

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2011
(With Comparative Totals for the Year Ended June 30, 2010)**

Jones & Roth

CPAs & Business Advisors

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Workforce Investment Council of Clackamas County (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2010, financial statements and in our report dated October 29, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workforce Investment Council of Clackamas County as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2011, on our consideration of Workforce Investment Council of Clackamas County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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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 and related notes are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are 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 basic financial statements taken as a whole.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
November 8, 2011

FINANCIAL STATEMENTS

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
STATEMENT OF FINANCIAL POSITION
June 30, 2011
(With Comparative Totals for June 30, 2010)

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash	\$ 7,452	\$ 22,547
Grants receivable	831,820	577,811
Other receivable	2,643	-
Prepaid expenses	<u>-</u>	<u>452</u>
Total current assets	841,915	600,810
Property and equipment, net	<u>8,284</u>	<u>11,024</u>
Total assets	<u>\$ 850,199</u>	<u>\$ 611,834</u>
Liabilities and Net Assets		
Current liabilities		
Accrued payroll and related expenses	\$ 27,189	\$ 21,477
Accounts payable and accrued liabilities	<u>811,494</u>	<u>574,716</u>
Total current liabilities	838,683	596,193
Net assets		
Unrestricted	<u>11,516</u>	<u>15,641</u>
Total liabilities and net assets	<u>\$ 850,199</u>	<u>\$ 611,834</u>

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2011
 (With Comparative Totals for June 30, 2010)

	2011	2010
Changes in unrestricted net assets		
Support and revenues:		
Grants and contracts	\$ 4,747,473	\$ 4,953,992
Contributions	2,280	-
Other Income	2,643	-
Total support and revenues	4,752,396	4,953,992
Expenses:		
Program services:		
WIA programs	3,989,551	4,405,276
Other programs	386,816	211,277
Support services:		
Administration	380,154	344,069
Total expenses	4,756,521	4,960,622
Change in net assets	(4,125)	(6,630)
Net assets, beginning of year	15,641	22,271
Net assets, end of year	\$ 11,516	\$ 15,641

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011				2010
	WIA Programs	Other Programs	Administration	Total	Total
Salaries and wages	\$ 114,983	\$ 29,458	\$ 225,033	\$ 369,474	\$ 307,036
Retirement contributions	6,870	1,749	13,240	21,859	15,982
Payroll taxes	10,465	2,530	19,234	32,229	26,558
Other employee benefits	12,488	2,820	23,033	38,341	27,315
Travel and mileage	9,574	632	6,947	17,153	17,807
Board and staff development	2,495	-	1,827	4,322	4,474
Professional services	5,400	-	22,001	27,401	29,901
Participant data tracking	20,714	1,612	10,231	32,557	50,000
Other materials and services	40,172	720	-	40,892	1,866
General office supplies	768	217	1,328	2,313	1,719
Postage	193	78	308	579	412
Expendible equipment	1,029	266	11,163	12,458	8,961
Depreciation	4,931	-	-	4,931	4,337
Meetings	2,716	30	38	2,784	3,287
Consultant services	49,847	1,063	663	51,573	31,065
Telephone	1,999	514	4,276	6,789	6,795
Advertising	-	-	496	496	1,162
Marketing and outreach	7,031	260	-	7,291	10,347
Printing and duplication	319	132	723	1,174	757
Liability insurance	1,165	427	2,404	3,996	3,829
Office rental	20,171	2,800	22,198	45,169	34,500
Storage facilities rental	-	-	539	539	504
Dues and memberships	3,920	-	14,150	18,070	16,620
Publications and subscriptions	-	-	72	72	97
Filing fees	-	-	250	250	250
Program services	<u>3,672,301</u>	<u>341,508</u>	<u>-</u>	<u>4,013,809</u>	<u>4,355,041</u>
 Total expenses	 <u>\$ 3,989,551</u>	 <u>\$ 386,816</u>	 <u>\$ 380,154</u>	 <u>\$ 4,756,521</u>	 <u>\$ 4,960,622</u>

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011
(With Comparative Totals for June 30, 2010)

	2011	2010
Cash flows from operating activities		
Cash received as revenues and public support	\$ 4,495,744	\$ 5,221,573
Cash paid to employees for wages and benefits	(456,191)	(373,568)
Cash paid for other expenses	(4,052,456)	(4,840,979)
Net cash provided (used) by operating activities	(12,903)	7,026
Cash flows from investing activities		
Purchases of furniture and equipment	(2,192)	-
Net increase (decrease) in cash	(15,095)	7,026
Cash, beginning of year	22,547	15,521
Cash, end of year	\$ 7,452	\$ 22,547
Reconciliation of change in nets assets to net cash provided (used) by operating activities		
Change in net assets	\$ (4,125)	\$ (6,630)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,931	4,337
(Increase) decrease in assets:		
Grants receivable	(254,009)	267,581
Other receivable	(2,643)	-
Prepaid expenses	452	1,342
Increase (decrease) in liabilities:		
Accrued payroll and related expenses	5,712	3,323
Accounts payable	236,779	(262,927)
Net cash provided (used) by operating activities	\$ (12,903)	\$ 7,026

The accompanying notes are an integral part of these statements.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

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

Basis of Accounting

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

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with WICCO's financial statements for the year ended June 30, 2010, from which the summarized information is derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

Property and Equipment

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

Support and Revenues

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

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Advertising

Advertising costs are expensed as incurred.

