

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

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**



WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
FINANCIAL STATEMENTS
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

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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 (Clackamas Workforce Partnership) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 Clackamas Workforce Partnership as of June 30, 2019, 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

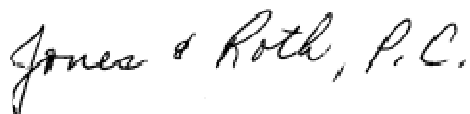
We have previously audited Clackamas Workforce Partnership's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 21, 2019, on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clackamas Workforce Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clackamas Workforce Partnership's internal control over financial reporting and compliance.



Jones & Roth, P.C.
Eugene, Oregon
November 21, 2019

FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
 dba CLACKAMAS WORKFORCE PARTNERSHIP
 STATEMENT OF FINANCIAL POSITION
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	2019	2018
Assets		
Current assets		
Cash	\$ 45,256	\$ 256,965
Grants receivable	581,267	521,950
Prepaid expenses	14,070	10,616
Total current assets	640,593	789,531
Property and equipment, net	-	-
Total assets	\$ 640,593	\$ 789,531
Liabilities and Net Assets		
Current liabilities		
Accrued payroll and related expenses	\$ 44,454	\$ 32,095
Accounts payable and accrued liabilities	534,985	635,367
Deferred revenue	-	38,183
Total current liabilities	579,439	705,645
Net assets		
Without donor restrictions	38,218	(3,165)
With donor restrictions	22,936	87,051
Total net assets	61,154	83,886
Total liabilities and net assets	\$ 640,593	\$ 789,531

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, 2019
 (With Comparative Totals for June 30, 2018)

	2019	2018
Changes in net assets without donor restrictions		
Support and revenues:		
Grants and contracts	\$ 3,594,573	\$ 3,723,120
Other income	6,913	2,682
Total unrestricted support and revenues	3,601,486	3,725,802
Net assets released from restrictions	102,298	71,845
Total unrestricted support and revenues and reclassifications	3,703,784	3,797,647
Expenses:		
Program services:		
WIOA programs	1,872,430	2,318,478
Other programs	1,473,944	1,148,103
Support services:		
Administration	316,027	330,703
Total expenses	3,662,401	3,797,284
Increase in net assets without donor restrictions	41,383	363
Changes in net assets with donor restrictions		
Support and revenues:		
Contributions	38,183	85,104
Net assets released from restrictions	(102,298)	(71,845)
Increase (decrease) in net assets with donor restrictions	(64,115)	13,259
Change in net assets	(22,732)	13,622
Net assets, beginning of year	83,886	70,264
Net assets, end of year	\$ 61,154	\$ 83,886

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, 2019
 (With Comparative Totals for June 30, 2018)

	2019				2018
	WIOA Programs	Other Programs	Administration	Total	Total
Salaries and wages	\$ 120,319	\$ 229,611	\$ 188,083	\$ 538,013	\$ 474,619
Retirement contributions	8,624	16,400	13,089	38,113	32,060
Payroll taxes	11,072	21,371	16,208	48,651	44,497
Other employee benefits	18,668	32,900	28,624	80,192	64,882
Travel and mileage	2,221	13,283	3,093	18,597	7,837
Board and staff development	-	6,275	-	6,275	1,463
Professional services	6,171	24,946	21,413	52,530	61,124
Participant data tracking	22,354	6,133	3,921	32,408	35,767
General office supplies	498	1,546	780	2,824	3,982
Expendable equipment	5,449	9,159	5,200	19,808	25,524
Meetings	-	6,870	-	6,870	8,301
Telephone	848	1,595	1,293	3,736	4,332
Program information and outreach	-	8,152	-	8,152	5,534
Printing	390	3,298	310	3,998	2,675
Liability insurance	1,025	1,630	1,452	4,107	3,988
Office rental	18,654	16,639	15,429	50,722	50,652
Dues and memberships	-	7,871	9,052	16,923	16,851
Fees	-	119	766	885	779
Program services	<u>1,656,137</u>	<u>1,066,146</u>	<u>7,314</u>	<u>2,729,597</u>	<u>2,952,417</u>
Total expenses	<u>\$ 1,872,430</u>	<u>\$ 1,473,944</u>	<u>\$ 316,027</u>	<u>\$ 3,662,401</u>	<u>\$ 3,797,284</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, 2019
(With Comparative Totals for June 30, 2018)

