

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Workforce Investment Council of Clackamas County
Oregon City, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Workforce Investment Council of Clackamas County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principals 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 an opinion 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workforce Investment Council of Clackamas County as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Workforce Investment Council of Clackamas County's 2012 financial statements, and our report dated November 5, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 November 19, 2013, on our consideration of Workforce Investment Council of Clackamas County'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 Workforce Investment Council of Clackamas County's internal control over financial reporting and compliance.



Jones & Roth, P.C.
Eugene, Oregon
November 19, 2013

FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
 STATEMENT OF FINANCIAL POSITION
 June 30, 2013
 (With Comparative Totals for June 30, 2012)

	2013	2012
Assets		
Current assets		
Cash	\$ 50,805	\$ 194,200
Grants receivable	615,834	606,795
Other receivable	4,460	6,717
Prepaid expenses	8,797	455
Total current assets	679,896	808,167
Property and equipment, net	7,113	5,288
Total assets	\$ 687,009	\$ 813,455
Liabilities and Net Assets		
Current liabilities		
Accrued payroll and related expenses	\$ 25,207	\$ 22,747
Accounts payable and accrued liabilities	650,554	778,924
Total current liabilities	675,761	801,671
Net assets		
Unrestricted	11,248	11,784
Total liabilities and net assets	\$ 687,009	\$ 813,455

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2013
 (With Comparative Totals for June 30, 2012)

	2013	2012
Changes in unrestricted net assets		
Support and revenues:		
Grants and contracts	\$ 3,778,119	\$ 3,871,830
Contributions	-	500
Other income	43,812	44,928
Total support and revenues	3,821,931	3,917,258
Expenses:		
Program services:		
WIA programs	2,454,645	3,108,964
Other programs	981,088	439,179
Support services:		
Administration	386,734	368,847
Total expenses	3,822,467	3,916,990
Change in net assets	(536)	268
Net assets, beginning of year	11,784	11,516
Net assets, end of year	\$ 11,248	\$ 11,784

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013
(With Comparative Totals for June 30, 2012)

	2013				2012
	WIA Programs	Other Programs	Administration	Total	Total
Salaries and wages	\$ 94,647	\$ 32,035	\$ 225,675	\$ 352,357	\$ 353,753
Retirement contributions	5,710	1,931	13,475	21,116	22,946
Payroll taxes	8,212	2,750	18,867	29,829	30,566
Other employee benefits	13,141	4,694	30,880	48,715	43,883
Travel and mileage	2,684	769	16,093	19,546	15,610
Board and staff development	3,829	-	-	3,829	2,888
Professional services	6,088	664	18,996	25,748	28,194
Participant data tracking	26,909	842	4,483	32,234	46,193
General office supplies	743	168	1,117	2,028	1,483
Postage	132	98	246	476	506
Expendable equipment	2,714	902	11,242	14,858	11,197
Depreciation	4,030	-	-	4,030	3,521
Meetings	2,307	328	195	2,830	2,533
Consultant services	27,600	-	2,440	30,040	54,858
Telephone	1,764	598	4,165	6,527	6,335
Advertising	-	12	607	619	-
Marketing and outreach	2,799	131	249	3,179	1,533
Printing and duplication	228	5	196	429	294
Liability insurance	1,108	448	2,647	4,203	4,362
Office rental	18,143	3,801	24,834	46,778	46,504
Storage facilities rental	-	-	594	594	564
Dues and memberships	7,674	-	9,267	16,941	16,860
Publications and subscriptions	-	-	72	72	72
Filing fees	-	-	394	394	679
Program services	<u>2,224,183</u>	<u>930,912</u>	<u>-</u>	<u>3,155,095</u>	<u>3,221,656</u>
 Total expenses	 <u>\$ 2,454,645</u>	 <u>\$ 981,088</u>	 <u>\$ 386,734</u>	 <u>\$ 3,822,467</u>	 <u>\$ 3,916,990</u>

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013
(With Comparative Totals for June 30, 2012)

	2013	2012
Cash flows from operating activities		
Cash received as revenues and public support	\$ 3,815,148	\$ 4,138,209
Cash paid to employees for wages and benefits	(449,556)	(455,590)
Cash paid for other expenses	(3,503,132)	(3,495,346)
Net cash provided (used) by operating activities	(137,540)	187,273
Cash flows from investing activities		
Purchases of furniture and equipment	(5,855)	(525)
Net increase (decrease) in cash	(143,395)	186,748
Cash, beginning of year	194,200	7,452
Cash, end of year	\$ 50,805	\$ 194,200
Reconciliation of change in nets assets to net cash provided (used) by operating activities		
Change in net assets	\$ (536)	\$ 268
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,030	3,521
(Increase) decrease in assets:		
Grants receivable	(9,039)	225,025
Other receivable	2,257	(4,074)
Prepaid expenses	(8,342)	(455)
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	2,460	(4,442)
Accounts payable	(128,370)	(32,570)
Net cash provided (used) by operating activities	\$ (137,540)	\$ 187,273

