

**WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)**



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Workforce Investment Council of Clackamas County, Inc.  
dba Clackamas Workforce Partnership  
Oregon City, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 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 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.

## 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, Inc. dba Clackamas Workforce Partnership as of June 30, 2017, 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*

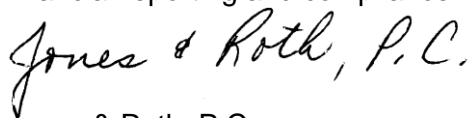
We have previously audited Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 14, 2017, on our consideration of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership'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, Inc. dba Clackamas Workforce Partnership's internal control over financial reporting and compliance.



Jones & Roth, P.C.  
Eugene, Oregon  
November 14, 2017

## FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 STATEMENT OF FINANCIAL POSITION  
 June 30, 2017  
 (With Comparative Totals for June 30, 2016)

|  | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>Assets</b>                            |                   |                   |
| <b>Current assets</b>                    |                   |                   |
| Cash                                     | \$ 55,848         | \$ 104,015        |
| Grants receivable                        | 831,121           | 686,561           |
| Other receivable                         | 139               | -                 |
| Prepaid expenses                         | 10,453            | 8,764             |
| Total current assets                     | 897,561           | 799,340           |
| <b>Property and equipment, net</b>       | -                 | -                 |
| <b>Total assets</b>                      | <b>\$ 897,561</b> | <b>\$ 799,340</b> |
| <b>Liabilities and Net Assets</b>        |                   |                   |
| <b>Current liabilities</b>               |                   |                   |
| Accrued payroll and related expenses     | \$ 36,662         | \$ 36,415         |
| Accounts payable and accrued liabilities | 790,635           | 646,973           |
| Total current liabilities                | 827,297           | 683,388           |
| <b>Net assets</b>                        |                   |                   |
| Unrestricted                             | (3,528)           | (4,386)           |
| Temporarily restricted                   | 73,792            | 120,338           |
| Total net assets                         | 70,264            | 115,952           |
| <b>Total liabilities and net assets</b>  | <b>\$ 897,561</b> | <b>\$ 799,340</b> |

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2017  
 (With Comparative Totals for June 30, 2016)

|  | 2017         | 2016         |
|--|--------------|--------------|
| <b>Changes in unrestricted net assets</b>                        |              |              |
| Support and revenues:  |              |              |
| Grants and contracts   | \$ 3,879,763 | \$ 3,739,834 |
| Other income   | 1,978        | 85           |
| Total unrestricted support and revenues                          | 3,881,741    | 3,739,919    |
| Net assets released from restrictions                            | 68,345       | 11,329       |
| Total unrestricted support and revenues<br>and reclassifications | 3,950,086    | 3,751,248    |
| Expenses:  |              |              |
| Program services:  |              |              |
| WIA/WIOA programs  | 1,874,256    | 2,129,253    |
| Other programs   | 1,800,962    | 1,252,352    |
| Support services:  |              |              |
| Administration   | 274,010      | 374,230      |
| Total expenses   | 3,949,228    | 3,755,835    |
| Increase (decrease) in unrestricted net assets                   | 858          | (4,587)      |
| <b>Changes in temporarily restricted net assets</b>              |              |              |
| Support and revenues:  |              |              |
| Contributions  | 21,799       | 131,667      |
| Net assets released from restrictions                            | (68,345)     | (11,329)     |
| Increase (decrease) in temporarily restricted net assets         | (46,546)     | 120,338      |
| <b>Change in net assets</b>                                      | (45,688)     | 115,751      |
| Net assets, beginning of year                                    | 115,952      | 201          |
| Net assets, end of year  | \$ 70,264    | \$ 115,952   |