Nonprofit Status

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

2. Cash

At June 30, cash consisted of the following:

	2011	2010
Demand deposits with financial institutions	<u>\$ 7,452</u>	<u>\$ 22,547</u>

3. Property and Equipment

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

	2011	2010
Property and equipment	\$ 35,700	\$ 34,744
Accumulated depreciation	<u>(27,416)</u>	<u>(23,720)</u>
Property and equipment, net	<u>\$ 8,284</u>	<u>\$ 11,024</u>

Depreciation expenses totaled \$4,931 and \$4,337, respectively, for the years ended June 30, 2011 and 2010.

4. Retirement Plan

WICCO makes employer matching contributions under an arrangement described in Section 403(b) of the IRC. WICCO contributes up to 8 percent of the employee's salary. Expenses under this plan for the years ended June 30, 2011 and 2010, totaled \$21,859 and \$15,982, respectively.

5. Lease Commitment

WICCO leases administrative office space under an operating lease that is scheduled to expire during August 2013. WICCO also leases additional office space under an operating lease that is scheduled to expire during June 2013.

WICCO leases certain office equipment under an operating lease that will expire during August 2013.

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO FINANCIAL STATEMENTS

5. Lease Commitment, continued

At June 30, 2011, future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 44,579
2013	45,719
2014	<u>6,792</u>
Total	<u>\$ 97,090</u>

Total rent expense was \$47,183 and \$36,503 for the years ended June 30, 2011 and 2010, respectively.

6. Related Party Transactions

WICCO has entered into grant agreements with organizations whose management includes members of the WICCO Board of Directors. Payables to these organizations totaled \$714,061 and \$527,463 at June 30, 2011 and 2010, respectively. Expenses of \$3,812,747 and \$4,249,112 were incurred under grant agreements with these organizations during the years ended June 30, 2011 and 2010, respectively.

7. Contingencies

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

8. Subsequent Events

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

FEDERAL AWARDS SECTION

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor				
Passed through the State of Oregon:				
WIA Title 1B Administration	17.258	\$ 136,483	\$ 70,389	\$ -
WIA Title 1B Administration	17.259	142,497	60,994	-
WIA Title 1B Administration	17.260	82,919	82,919	-
WIA Title 1B Adult	17.258	768,203	618,866	559,799
WIA Title 1B Youth	17.259	800,521	615,505	565,399
WIA Title 1B Dislocated Worker	17.260	18,807	18,807	-
WIA Title 1B Administration	17.278	105,020	28,728	-
WIA Title 1B Dislocated Worker	17.278	945,191	742,546	699,541
Statewide activities - LWIB	17.259	46,993	20,906	-
Statewide activities - HCEY	17.259	16,878	10,000	10,000
Statewide activities - Rapid Response	17.260	31,954	31,954	31,954
Employer Workforce Training Fund:				
Administration	17.259	7,020	6,240	-
Administration	17.260	1,904	1,904	-
Program	17.260	42,020	42,020	27,000
Blackwell Additional Assistance				
Administration	17.260	11,261	10,443	-
Program	17.260	112,607	49,541	49,541
Oregon National Guard Gap Fill	17.260	42,300	23,654	23,654
Oregon National Guard Gap Fill Administration	17.260	4,700	2,125	-
Movie Gallery Gap Fill	17.260	67,500	67,500	67,500
Movie Gallery Gap Fill Administration	17.260	7,500	7,500	-
Movie Gallery Gap Fill	17.278	67,500	19,092	19,092
Movie Gallery Gap Fill Administration	17.278	7,500	1,080	-
Statewide activities - Rapid Response	17.278	1,524	1,524	1,524
Statewide Projects	17.278	10,000	10,000	-
Employer Workforce Training Fund:				
Program	17.278	133,396	111,328	108,196
Employer Workforce Training Fund STORY	17.278	40,000	40,000	-
Blue Heron Gap Fill	17.278	37,632	5,799	5,799
Joes Gap Fill	17.278	45,000	20,875	20,875
National Career Readiness Certificate	17.278	21,973	21,973	7,466
ARRA National Career Readiness Certificate	ARRA 17.259	32,959	32,959	11,200
ARRA National Career Readiness Certificate Administration	ARRA 17.260	818	818	-
ARRA WIA Administration	ARRA 17.259	587	587	-
ARRA WIA Adult	ARRA 17.258	99,074	99,074	99,074
ARRA WIA Youth	ARRA 17.259	99,010	99,010	99,010
ARRA WIA Dislocated Worker	ARRA 17.260	131,170	131,170	131,170
ARRA Navigator Match	ARRA 17.259	6,007	6,007	-
ARRA WIA Dislocated Worker Rapid Response	ARRA 17.260	100,000	100,000	100,000
ARRA Gap Fill Joes	ARRA 17.260	2,956	2,956	2,956

