 10/01/2011 to 06/30/2013 Report Period: 10/2011 to 06/2013

I. SUBGRANT INFORMATION
 1. Year of Appropriation 2011
 2. Report Revision Number 01
 3. Subgrant/Contract Number K282489
 4. Subgrant Term: From 04/01/2011
 To 06/30/2013
 5. Total Allotment \$ 2,151,665.00
 6. Closeout Report (N/C/A) C

II. TOTAL EXPENDITURES (Admin + Program) \$ 2,151,665.00

III. ADMINISTRATIVE EXPENDITURES
 1. Administrative Cash Expenditures \$ 93,647.00
 2. Administrative Accrued Expenditures \$ 0.00
 3. Total Administrative Expenditures \$ 93,647.00

IV. OTHER REPORTABLE ITEMS (ADMIN)
 1. Non-Federal Support (Stand-in) \$ 0.00
 2. Unliquidated Obligations 0.00
 3. Program Income Earned 0.00
 4. Program Income Expended 0.00

V. CUMULATIVE EXPENDITURES (PROGRAM)	Cash Expenditures	Accrued Expenditures	Total Expenditures
1. Core Self Services			\$ 301,910.00
2. Core Reg			173,002.00
3. Intensive Services			670,930.00
4. Training Services			912,176.00
a. Training Payments			348,668.00
b. Other Training Services			563,508.00
5. Other			0.00
6. TOTAL PGM EXPEND	\$ 2,058,018.00	\$ 0.00	2,058,018.00

VI. OTHER REPORTABLE ITEMS (PROGRAM)
 1. Non-Federal Support (Stand-in) \$ 0.00
 2. Unliquidated Obligations 0.00
 a. Unliquidated Obligations-Core and Intensive Services 0.00
 b. Unliquidated Obligations-Training Services 0.00
 c. Unliquidated Obligations-Other 0.00
 3. Program Income Earned 0.00
 4. Program Income Expended 0.00

VII. MISCELLANEOUS ITEMS (Admin and/or Program)	Cash Contributions	In-Kind Contributions	Total
1. Match	0.00	0.00	\$ 0.00
2. Federal Leveraged Res	0.00	0.00	0.00
3. Non-Federal Leveraged Res	0.00	0.00	0.00

VIII. COMMENTS

IX. CERTIFICATION
 Name Title Phone Number
 JEANNE HOUGH FISCAL DIRECTOR 530-892-9600
 Contact Name Title Phone Number Date Submitted
 JEANNE HOUGH FISCAL DIRECTOR 530-892-9600 08/22/2013

Jeanne Hough
 Signature Title Date
 Fiscal Dir 8/22/13

Schedule 3 - Closeout Status of Cash Reports

PXPD Summary of WIA Expenditures 08/22/2013
 xnorhoug 11:48:49

Subgrantee Code: NOR NORTEC Report Type: II
 Grant Code: 541 WIA RAPID RESPONSE #2
 Grant Term: 10/01/2011 to 06/30/2013 Report Period: 10/2011 to 06/2013

I. SUBGRANT INFORMATION

1. Year of Appropriation 2011
 2. Report Revision Number 01
 3. Subgrant/Contract Number K282489
 4. Subgrant Term: From 04/01/2011
 To 06/30/2013
 5. Total Allotment \$ 590,956.00
 6. Closeout Report (N/C/A) C

II. TOTAL EXPENDITURES (Admin + Program) \$ 590,956.00

III. ADMINISTRATIVE EXPENDITURES

1. Administrative Cash Expenditures \$ 21,521.00
 2. Administrative Accrued Expenditures \$ 0.00
 3. Total Administrative Expenditures \$ 21,521.00

IV. OTHER REPORTABLE ITEMS (ADMIN)

1. Non-Federal Support (Stand-in) \$ 0.00
 2. Unliquidated Obligations 0.00
 3. Program Income Earned 0.00
 4. Program Income Expended 0.00

V. CUMULATIVE EXPENDITURES (PROGRAM)

1. Program Cash Expenditures \$ 569,435.00
 2. Program Accrued Expenditures \$ 0.00
 3. Total 25% Rapid Response \$ 569,435.00

VI. OTHER REPORTABLE ITEMS (PROGRAM)

1. Non-Federal Support (Stand-in) \$ 0.00
 2. Unliquidated Obligations 0.00
 3. Program Income Earned 0.00
 4. Program Income Expended 0.00

VII. MISCELLANEOUS ITEMS (Admin and/or Program)

	Cash Contributions	In-Kind Contributions	Total
1. Match	0.00	0.00	\$ 0.00
2. Federal Leveraged Res	0.00	0.00	\$ 0.00
3. Non-Federal Leveraged Res	0.00	0.00	\$ 0.00

VIII. COMMENTS

IX. CERTIFICATION

Name	Title	Phone Number	Date Submitted
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	
Contact Name	Title	Phone Number	Date Submitted
JEANNE HOUGH	FISCAL DIRECTOR	530-892-9600	08/22/2013