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2017  
(With Comparative Totals for June 30, 2016)

|                                  | 2017                    |                         |                       |                         | 2016<br>Total           |
|----------------------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
|                                  | WIA/WIOA<br>Programs    | Other<br>Programs       | Administration        | Total                   |                         |
| Salaries and wages               | \$ 97,318               | \$ 180,158              | \$ 162,701            | \$ 440,177              | \$ 409,822              |
| Retirement contributions         | 6,308                   | 11,970                  | 11,582                | 29,860                  | 28,216                  |
| Payroll taxes                    | 9,782                   | 17,350                  | 14,447                | 41,579                  | 38,611                  |
| Other employee benefits          | 12,029                  | 23,087                  | 22,749                | 57,865                  | 52,181                  |
| Travel and mileage               | 10,214                  | 8,155                   | 2,793                 | 21,162                  | 18,497                  |
| Board and staff development      | 4,162                   | 4,575                   | 315                   | 9,052                   | 8,871                   |
| Professional services            | 20,012                  | 48,254                  | 19,599                | 87,865                  | 67,043                  |
| Participant data tracking        | 22,915                  | 2,312                   | 7,407                 | 32,634                  | 34,540                  |
| General office supplies          | 1,254                   | 1,047                   | 886                   | 3,187                   | 1,921                   |
| Postage                          | 74                      | 144                     | 142                   | 360                     | 408                     |
| Expendable equipment             | 30,578                  | 17,625                  | 6,615                 | 54,818                  | 18,355                  |
| Depreciation                     | -                       | -                       | -                     | -                       | 1,130                   |
| Meetings                         | -                       | 4,242                   | -                     | 4,242                   | 5,186                   |
| Telephone                        | 2,242                   | 4,389                   | 3,565                 | 10,196                  | 4,876                   |
| Advertising                      | -                       | -                       | 178                   | 178                     | 144                     |
| Program information and outreach | 100                     | 12,854                  | -                     | 12,954                  | 11,043                  |
| Printing                         | 2,296                   | 4,033                   | 278                   | 6,607                   | 3,081                   |
| Liability insurance              | 839                     | 1,462                   | 1,615                 | 3,916                   | 3,812                   |
| Office rental                    | 17,881                  | 16,186                  | 16,339                | 50,406                  | 50,192                  |
| Dues and memberships             | -                       | 15,870                  | 2,173                 | 18,043                  | 17,880                  |
| Fees                             | -                       | -                       | 626                   | 626                     | 464                     |
| Program services                 | <u>1,636,252</u>        | <u>1,427,249</u>        | <u>-</u>              | <u>3,063,501</u>        | <u>2,979,562</u>        |
| <br>Total expenses               | <br><u>\$ 1,874,256</u> | <br><u>\$ 1,800,962</u> | <br><u>\$ 274,010</u> | <br><u>\$ 3,949,228</u> | <br><u>\$ 3,755,835</u> |

The accompanying notes are an integral part of these statements.



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 STATEMENT OF CASH FLOWS  
 For the Year Ended June 30, 2017  
 (With Comparative Totals for June 30, 2016)

|  | 2017         | 2016         |
|--|--------------|--------------|
| <b>Cash flows from operating activities</b>  |              |              |
| Cash received as revenues and public support   | \$ 3,758,841 | \$ 3,945,517 |
| Cash paid to employees for wages and benefits  | (569,234)    | (522,485)    |
| Cash paid for other expenses   | (3,237,774)  | (3,377,602)  |
| Net cash provided (used) by operating activities   | (48,167)     | 45,430       |
| Cash, beginning of year  | 104,015      | 58,585       |
| Cash, end of year  | \$ 55,848    | \$ 104,015   |
| <br><b>Reconciliation of change in nets assets to net cash provided (used) by operating activities</b> |              |              |
| Change in net assets   | \$ (45,688)  | \$ 115,751   |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:     |              |              |
| Depreciation and amortization  | -            | 1,130        |
| (Increase) decrease in assets:   |              |              |
| Grants receivable  | (144,560)    | 72,640       |
| Other receivable   | (139)        | 1,291        |
| Prepaid expenses   | (1,689)      | 1,419        |
| Increase (decrease) in liabilities:  |              |              |
| Accrued payroll and related expenses   | 247          | 6,345        |
| Accounts payable and accrued liabilities   | 143,662      | (153,146)    |
| Net cash provided (used) by operating activities   | \$ (48,167)  | \$ 45,430    |

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**

**Organization**

Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership (CWP) serves youth, adults, and dislocated workers through its partnerships with private industry and workforce development providers. CWP 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. CWP also partners with employers to provide specific training programs to improve the existing workforce.