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor, continued				
ARRA Gap Fill Joes Administration	ARRA 17.260	6,418	6,418	-
ARRA Statewide Projects Rapid Response	ARRA 17.260	10,000	10,000	-
ARRA NEG Joes	ARRA 17.260	525,051	525,051	525,051
ARRA NEG Joes Administration	ARRA 17.260	78,075	37,453	-
ARRA NEG Cleanpack	ARRA 17.260	412,040	249,508	249,508
ARRA NEG Cleanpack Administration	ARRA 17.260	41,204	23,949	-
ARRA NEG Blount	ARRA 17.260	443,580	242,193	242,193
ARRA NEG Blount Administration	ARRA 17.260	44,358	23,757	-
ARRA NEG On the Job Training	ARRA 17.260	145,239	14,799	14,799
ARRA NEG On the Job Training Administration	ARRA 17.260	7,644	3,608	-
Total WIA Cluster		5,942,993	4,353,529	3,672,301
Navigator:				
Program	17.266	15,779	15,779	-
Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA State Energy Sector Partnership Grant:				
Administration	ARRA 17.275	10,685	8,451	-
Program	ARRA 17.275	152,649	60,207	60,207
Total passed through the State of Oregon		6,122,106	4,437,966	3,732,508
Passed through Oregon Manufacturing Extension Partnership, Inc.:				
Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA RenewableNW	ARRA 17.275	476,547	237,730	211,730
Passed through Worksystems, Inc.:				
Healthcare Oregon Pathways to Employment:				
Administration	17.269	4,895	2,206	-
Program	17.269	81,585	48,344	48,344
Total U.S. Department of Labor		6,685,133	4,726,246	3,992,582
U.S. Department of Health and Human Services				
Passed through The Job Council:				
JOBS Summer Youth Employment Program	93.558	28,000	21,227	21,227
Total federal programs		<u>\$ 6,713,133</u>	<u>\$ 4,747,473</u>	<u>\$ 4,013,809</u>

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

1. Organization of the Schedule

Grants are organized by federal department or agency and identified by the 2011 Catalog of Federal Domestic Assistance (CFDA) number.

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

2. Summary of Significant Accounting Policies

Expenditures are reported on the accrual basis.

3. Insurance

WICCO had insurance in force during the year ended June 30, 2011, as recommended by their insurance agent.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Workforce Investment Council of Clackamas County (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 8, 2011. 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.

Internal Control over Financial Reporting

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

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Investment Council of Clackamas County's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management and others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
November 8, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Workforce Investment Council of Clackamas County's (a nonprofit organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each Workforce Investment Council of Clackamas County's major federal programs for the year ended June 30, 2011. Workforce Investment Council of Clackamas County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Workforce Investment Council of Clackamas County's management. Our responsibility is to express an opinion on Workforce Investment Council of Clackamas County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Workforce Investment Council of Clackamas County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Workforce Investment Council of Clackamas County's compliance with those requirements.

In our opinion, Workforce Investment Council of Clackamas County complied, in all material respects, with the 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, 2011.

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Internal Control over Compliance

Management of Workforce Investment Council of Clackamas County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Workforce Investment Council of Clackamas County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Workforce Investment Council of Clackamas County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
November 8, 2011

WORKFORCE INVESTMENT COUNCIL OF CLACKAMAS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Summary of Audit Results

- (i) The auditor's report expresses an unqualified opinion on the financial statements of Workforce Investment Council of Clackamas County.
- (ii) Not applicable.
- (iii) No instances of noncompliance material to the financial statements were disclosed during the audit.
- (iv) Not applicable.
- (v) The auditor's report on compliance for the major federal award program for Workforce Investment Council of Clackamas County expresses an unqualified opinion.
- (vi) The audit did not disclose any audit findings required to be reported.
- (vii) Program tested as major programs were:
CFDA #17.258 - 17.260, 17.278 - Workforce Investment Act cluster
CFDA #17.275 – Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors – State Energy Sector Partnership Grant and RenewableNW
- (viii) The threshold for distinguishing between Type A and Type B programs was \$300,000.
- (ix) Workforce Investment Council of Clackamas County qualifies as a low risk auditee.

Findings - Financial Statements and Internal Control over Financial Reporting

None.

Findings and Questioned Costs - Federal Awards

None.

Prior Year Findings

None.