	2019	2018
Cash flows from operating activities		
Cash received as revenues and public support	\$ 3,542,169	\$ 4,120,216
Cash paid to employees for wages and benefits	(692,610)	(620,625)
Cash paid for other expenses	(3,061,268)	(3,298,474)
Net cash provided (used) by operating activities	(211,709)	201,117
Cash, beginning of year	256,965	55,848
Cash, end of year	\$ 45,256	\$ 256,965
Reconciliation of change in nets assets to net cash provided (used) by operating activities		
Change in net assets	\$ (22,732)	\$ 13,622
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Grants receivable	(59,317)	309,171
Other receivable	-	139
Prepaid expenses	(3,454)	(163)
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	12,359	(4,567)
Accounts payable and accrued liabilities	(100,382)	(155,268)
Deferred revenue	(38,183)	38,183
Net cash provided (used) by operating activities	\$ (211,709)	\$ 201,117

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) develops local workforce policy, oversees local workforce development initiatives, & funds key community agencies that provide employment & training solutions for youth, adults & laid off workers. CWP's mission is to develop a highly skilled workforce that creates sustained economic prosperity in Clackamas County, OR. CWP is committed to development of a regional workforce system that is accessible, inclusive, & equitable for diverse communities & individuals. The CWP Board membership has private & public members which brings strong connections with local business & industry. All CWP efforts aim to prepare individuals for in-demand jobs that lead to solid career options & financial security.

Recent Accounting Standard Adopted

During the year ended June 30, 2019, CWP adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*. The standard was applied on a retrospective basis. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses. The June 30, 2018 financial statements have been restated to conform to the presentation and disclosure requirements of ASU 2016-14.

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, 2018, 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.

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

1. Summary of Significant Accounting Policies, continued

Cash

CWP holds cash in one financial institution. The accounts are insured up to certain limits by the Federal Deposit Insurance Corporation (FDIC). Balances held may periodically exceed FDIC insured limits. At June 30, 2019 and 2018, there was \$-0- and \$32,570, respectively, in excess of FDIC insured limits.

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.

Net Assets

Net assets of CWP consist of the following:

Net assets without donor restrictions - Represent net assets that are not subject to donor-imposed stipulations and are available for the general obligations of CWP.

Net assets with donor restrictions - 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. CWP had net assets with donor restrictions of \$22,936 and \$87,051 at June 30, 2019 and 2018, respectively. Amounts were restricted for CWP's operating activities.

Support, Revenues and Receivables

The primary source of support for CWP is derived from federal Workforce Innovation and Opportunity Act (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 59 percent and 63 percent of CWP's grants receivable at June 30, 2019 and 2018, 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.

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

1. Summary of Significant Accounting Policies, continued

Liquidity and Availability of Resources

CWP has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2019 and 2018, CWP's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	2019	2018
Cash	\$ 45,256	\$ 256,965
Grants receivable	581,267	521,950
Less: net assets with donor restrictions	(22,936)	(87,051)
Financial assets available for general expenditure	\$ 603,587	\$ 691,864

2. Cash

At June 30, cash consisted of the following:

	2019	2018
Demand deposits with financial institutions	\$ 45,256	\$ 256,965

3. Property and Equipment

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

	2019	2018
Property and equipment	\$ 17,415	\$ 17,415
Accumulated depreciation	(17,415)	(17,415)
Property and equipment, net	\$ -	\$ -

Depreciation expense totaled \$-0- for the years ended June 30, 2019 and 2018.

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, 2019 and 2018, totaled \$38,113 and \$32,060, respectively.

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

5. Lease Commitment

CWP leases administrative office space under an operating lease that is scheduled to expire August 1, 2021.

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 January 27, 2023.

