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

FINANCIAL STATEMENTS

For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

Jones & Roth
CPAs & Business Advisors

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
FINANCIAL STATEMENTS
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14
Federal Awards Section:	
Schedule of Expenditures of Federal Awards	15 - 16
Notes to Schedule of Expenditures of Federal Awards	17
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*	18 - 19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20 - 22
Schedule of Findings and Questioned Costs	23 - 24
Corrective Action Plan	25

Jones Roth
CPAs & Business Advisors

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 Audit of the Financial Statements

Opinion

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, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Clackamas Workforce Partnership as of June 30, 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clackamas Workforce Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clackamas Workforce Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clackamas Workforce Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clackamas Workforce Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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* 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Clackamas Workforce Partnership's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2025 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
February 21, 2025

FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
June 30, 2024
(With Comparative Totals for June 30, 2023)

	2024	2023
Assets		
Current assets		
Cash	$ 796,184	$ 221,018
Grants receivable	647,987	693,748
Prepaid expenses	-	1,446
Total current assets	1,444,171	916,212
Operating lease right-of-use asset, net	106,954	38,452
Total assets	$ 1,551,125	$ 954,664
Liabilities and Net Assets		
Current liabilities		
Accrued payroll and related expenses	$ 71,756	$ 77,780
Accounts payable and accrued liabilities	413,220	642,877
Refundable advances	695,529	21,807
Current portion of operating lease liability	33,190	35,452
Total current liabilities	1,213,695	777,916
Operating lease liability, net of current portion	74,211	3,000
Total liabilities	1,287,906	780,916
Net assets		
Without donor restrictions	242,617	161,248
With donor restrictions	20,602	12,500
Total net assets	263,219	173,748
Total liabilities and net assets	$ 1,551,125	$ 954,664

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, 2024
(With Comparative Totals for June 30, 2023)

	2024	2023
Changes in net assets without donor restrictions		
Support and revenues:		
Grants	$ 4,515,693	$ 4,922,647
Shared cost reimbursements	28,950	50,123
Other income	7,063	68,941
Total unrestricted support and revenues	4,551,706	5,041,711
Net assets released from restrictions	30,898	-
Total unrestricted support and revenues and reclassifications	4,582,604	5,041,711
Expenses:		
Program services:		
WIOA programs	1,711,575	2,118,422
FRO programs	625,466	-
Other programs	1,703,156	2,332,235
Support services:		
Administration	461,038	596,204
Total expenses	4,501,235	5,046,861
Increase (decrease) in net assets without donor restrictions	81,369	(5,150)
Changes in net assets with donor restrictions		
Support and revenues:		
Grants	39,000	12,500
Net assets released from restrictions	(30,898)	-
Increase in net assets with donor restrictions	8,102	12,500
Change in net assets	89,471	7,350
Net assets, beginning of year	173,748	166,398
Net assets, end of year	$ 263,219	$ 173,748

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, 2024
(With Comparative Totals for June 30, 2023)

	2024					
	Program Services			Support Services		
	WIOA Programs	FRO Programs	Other Programs	Administration	Total	2023 Total
Community investments	$ 1,239,325	$ 540,347	$ 1,316,347	$ 30,689	$ 3,126,708	$ 3,614,830
Salaries and wages	292,073	26,374	194,126	264,432	777,005	821,669
Retirement contributions	23,080	850	13,270	20,598	57,798	56,738
Payroll taxes	26,110	2,399	17,371	23,518	69,398	76,779
Other employee benefits	42,390	3,858	28,006	38,218	112,472	110,171
Travel and mileage	2,900	24	3,642	80	6,646	12,329
Board and staff development	-	-	7,860	-	7,860	18,111
Professional services	21,402	41,458	44,401	34,109	141,370	101,135
Participant data tracking	23,874	7,060	1,328	-	32,262	36,973
General office supplies	373	40	1,949	463	2,825	2,111
Expendable equipment	11,344	1,091	8,680	10,291	31,406	38,332
Equipment lease	-	-	-	-	-	2,566
Meetings	-	-	1,287	-	1,287	2,049
Telephone	4,364	398	2,901	3,925	11,588	11,935
Memberships and fees	-	-	11,240	17,485	28,725	21,953
Regional collaborative shared costs	-	-	35,344	-	35,344	54,931
Program information and outreach	-	-	2,638	-	2,638	1,634
Printing	-	-	556	-	556	498
Liability insurance	5,362	334	3,204	3,566	12,466	8,096
Facility and office leases	18,978	1,233	9,006	13,664	42,881	54,021
Total expenses	$ 1,711,575	$ 625,466	$1,703,156	$ 461,038	$ 4,501,235	$ 5,046,861