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Workforce Investment Council of Clackamas County, Inc. (WICCO) serves youth, adults, and dislocated workers through its partnerships with private industry and workforce development providers. WICCO serves as the administrative entity for workforce grant funds in Clackamas County, Oregon. The programs include services to emerging, transitioning, and incumbent workers to decrease barriers to employment or advancement. WICCO also partners with employers to provide specific training programs to improve the existing workforce.

Basis of Accounting

The financial statements of WICCO have been prepared on the accrual basis. To enhance the usefulness of the financial statements to the reader, the significant accounting policies are described below.

Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with WICCO's financial statements for the year ended June 30, 2012, from which the summarized information is derived.

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, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

Property and Equipment

Property and equipment with a cost of \$500 or more are capitalized at historical cost. Donated equipment is recorded at its fair value at the time of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which range from 3 to 7 years.

Accrued Paid Time Off

Paid time off is recorded as a liability and an expense when earned rather than when paid. When paid time off is taken, amounts disbursed are charged against the liability.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Support and Revenues

The primary source of support for WICCO is derived from federal Workforce Investment Act (WIA) grants passed through the State of Oregon. Revenue for these and other grants is accounted for under cost reimbursement principles and is recorded when the related program costs are incurred, subject to grant allocation limitations.

Advertising

Advertising costs are expensed as incurred.

Nonprofit Status

WICCO is an exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is not classified as a private foundation. WICCO's federal Form 990, *Return of Organization Exempt from Income Tax*, generally remains open to examination by the Internal Revenue Service for three years after it is filed.

2. Cash

At June 30, cash consisted of the following:

	2013	2012
Demand deposits with financial institutions	<u>\$ 50,805</u>	<u>\$ 194,200</u>

3. Property and Equipment

For the years ended June 30, property and equipment consisted of the following:

	2013	2012
Property and equipment	\$ 36,042	\$ 34,165
Accumulated depreciation	<u>(28,929)</u>	<u>(28,877)</u>
Property and equipment, net	<u>\$ 7,113</u>	<u>\$ 5,288</u>

Depreciation expenses totaled \$4,030 and \$3,521 for the years ended June 30, 2013 and 2012, respectively.

4. Retirement Plan

WICCO makes employer matching contributions under an arrangement described in Section 403(b) of the IRC. WICCO contributes up to 8 percent of the employee's salary. Expenses under this plan for the years ended June 30, 2013 and 2012, totaled \$21,116 and \$22,946, respectively.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO FINANCIAL STATEMENTS

5. Lease Commitment

WICCO leases administrative office space under an operating lease that is scheduled to expire August 1, 2018.

WICCO also leases additional office space under an operating lease that is scheduled to expire July 1, 2015.

WICCO leases certain office equipment under an operating lease that will expire September 1, 2018.

At June 30, 2013, future minimum lease payments under these leases are as follows:

For the Year Ending June 30,

2014	\$	45,991
2015		46,025
2016		42,059
2017		42,159
2018		42,159
Thereafter		<u>3,649</u>
Total	\$	<u>222,042</u>

Total rent expense was \$48,816 and \$48,484 for the years ended June 30, 2013 and 2012, respectively.

6. Related Party Transactions

WICCO has entered into grant and office space rental agreements with organizations whose management includes members of the WICCO Board of Directors. Payables to these organizations totaled \$631,487 and \$778,924 at June 30, 2013 and 2012, respectively. Expenses of \$3,047,960 and \$3,159,714 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2013 and 2012, respectively.

7. Contingencies

Reimbursement claims under federal and state program grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of WICCO.

8. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

FEDERAL AWARDS SECTION

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor				
Passed through the State of Oregon:				
WIA Title 1B Administration	17.258	\$ 149,641	\$ 77,557	\$ -
WIA Title 1B Administration	17.259	158,486	115,631	-
WIA Title 1B Administration	17.278	173,772	98,416	-
WIA Title 1B Adult	17.258	921,672	703,751	632,669
WIA Title 1B Youth	17.259	887,618	723,160	677,027
WIA Title 1B Dislocated Worker	17.278	1,027,422	804,322	742,441
WIA Title 1B Dislocated Worker - Back to Work Oregon	17.278	107,162	107,162	-
Statewide activities - LWIB	17.258	5,643	5,643	-
Statewide activities - LWIB	17.278	8,750	8,750	-
Statewide activities - Rapid Response	17.260	4,845	4,845	4,845
Statewide Projects	17.278	20,000	20,000	-
Blue Heron Gap Fill/Additional Assistance	17.278	29,086	29,086	29,086
Blue Heron Gap Fill/Additional Assistance Administration	17.278	1,352	1,352	-
National Career Readiness Certificate	17.278	350	350	-
National Career Readiness Certificate DW	17.278	62,369	43,547	30,953
		<u>3,558,168</u>	<u>2,743,572</u>	<u>2,117,021</u>
Total WIA Cluster				
Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA State Energy Sector Partnership Grant:				
Administration	ARRA 17.275	2,606	2,606	-
Program	ARRA 17.275	136,408	136,408	136,321
		<u>3,697,182</u>	<u>2,882,586</u>	<u>2,253,342</u>
Total passed through the State of Oregon				
Passed through Oregon Manufacturing Extension Partnership, Inc.:				
Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA RenewableNW				
	ARRA 17.275	44,017	44,017	40,416
Passed through Worksystems, Inc.:				
Healthcare Oregon Pathways to Employment:				
Administration	17.269	5,970	5,970	-
Program	17.269	106,548	106,548	106,548

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
H-1B Job Training Grants - Metro Skills Training and Employment Partnership:				
Administration	17.268	63,100	15,613	-
Program	17.268	567,903	169,098	169,098
Clean Technology Advance	17.268	97,290	31,974	29,453
Workforce Innovation Fund - Housing Works Project Grant:				
Administration	17.283	45,487	14,783	-
Program	17.283	<u>409,385</u>	<u>60,064</u>	<u>60,064</u>
Total passed through Worksystems, Inc.		1,295,683	404,050	365,163
Re-integration of Ex-Offenders - Solutions to Work:				
Administration	17.270	150,000	50,328	-
Program	17.270	<u>1,350,000</u>	<u>234,315</u>	<u>234,315</u>
Total federal programs		<u>\$ 6,536,882</u>	<u>\$ 3,615,296</u>	<u>\$ 2,893,236</u>

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

1. Organization of the Schedule

Grants are organized by federal department or agency and identified by the 2013 Catalog of Federal Domestic Assistance (CFDA) number.

All identified federal awards expended by WICCO are included in the schedule. The information in the schedule is presented in accordance with OMB Circular A-133.

2. Summary of Significant Accounting Policies

Expenditures are reported on the accrual basis.

3. Insurance

WICCO had insurance in force during the year ended June 30, 2013, as recommended by its insurance agent.

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
Workforce Investment Council of Clackamas County
Oregon City, Oregon

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 Workforce Investment Council of Clackamas County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Workforce Investment Council of Clackamas County'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Investment Council of Clackamas County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Investment Council of Clackamas County'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.
Eugene, Oregon
November 19, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Workforce Investment Council of Clackamas County
Oregon City, Oregon

Report on Compliance for Each Major Federal Program

We have audited Workforce Investment Council of Clackamas County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Workforce Investment Council of Clackamas County's major federal programs for the year ended June 30, 2013. Workforce Investment Council of Clackamas County's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

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 each of Workforce Investment Council of Clackamas County'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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Workforce Investment Council of Clackamas County'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 Workforce Investment Council of Clackamas County's compliance.

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Opinion on Each Major Federal Program

In our opinion, Workforce Investment Council of Clackamas County 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, 2013.

Report on Internal Control Over Compliance

Management of Workforce Investment Council of Clackamas County 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 Workforce Investment Council of Clackamas County'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 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 Workforce Investment Council of Clackamas County'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.



Jones & Roth, P.C.
Eugene, Oregon
November 19, 2013

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Summary of Audit Results

- (i) The independent auditor's report expresses an unmodified opinion on the financial statements of WICCO.
- (ii) Not applicable.
- (iii) No instances of noncompliance material to the financial statements were disclosed during the audit.
- (iv) Not applicable.
- (v) The independent auditor's report on compliance for the major federal award program for WICCO expresses an unqualified opinion.
- (vi) The audit did not disclose any audit findings required to be reported.
- (vii) Program tested as major program was:
 - CFDA #17.258, 17.259, 17.278 - Workforce Investment Act cluster
- (viii) The threshold for distinguishing between Type A and Type B programs was \$300,000.
- (ix) WICCO qualifies as a low-risk auditee.

Findings - Financial Statements and Internal Control over Financial Reporting

None.

Findings and Questioned Costs - Federal Awards

None.

Prior Year Findings

None.