Jeanne Hough
 Signature
 Fiscal DIR
 Title
 08/22/13
 Date

SINGLE AUDIT SECTION



Tenney and Company
CERTIFIED PUBLIC ACCOUNTANTS

**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern Rural Training & Employment Consortium
Chico, CA

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, the business-type activities and the major fund information of Northern Rural Training & Employment Consortium as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Northern Rural Training & Employment Consortium's basic financial statements, and have issued our report thereon dated March 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Rural Training & Employment Consortium's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Rural Training & Employment Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Rural Training & Employment Consortium'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

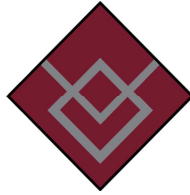
As part of obtaining reasonable assurance about whether Northern Rural Training & Employment Consortium's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Jenney and Company

March 20, 2015



Tenney and Company
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern Rural Training & Employment Consortium
Chico, CA

Report on Compliance for Each Major Program

We have audited the compliance of Northern Rural Training & Employment Consortium with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on its major programs for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Northern Rural Training & Employment Consortium'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the major federal programs occurred. An audit includes examining, on a test basis, evidence about Northern Rural Training & Employment Consortium'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 Northern Rural Training & Employment Consortium's major federal program. However our audit does not provide a legal determination of Northern Rural Training & Employment Consortium's compliance.

Opinion

In our opinion, Northern Rural Training & Employment Consortium complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Northern Rural Training & Employment Consortium 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 Northern Rural Training & Employment Consortium's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Northern Rural Training & Employment Consortium'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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Tenney and Company

March 20, 2015

NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Authorized	Federal Revenues	Federal Expenditures
U.S. DEPARTMENT OF LABOR					
<i>Passed Through State of California Employment Development Department (EDD):</i>					
WIA-Adult	17.258	K491032	\$ 2,421,815	\$ 1,490,950	\$ 1,490,950
WIA-Adult	17.258	K386311	778,626	778,626	778,626
WIA-Youth	17.259	K491032	2,512,201	1,483,997	1,483,997
WIA-Youth	17.259	K386311	1,017,100	1,017,100	1,017,100
WIA-Dislocated Worker	17.278	K491032	2,645,958	1,879,482	1,879,482
WIA-Dislocated Worker	17.278	K386311	1,250,382	1,250,382	1,250,382
WIA-MCLAUS X	17.278	K386311	2,742,016	1,798,866	1,798,866
WIA-Rapid Response	17.278	K491032	916,718	610,006	610,006
WIA-Rapid Response	17.278	K386311	148,456	148,456	148,456
WIA-NEG OJT	17.278	K386311	469,391	469,390	469,390
<i>Passed Through USDA:</i>					
RCDI Grant	10.446	#98301-02	96,900	76,390	76,390
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,999,563	\$ 11,003,645	\$ 11,003,645

**NORTHERN RURAL TRAINING & EMPLOYMENT CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2014**

PASS-THROUGH TO SUB-RECIPIENTS

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amounts Provided to Sub-Recipients
U.S. DEPARTMENT OF LABOR			
<i>Passed Through State of California Employment Development Department (EDD):</i>			
WIA-Adult	17.258	K491032	\$ 1,422,968
WIA-Adult	17.258	K386311	770,014
WIA-Youth	17.259	K491032	1,480,752
WIA-Youth	17.259	K386311	827,551
WIA-Dislocated Worker	17.278	K491032	1,879,482
WIA-Dislocated Worker	17.278	K386311	866,799
WIA-MCLAUS X	17.278	K386311	1,542,457
WIA-Rapid Response	17.278	K491032	544,684
WIA-Rapid Response	17.278	K386311	52,854
WIA-NEG OJT	17.278	K386311	400,291
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 9,787,852

**NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2014**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northern Rural Training & Employment Consortium and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

NoRTEC is an administrative agency that contracts with and allocates grant monies to subrecipients.

NOTE 3 – PASS THROUGH AGENCIES FOR FEDERAL FUNDS

Contract information for the Pass-through Agencies listed on the Schedule of Expenditures of Federal Awards is as follows:

Employment Development Department
State of California
Workforce Investment Division
P.O. Box 826880
Sacramento, CA 94280-0001

USDA
United States Department of Agriculture - Rural Development California
P. O. Box 291658
Phelan, CA 92329-1658

**NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2014**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	_____ yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	_____ yes <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	_____ yes <input checked="" type="checkbox"/> no

Type of auditors report issued on compliance for major programs:	<u>Unqualified</u>
--	--------------------

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ yes <input checked="" type="checkbox"/> no
--	--

Identification of major programs:

<u>CFDA Number</u> 17.258, 17.259, 17.278	<u>Name of Federal Program or Cluster</u> Workforce Investment Act (WIA) Cluster
--	---

Dollar threshold used to distinguish between type A and type B programs:	\$330,109
--	-----------

Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes _____ no
--	--

State Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <input checked="" type="checkbox"/> no
Reportable condition(s) identified ?	_____ yes <input checked="" type="checkbox"/> none reported

Type of auditors report issued on compliance for major programs:	<u>Unqualified</u>
--	--------------------

**NORTHERN RURAL TRAINING AND EMPLOYMENT CONSORTIUM
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2014**

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings or questioned costs were noted for the major programs.

SECTION III – FEDERAL AWARD FINDINGS OR QUESTIONED COSTS

None.

STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

There were no prior year findings or questioned costs noted for major programs.