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, 2024
(With Comparative Totals for June 30, 2023)

	2024	2023
Cash flows from operating activities		
Cash received as revenues and public support	$ 4,636,467	$ 5,076,175
Cash paid to employees for wages and benefits	(1,022,697)	(1,053,773)
Cash paid for other expenses	(3,038,604)	(5,198,962)
Net cash provided (used) by operating activities	575,166	(1,176,560)
Net increase (decrease) in cash	575,166	(1,176,560)
Cash, beginning of year	221,018	1,397,578
Cash, end of year	$ 796,184	$ 221,018
Reconciliation of change in nets assets to net cash provided (used) by operating activities		
Change in net assets	$ 89,471	$ 7,350
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization of operating lease right-of-use asset	33,562	34,461
(Increase) decrease in assets:		
Grants receivable	45,761	21,964
Prepaid expenses	1,446	11,703
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	(6,024)	11,584
Accounts payable and accrued liabilities	(229,657)	143,857
Refundable advances	673,722	(1,373,018)
Operating lease liability	(33,115)	(34,461)
Net cash provided (used) by operating activities	$ 575,166	$ (1,176,560)
Schedule of noncash investing and financing activities		
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ -	$ 72,913
Noncash remeasurement of operating lease right-of-use asset and liability	$ 102,064	$ -

The accompanying notes are an integral part of these statements.

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

Basis of Accounting

The financial statements of CWP have been prepared on the accrual basis of accounting. 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, 2023, from which the summarized information is derived.

Recent Accounting Standard Adopted

On July 1, 2023, CWP adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and all related amendments (ASC 326), which replaced the incurred loss methodology for recognizing credit losses with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of lifetime expected credit losses to be recognized for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts, and for the financial assets to be presented at the net amount expected to be collected on the statement of financial position. Financial assets occasionally held by CWP that are subject to ASC 326 are program accounts receivable accounted for under ASC 606. The impact of adoption was not considered material to the financial statements.

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.

1. Organization and Summary of Significant Accounting Policies, continued

Cash

CWP holds cash in one financial institution. Cash balances, at times, may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution, which represents and credit risk to CWP as any portion of the deposits in excess of this amount is not subject to federal insurance. At June 30, 2024 and 2023, the balance exceeding FDIC limits was $621,592 and $291,314, respectively. CWP has not experienced any loss in such accounts.

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.

Leases

CWP determines whether an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the arrangement are changed. Operating leases with an initial term greater than 12 months, wherein CWP is the lessee, are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term.

CWP has elected the short-term lease recognition exemption for all classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that CWP is reasonably certain to exercise, are not recorded on the statement of financial position. Lease expense is recognized for any such leases on a straight-line basis over the lease term.

For all classes of underlying assets, CWP has elected to account for leases containing both lease and non-lease components as a single lease, as permitted under ASC 842. As the implicit rate is not readily determinable for CWP's leases, management has elected to use the risk-free rate at the commencement date for all classes of underlying assets in determining the present value of lease payments.

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.

1. Organization and Summary of Significant Accounting Policies, continued

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 $20,602 and $12,500 at June 30, 2024 and 2023, respectively, which were restricted for expungement clinics.

CWP includes donor-restricted support whose restrictions are met in the same reporting period the support is received within net assets without donor restrictions.

Support, Revenues, and Receivables

The primary sources of support for CWP are derived from federal and state 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.

Receivables are recorded in accordance with the policies enumerated above. Management of CWP considers all amounts included in grants receivable to be collectible; therefore, no provision for uncollectible accounts has been made. Approximately 76 percent and 89 percent of CWP's grants receivable at June 30, 2024 and 2023, respectively, was due from the State of Oregon.