**Basis of Accounting**

The financial statements of CWP 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 CWP's financial statements for the year ended June 30, 2016, 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 \$5,000 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, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 NOTES TO FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**, continued

**Net Assets**

Net assets of CWP consist of the following:

*Unrestricted net assets* - Represent net assets that are not subject to donor-imposed stipulations and are available for the general obligations of CWP.

*Temporarily restricted net assets* - Represent net assets that are donor restricted with respect to purpose or time. When a donor restriction ends or the purpose of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Support, Revenues and Receivables**

The primary source of support for CWP is derived from federal Workforce Investment Act and Workforce Innovation and Opportunity Act (WIA/WIOA) 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.

Approximately 85 percent and 81 percent of CWP's grants receivable at June 30, 2017 and 2016, respectively, was due from the State of Oregon.

**Nonprofit Status**

CWP is an exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is not classified as a private foundation.

**2. Cash**

At June 30, cash consisted of the following:

|   | 2017      | 2016       |
|---|-----------|------------|
| Demand deposits with financial institutions | \$ 55,848 | \$ 104,015 |

**3. Property and Equipment**

At June 30, property and equipment consisted of the following:

|                             | 2017      | 2016      |
|-----------------------------|-----------|-----------|
| Property and equipment      | \$ 22,081 | \$ 22,081 |
| Accumulated depreciation    | (22,081)  | (22,081)  |
| Property and equipment, net | \$ -      | \$ -      |

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 NOTES TO FINANCIAL STATEMENTS

**3. Property and Equipment, continued**

Depreciation expense totaled \$-0- and \$1,130 for the years ended June 30, 2017 and 2016, respectively.

**4. Retirement Plan**

CWP makes employer matching contributions under an arrangement described in Section 403(b) of the IRC. CWP contributes up to 8 percent of the employee's salary. Expenses under this plan for the years ended June 30, 2017 and 2016, totaled \$29,860 and \$28,216, respectively.

**5. Lease Commitment**

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

CWP also leases additional office space under an operating lease that is scheduled to expire July 1, 2022.

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

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

For the Year Ending June 30,

|            |    |        |
|------------|----|--------|
| 2018       | \$ | 47,437 |
| 2019       |    | 8,926  |
| 2020       |    | 5,278  |
| 2021       |    | 5,278  |
| 2022       |    | 5,278  |
| Thereafter |    | -      |
| Total      | \$ | 72,197 |

Total rent expense was \$50,406 and \$50,192 for the years ended June 30, 2017 and 2016, respectively.

**6. Related Party Transactions**

CWP has entered into grant and office space rental agreements with organizations whose management includes members of the CWP Board of Directors. Payables to these organizations totaled \$512,880 and \$474,590 at June 30, 2017 and 2016, respectively. Expenses of \$2,343,053 and \$1,834,003 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2017 and 2016, respectively.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
NOTES TO FINANCIAL STATEMENTS