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

For the Year Ending June 30,

2020	\$	49,678
2021		49,678
2022		12,520
2023		2,254
Thereafter		-
Total	\$	114,130

Total rent expense was \$50,722 and \$50,652 for the years ended June 30, 2019 and 2018, 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 \$344,097 and \$444,666 at June 30, 2019 and 2018, respectively. Expenses of \$1,955,372 and \$2,125,025 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2019 and 2018, 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 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, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Labor					
Direct Program:					
Reentry Employment Opportunities:					
Linking to Employment Activities Pre-Release Through Specialized American Job Centers:					
Administration	17.270		\$ 50,000	\$ 3,361	\$ -
Program	17.270		<u>450,000</u>	<u>89,541</u>	<u>83,811</u>
Total Direct Program			<u>500,000</u>	<u>92,902</u>	<u>83,811</u>
Passed through State of Oregon:					
WIOA Cluster:					
WIOA Adult Program	17.258	16-302	948,282	461,689	461,689
WIOA Adult Program - Administration	17.258	16-302	105,362	56,165	2,624
WIOA Youth Activities	17.259	16-302	1,024,031	452,345	415,306
WIOA Youth Activities - Administration	17.259	16-302	113,780	70,714	-
WIOA Dislocated Worker Formula Grants	17.278	16-302	1,446,518	825,520	646,268
WIOA Dislocated Worker Formula Grants - Administration	17.278	16-302	160,722	91,245	-
WIOA Dislocated Worker Formula Grants - West Linn Paper	17.278	PY17-4	167,071	103,475	103,475
WIOA Dislocated Worker Formula Grants - West Linn Paper - Administration	17.278	PY17-4	18,562	11,281	-
WIOA Youth Activities - High Concentration of Eligible Youth	17.259	PY15-5	<u>39,640</u>	<u>29,400</u>	<u>29,400</u>
Total WIOA Cluster			<u>4,023,968</u>	<u>2,101,834</u>	<u>1,658,762</u>
Passed through Worksystems, Inc.:					
H-1B Job Training Grants:					
Reboot Northwest:					
Administration	17.268	14-60590	167,473	9,991	-
Program	17.268	14-60590	980,720	90,864	66,075
Northwest Promise					
Administration	17.268	16-60550	114,509	14,062	-
Program	17.268	16-60550	<u>1,030,578</u>	<u>345,804</u>	<u>312,646</u>
Total passed through Worksystems, Inc.			<u>2,293,280</u>	<u>460,721</u>	<u>378,721</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, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
Passed through Clackamas Community College:					
H-1B Job Training Grants:					
Tech Hire	17.268		<u>143,300</u>	<u>33,896</u>	<u>-</u>
Passed through Willamette Workforce Partnership:					
Workforce Innovation Fund:					
Rethinking Job Search:					
Administration	17.283	015-16	20,844	1,063	-
Program	17.283	015-16	<u>187,594</u>	<u>25,030</u>	<u>23,844</u>
Total passed through Willamette Workforce Partnership			<u>208,438</u>	<u>26,093</u>	<u>23,844</u>
Total U.S. Department of Labor			7,168,986	2,715,446	2,145,138
U.S. Department of Agriculture					
Direct Program:					
Timber Lake Job Corps	10.699	17-PA-11161700-011	<u>37,999</u>	<u>33,052</u>	<u>33,051</u>
Total federal programs			<u>\$ 7,206,985</u>	<u>\$ 2,748,498</u>	<u>\$ 2,178,189</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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 2019 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, 2019, 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 (Clackamas Workforce Partnership) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 21, 2019.

Internal Control Over Financial Reporting

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

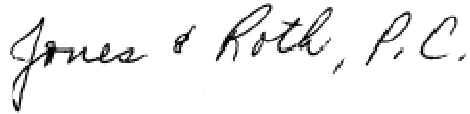
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 21, 2019

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 (Clackamas Workforce Partnership) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clackamas Workforce Partnership's major federal programs for the year ended June 30, 2019. 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 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* (CFR) 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 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 Clackamas Workforce Partnership's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2019.

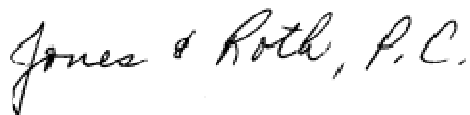
Report on Internal Control Over Compliance

Management of 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 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 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 21, 2019

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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 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.