Refundable Advances

Certain grants and contributions received by CWP contain barriers that must be overcome before CWP is entitled to the funds, and a right of return requiring the funds to be repaid if expenses or outcomes as specified by the grant agreement are not incurred; and therefore, the grants and contributions are considered conditional contributions. Conditional contributions or grants received in advance of when the conditions are substantially met are accounted for as refundable advances, and are classified as a liability in the accompanying statement of financial position. Once conditions are substantially met, the amounts become unconditional and are recognized as revenue.

Nonprofit Status

CWP is an exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is not classified as a private foundation. CWP's federal Return of Organization Exempt from Income Tax return (Form 990) for the years ended June 30, 2024 and 2023 is subject to examination by the Internal Revenue Service, generally for three years after they were filed.

1. Organization and Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing programs have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. CWP allocates costs between program and support activities based on a cost allocation plan. Most of CWP's operating expenses are allocated to program and support activities based on employee timecards unless the item can be specifically traced to a program related activity.

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, 2024 and 2023, CWP's financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year from the statement of financial position date, are comprised of the following:

	2024	2023
Cash	$ 796,184	$ 221,018
Grants receivable	647,987	693,748
	1,444,171	914,766
Less financial assets unavailable for general expenditure within one year:		
Refundable advances	(695,529)	(21,807)
Net assets with donor restrictions	(20,602)	(12,500)
Financial assets available for general expenditure	$ 728,040	$ 880,459

2. Cash

At June 30, cash consisted of the following:

	2024	2023
Demand deposits with financial institutions	$ 796,184	$ 221,018

3. Refundable Advances

At June 30, refundable advances consisted of the following arising from conditional contributions received in advance of when the grant conditions were met:

	2024	2023
State of Oregon – HOWTO4	$ 42,353	$ 21,807
State of Oregon – Workforce Benefits Navigator	145,693	-
State of Oregon – CBRA	150,210	-
State of Oregon – Industry Engagement	7,897	-
State of Oregon – Maritime Workforce	20,663	-
State of Oregon – OYEP	81,471	-
State of Oregon – Prosperity 10K ARPA	217,643	-
State of Oregon – Work Experience	29,599	-
Total refundable advances	$ 695,529	$ 21,807

The balances at June 30, 2024 are expected to be earned during the year ending June 30, 2025 and are classified as current in the statement of financial position.

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, 2024 and 2023, totaled $57,798 and $56,738, respectively.

5. Lease Commitments

CWP leases administrative office space under a non-cancelable operating lease requiring monthly payments of $3,000 that was scheduled to expire August 1, 2024. The lease was extended as of August 1, 2024 and requires monthly payments of $3,100 throughout the lease term, and is currently scheduled to expire on July 31, 2027.

CWP also leases additional office space for WorkSource Oregon Center purposes under an office sharing agreement requiring monthly payments of $947, which expired June 30, 2024. This lease was extended on July 1, 2024, requiring monthly payments of $469. The lease has a non-cancelable term of less than 12 months.

CWP leased certain office equipment under an operating lease that required monthly payments of $322 and expired in January 2023.

5. Lease Commitments, continued

Additional information about CWP's leases as of and for the years ended June 30, is as follows:

	2024	2023
Components of lease cost:		
Operating lease cost	$ 36,447	$ 36,000
Short-term lease cost	6,434	14,965
Total lease cost	$ 42,881	$ 50,965
Summary of lease-related assets and liabilities:		
Operating lease right-of use asset	$ 174,977	$ 72,913
Accumulated amortization	(68,023)	(34,461)
Operating lease right-of-use asset, net	$ 106,954	$ 38,452
Current portion of operating lease liability	$ 33,190	$ 35,452
Operating lease liability, net of current portion	74,211	3,000
Total operating lease liabilities	$ 107,401	$ 38,452
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating lease	$ 36,000	$ 33,000
Weighted-average remaining lease term:		
Operating lease	3.1 years	1.1 years
Weighted-average discount rate:		
Operating lease	4.38%	2.84%

The future maturities of operating lease liabilities as of June 30, 2024 were as follows:

For the Year Ending June 30,	
2025	$ 37,100
2026	37,200
2027	37,200
2028	3,100
Thereafter	-
Total lease payments	114,600
Less: interest	(7,199)
Present value of lease liabilities	$ 107,401

6. Related Party Transactions

CWP has entered into grant and office space lease agreements with organizations whose management includes members of the CWP Board of Directors. Payables to these organizations totaled $246,113 and $281,826 at June 30, 2024 and 2023, respectively. Expenses of $1,342,027 and $2,129,524 were incurred under grant and rental agreements with these organizations during the years ended June 30, 2024 and 2023, 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, 2024

Federal Grantor/ Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Labor					
Passed through State of Oregon, Higher Education Coordinating Commission (HECC):					
Workforce Innovation and Opportunity Act Cluster:					
WIOA Adult Program	17.258	22-005A, 22-154A	$ 790,097	$ 377,597	$ 227,932
WIOA Adult Program - Administration	17.258	22-005A, 22-154A	87,787	51,498	1,359
WIOA Youth Activities	17.259	21-010A, 22-005A, 22-154A, 23-133A	1,004,368	523,538	458,145
WIOA Youth Activities - Administration	17.259	21-010A, 22-005A, 22-154A	108,736	44,328	-
WIOA Youth Activities - High Concentration of Eligible Youth	17.259	22-005A, 22-154A	10,130	8,316	8,316
WIOA Dislocated Worker Formula Grants	17.278	22-005A, 22-154A	953,294	382,339	229,851
WIOA Dislocated Worker Formula Grants - Administration	17.278	21-010A, 22-005A, 22-154A	170,799	65,061	-
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	23-023A	136,041	90,058	25,000
WIOA Dislocated Worker Formula Grants - Statewide Rapid Response	17.278	21-010A	99,436	99,436	72,500
Total Workforce Innovation and Opportunity Act Cluster			3,360,688	1,642,171	1,023,103
WIOA National Dislocated Worker Grants - Wildfire Recovery	17.277	20-111A	1,543,373	48,898	48,898
Total passed through State of Oregon, HECC			4,904,061	1,691,069	1,072,001
Passed through Worksystems, Inc.:					
WIOA National Dislocated Worker Grants - Career	17.277	22-60505	300,348	175,330	168,681
WIOA National Dislocated Worker Grants - Career Administration	17.277	22-60505	33,372	9,320	-
Total passed through Worksystems, Inc.			333,720	184,650	168,681
Passed through Oregon Workforce Partnership:					
Reentry Employment Opportunities	17.270	006-24	184,800	13,168	13,152
Total U.S. Department of Labor			5,422,581	1,888,887	1,253,834

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Program or Award Amount	Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Treasury					
Passed through Clackamas County:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Nonprofit Recovery Assistance	21.027	23-018	1,125,000	786,000	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Nonprofit Recovery Assistance Administration	21.027	23-018	125,000	73,705	-
Total passed through Clackamas County			1,250,000	859,705	-
Passed through State of Oregon, Department of Administrative Services (DAS):					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Prosperity 10k ARPA	21.027	21-221A	1,317,503	446,664	433,698
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Prosperity 10k ARPA Administration	21.027	21-221A	146,389	103,311	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Workforce Benefits Navigator	21.027	23-015A	900,000	8,833	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Workforce Benefits Navigator Administration	21.027	23-015A	100,000	16,046	-
Total passed through State of Oregon, DAS			2,463,892	574,854	433,698
Total U.S. Department of Treasury			3,713,892	1,434,559	433,698
Total expenditures of federal awards			$ 9,136,473	$ 3,323,446	$ 1,687,532

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, 2024. 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 2024 Assistance Listing Number (ALN).

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.

The Uniform Guidance establishes criteria to be used in defining major programs. Major programs are those programs selected for testing using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance Subpart F 200.518. Programs with similar requirements may be grouped into a cluster for testing purposes.

3. Indirect Cost Rate

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

4. Insurance

CWP had insurance in force during the year ended June 30, 2024, as recommended by its insurance agent.

Jones & Roth
CPAs & Business Advisors

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, 2024, 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 February 21, 2025.