**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 CWP.

**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, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2017

| <u>Federal Grantor/Pass-through Grantor/Program Title</u>                                 | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-through<br/>Entity Identifying<br/>Number</u> | <u>Program<br/>or Award<br/>Amount</u> | <u>Expenditures</u> | <u>Passed<br/>Through to<br/>Subrecipients</u> |
|---|------------------------------------|---|--|---------------------|--|
| <b>U.S. Department of Labor</b>   |                                    |   |  |                     |  |
| Direct Program:   |                                    |   |  |                     |  |
| Reentry Employment Opportunities:   |                                    |   |  |                     |  |
| Linking to Employment Activities Pre-Release<br>Through Specialized American Job Centers: |                                    |   |  |                     |  |
| Administration  | 17.270                             |   | \$ 50,000                              | \$ 8,253            | \$ -   |
| Program   | 17.270                             |   | <u>450,000</u>                         | <u>169,503</u>      | <u>134,603</u>                                 |
| Total Direct Program  |                                    |   | <u>500,000</u>                         | <u>177,756</u>      | <u>134,603</u>                                 |
| Passed through State of Oregon:   |                                    |   |  |                     |  |
| WIA/WIOA Cluster:   |                                    |   |  |                     |  |
| WIOA Adult Program  | 17.258                             | 16-302  | 744,273                                | 544,003             | 474,945  |
| WIOA Adult Program - Administration   | 17.258                             | 16-302  | 130,172                                | 66,430              | -  |
| WIOA Youth Activities   | 17.259                             | 16-302  | 732,901                                | 628,389             | 583,382  |
| WIOA Youth Activities - Administration  | 17.259                             | 16-302  | 129,268                                | 58,218              | -  |
| WIOA Dislocated Worker Formula Grants   | 17.278                             | 16-302  | 848,452                                | 619,806             | 560,500  |
| WIOA Dislocated Worker Formula Grants -<br>Administration                                 | 17.278                             | 16-302  | 155,377                                | 47,099              | -  |
| WIOA Dislocated Worker Formula Grants -<br>Rapid Response                                 | 17.278                             | 16-313  | 15,000                                 | 15,000              | 4,300  |
| WIOA Dislocated Worker Formula Grants -<br>Rapid Response - Co-Location                   | 17.278                             | 16-274  | 50,000                                 | 50,000              | -  |
| WIOA Youth Activities - High Concentration<br>of Eligible Youth                           | 17.259                             | PY15-5  | 11,760                                 | 11,760              | 11,760   |
| WIA Youth Activities - ILP Summer Jobs  | 17.259                             | 16-134  | <u>5,690</u>                           | <u>1,365</u>        | <u>1,365</u>                                   |
| Total WIA/WIOA Cluster  |                                    |   | 2,822,893                              | 2,042,070           | 1,636,252                                      |
| WIOA National Dislocated Worker Grants / WIA<br>National Emergency Grants:                |                                    |   |  |                     |  |
| Sector Partnership:   |                                    |   |  |                     |  |
| Administration  | 17.277                             | GGA0025   | 51,387                                 | 43,656              | -  |
| Program   | 17.277                             | GGA0025   | 439,341                                | 271,634             | 235,896  |
| Job Driven:   |                                    |   |  |                     |  |
| Administration  | 17.277                             | GGA0015   | 7,817                                  | 7,817               | -  |
| Program   | 17.277                             | GGA0015   | 271,361                                | 271,361             | 271,361  |
| Supplemental  | 17.277                             | GGA0015   | <u>7,563</u>                           | <u>7,563</u>        | <u>-</u>                                       |
| Total passed through the State of Oregon  |                                    |   | <u>3,600,362</u>                       | <u>2,644,101</u>    | <u>2,143,509</u>                               |

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
 dba CLACKAMAS WORKFORCE PARTNERSHIP  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2017