Report on 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) as a basis for designing 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 the 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Jones & Roth, P.C.
Eugene, Oregon
February 21, 2025

Jones Roth
CPAs & Business Advisors

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

Opinion on 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 identified as subject to audit 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, 2024. 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.

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, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Clackamas Workforce Partnership and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Clackamas Workforce Partnership's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Clackamas Workforce Partnership's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Clackamas Workforce Partnership's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Clackamas Workforce Partnership's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Clackamas Workforce Partnership's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Clackamas Workforce Partnership's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Clackamas Workforce Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Clackamas Workforce Partnership's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Clackamas Workforce Partnership's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Jones & Roth, P.C.
Eugene, Oregon
February 21, 2025

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY, INC.
dba CLACKAMAS WORKFORCE PARTNERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Summary of Auditor's Results

(i) The independent auditor's report expresses an unmodified opinion on the financial statements of Workforce Investment Council of Clackamas County, Inc. dba Clackamas Workforce Partnership.

(ii) No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.

(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) One significant deficiency in internal control was disclosed by the audit of the major federal award program. No material weaknesses were disclosed.

(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) Audit findings that are required to be reported under § 200.516(a) are reported in this schedule.

(vii) The program tested as a major program was:

COVID-19 Coronavirus State and Local Fiscal Recovery Funds Assistance Listing # 21.027

(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

Finding 2024-001

Type of Finding: Significant deficiency in internal control over compliance and immaterial noncompliance

Criteria: In accordance with the Uniform Guidance (2 CFR 200, subpart E), it is the responsibility of CWP's management to ensure internal controls are properly designed and implemented in order for payroll costs to be properly allocated to federal awards based on records reflecting the actual work performed.

Findings and Questioned Costs – Major Federal Award Program Audit, continued

Finding 2024-001, continued

Condition: While performing audit procedures over payroll disbursements, we identified three separate instances where the allocation of an employee's hours by grant in the monthly timesheet distribution spreadsheet was not consistent with the actual time charged to the respective grants as reflected in the employee's approved timesheet for the pay period. As a result, the payroll allocation journal entries recorded for those months was not consistent with the actual work performed for each grant.

Cause of Condition: Internal controls in place are not adequately designed and implemented to ensure payroll allocation journal entries are determined based on actual hours worked on the employees' timesheets for the respective pay periods.

Effect of Condition: The effect of the condition is that payroll costs were not properly allocated to federal awards based on actual work performed for such award.

Questioned Costs: No reportable questioned costs.

Repeat Finding: No.

Recommendation: We recommend management revise procedures surrounding monthly payroll allocation calculations to ensure employee hours by grant are accurately reflected in the timesheet distribution spreadsheet utilized for recording payroll related journal entries. We recommend implementing procedures whereby the allocation calculations are reviewed for consistency with employee timesheets by someone other than the individual who prepares them.

Views of Responsible Officials: Management agrees with auditor's finding. See attached corrective action plan.

Prior Period Findings – Financial Statement Audit

None.

Prior Period Findings and Questioned Costs – Major Federal Award Program Audit

None.

Clackamas Workforce Partnership
WORKFORCE DEVELOPMENT BOARD
365 Warner Milne Rd, Suite 202
Oregon City, OR 97045
(503) 657-6644
www.clackamasworkforce.org

FY2024 AUDIT CORRECTIVE ACTION PLAN

Finding 2024-001

Condition: While performing audit procedures over payroll disbursements, we identified three separate instances where the allocation of an employee's hours by grant in the monthly timesheet distribution spreadsheet was not consistent with the actual time charged to the respective grants as reflected in the employee's approved timesheet for the pay period. As a result, the payroll allocation journal entries recorded for those months was not consistent with the actual work performed for each grant.

Cause of Condition: Internal controls in place are not adequately designed and implemented to ensure payroll allocation journal entries are determined based on actual hours worked on the employees' timesheets for the respective pay periods.

Corrective Plan:
CWP will separate duties. The error occurred at the beginning of the payroll process while entering hours from the timesheets. The Executive Assistant will enter hours from the timesheets into the distribution spreadsheet. The Fiscal Manager will review and signoff the data entered.

Implementation Date: February 1, 2025

Responsible Staff: Laura Kropf, Fiscal Manager