| Federal Grantor/Pass-through Grantor/Program Title | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Program<br>or Award<br>Amount | Expenditures        | Passed<br>Through to<br>Subrecipients |
|--|---------------------------|--|-------------------------------|---------------------|---------------------------------------|
| Passed through Worksystems, Inc.:                  |                           |  |                               |                     |                                       |
| H-1B Job Training Grants:                          |                           |  |                               |                     |                                       |
| Reboot Northwest:                                  |                           |  |                               |                     |                                       |
| Administration                                     | 17.268                    | 14-60590                                     | 167,473                       | 13,173              | -                                     |
| Program  | 17.268                    | 14-60590                                     | 980,720                       | 299,986             | 275,033                               |
| Northwest Promise                                  | 17.268                    | 16-60550                                     | 840,087                       | 1,948               | -                                     |
| Total passed through Worksystems, Inc.             |                           |  | <u>1,988,280</u>              | <u>315,107</u>      | <u>275,033</u>                        |
| Passed through Clackamas Community College:        |                           |  |                               |                     |                                       |
| H-1B Job Training Grants:                          |                           |  |                               |                     |                                       |
| Tech Hire  | 17.268                    |  | 143,300                       | 6,118               | -                                     |
| Passed through Incite Incorporated:                |                           |  |                               |                     |                                       |
| Workforce Innovation Fund:                         |                           |  |                               |                     |                                       |
| Rethinking Job Search:                             |                           |  |                               |                     |                                       |
| Administration                                     | 17.283                    | 015-16                                       | 20,844                        | 3,932               | -                                     |
| Program  | 17.283                    | 015-16                                       | 187,594                       | 64,952              | 58,958                                |
| Total passed through Incite Incorporated           |                           |  | <u>208,438</u>                | <u>68,884</u>       | <u>58,958</u>                         |
| Total U.S. Department of Labor                     |                           |  | <u>6,440,380</u>              | <u>3,211,966</u>    | <u>2,612,103</u>                      |
| <b>U.S. Department of Agriculture</b>              |                           |  |                               |                     |                                       |
| Direct Program:                                    |                           |  |                               |                     |                                       |
| Timber Lake Job Corps                              | 10.699                    | 17-PA-11161700-011                           | 33,000                        | 2,805               | 2,805                                 |
| Total federal programs                             |                           |  | <u>\$ 6,473,380</u>           | <u>\$ 3,214,771</u> | <u>\$ 2,614,908</u>                   |



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CWP under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Grants are organized by federal department or agency and identified by the 2017 Catalog of Federal Domestic Assistance (CFDA) number.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, depending on date of award.

**3. Indirect Cost Rate**

CWP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Insurance**

CWP had insurance in force during the year ended June 30, 2017, 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, Inc.  
dba Clackamas Workforce Partnership  
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, Inc. dba Clackamas Workforce Partnership (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership'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, Inc. dba Clackamas Workforce Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

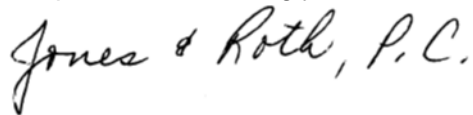
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership'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 14, 2017

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

To the Board of Directors  
Workforce Investment Council of Clackamas County, Inc.  
dba Clackamas Workforce Partnership  
Oregon City, Oregon

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

We have audited Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership's major federal programs for the year ended June 30, 2017. Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

## Opinion on Each Major Federal Program

In our opinion, Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership 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, 2017.

## Report on Internal Control Over Compliance

Management of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership 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, Inc. dba Clackamas Workforce Partnership's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jones & Roth, P.C.  
Eugene, Oregon  
November 14, 2017

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.  
dba CLACKAMAS WORKFORCE PARTNERSHIP  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017

**Summary of Auditor's Results**

- (i) The independent auditor's report expresses an unmodified opinion on whether the financial statements of CWP were prepared in accordance with GAAP.
- (ii) Not applicable.
- (iii) No instances of noncompliance material to the financial statements of CWP, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (iv) Not applicable.
- (v) The independent auditor's report on compliance for the major federal award program for CWP expresses an unmodified opinion on the major federal program.
- (vi) The audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
- (vii) Program tested as a major program was:
  - CFDA #17.258, 17.259, 17.278 - Workforce Investment Act/Workforce Innovation  
and Opportunity Act cluster
- (viii) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- (ix) CWP was determined to be a low-risk auditee.

**Findings - Financial Statement Audit**

None.

**Findings and Questioned Costs – Major Federal Award Program Audit**

None.

**Prior Year Findings**

None.