



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2018

EASTERN OREGON WORKFORCE BOARD
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INTRODUCTORY SECTION

EASTERN OREGON WORKFORCE BOARD
List of Officials

BOARD OF DIRECTORS

Susie Cederholm
Kathy Gover-Shaw
Sheryll Bates
Susan Roberts
Pat Davis
Joseph Franell
Rich Fulton
Riley Hill
Jim Jones
Steve Lyon
Patrick Patterson
Debbie Radie
Jesse Schmidt
William Wyllie
Cam Preus
Dana Young
Debbie Gargalis
Donna Keddy
Doug Dalton
Jeff Gritz
Mark Warne
Terri Hellbusa
Forrest Keady

EOWB Chair
EOWB Vice Chair
EOWB Secretary
Chief Local Elected Officer

OFFICIAL

Bill Rosholt, Executive Director

FINANCIAL SECTION

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

Independent Auditors' Report

Board of Directors
Eastern Oregon Workforce Board
1901 Adams Ave,
La Grande, OR 97850

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Oregon Workforce Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expense, 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 Eastern Oregon Workforce Board as of June 30, 2018, 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

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* (CFT) 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 October 23, 2018, on our consideration of Eastern Oregon Workforce Board'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 the Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's internal control over financial reporting and compliance.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

Michael E. Moeller, CPA

By _____
Michael E. Moeller, CPA

La Grande, Oregon
October 23, 2018

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BASIC FINANCIAL STATEMENTS

EASTERN OREGON WORKFORCE BOARD
Statement of Financial Position
June 30, 2018

Assets

Current assets:

Cash and cash equivalents:	\$ 110,714
Prepaid expenses	1,898
Grants and other receivables	<u>220,715</u>
Total current assets	<u>333,327</u>
 Total assets	 <u><u>\$ 333,327</u></u>

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 268,498
Accrued payroll	10,406
Payroll Taxes Payable	5,987
Benefits Payable	<u>38,513</u>
Total current liabilities	<u>323,404</u>
Total liabilities	<u>323,404</u>

Net assets:

Unrestricted net assets	<u>9,923</u>
 Total liabilities and net assets	 <u><u>\$ 333,327</u></u>

(The accompanying notes are an integral part of these financial statements)

EASTERN OREGON WORKFORCE BOARD
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues:			
WIOA Grants	\$ -	\$ 1,837,895	\$ 1,837,895
State Grants	-	183,988	183,988
Other state & local grant revenue	-	85,346	85,346
Total revenue	-	2,107,229	2,107,229
Net assets released from restrictions	2,107,229	(2,107,229)	-
Total support and revenue	2,107,229	-	2,107,229
Expenses:			
Program services:			
Employment & training	1,557,215	-	1,557,215
Support services:			
Management & general	540,091	-	540,091
Total operating expenses	2,097,306	-	2,097,306
Changes in net assets	9,923	-	9,923
Net assets - beginning of year	-	-	-
Net assets - end of year	\$ 9,923	\$ -	\$ 9,923

(The accompanying notes are an integral part of these financial statements)

EASTERN OREGON WORKFORCE BOARD
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2018

	<u>Program Activity</u> <u>Employment and Training</u>	<u>Supporting Services</u> <u>Management & General</u>	<u>Total</u>
Salaries & wages	\$ 15	\$ 344,052	\$ 344,067
Payments to grant subrecipient providers	1,443,463	-	1,443,463
Other payroll expenses	-	103,666	103,666
Professional services	150	20,237	20,387
Legal services	-	689	689
Audit services	-	13,150	13,150
Telephone	25,739	2,298	28,037
Insurance	-	8,110	8,110
Lease expense	57,514	-	57,514
Office Supplies	12,695	11,614	24,309
Small Equipment	792	-	792
Dues & fees	-	11,369	11,369
Travel	7,056	15,983	23,039
Meeting costs	-	395	395
Utilities	596	8,528	9,124
Support services	5,913	-	5,913
Itrac database costs	3,282	-	3,282
Total expenses	<u>\$ 1,557,215</u>	<u>\$ 540,091</u>	<u>\$ 2,097,306</u>

EASTERN OREGON WORKFORCE BOARD
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

Cash Flows Used For Operating Activities:

Change in net assets	\$	9,923
Adjustment to reconcile change in net assets to net cash used for operating activities:		
(Increase) decrease in prepaid expense		2,658
(Increase) decrease in accounts & grants receivable		(24,278)
Increase (decrease) in accounts payable		33,852
Increase (decrease) in accrued payroll taxes payable		(4,033)
Increase (decrease) in accrued payroll		4,622
Increase (decrease) in benefits payable		9,661
Increase (decrease) in deferred income		(7,506)
Net cash provided by operating activities		24,899
Cash and cash equivalents at beginning of year		85,815
Cash and cash equivalents at end of year	\$	110,714

(The accompanying notes are an integral part of these financial statements)

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**NOTES TO BASIC FINANCIAL
STATEMENTS**

EASTERN OREGON WORKFORCE BOARD
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies:

Organization and Nature of Activities

Eastern Oregon Workforce Board (EOWB or the Organization) was formed on July 1, 2015 as a 501 (c) (3) nonprofit corporation organized in the state of Oregon. The Organization services an eight county area in Eastern Oregon, including Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union and Wallowa Counties. WIOA requires that each Workforce Development Area form a Workforce Development Board. The Board of Directors of EOWB was designated to meet this requirement for the geographic area of the counties in Oregon noted above.

EOWB is a workforce development organization dedicated to assisting employers in recruiting and retaining employees, helping individuals find employment and helping people progress in their careers. Specifically, the Organization is charged with planning, oversight, and administrative responsibility for local job training including, but not limited to, those funded under the Workforce Innovation and Opportunity Act of 2014 (WIOA).

Public Support & Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. The majority of funds are received through federal and state grants and contracts. The EOWB has no permanently restricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, and/or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Board received funding in part from the Oregon Office of Community Colleges and Workforce Development (CCWD) and other state and federal sources.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. All revenues are recognized when they are earned. Expenses are recognized when the related fund liability is incurred.

Fund Accounting

The Eastern Oregon Workforce Board's programs are funded by separate and distinct grants, and net assets in one program cannot generally be applied to a deficit in another. Each grant is considered a separate accounting entity and is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into "Unrestricted" and "Temporarily Restricted" funds.

Cash and Cash Equivalents

The Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

EASTERN OREGON WORKFORCE BOARD
Notes to Financial Statements

Compensated Absences

The liability for compensated absences, included in benefits payable, reported in the Statement of Financial Position consist of unpaid, accumulated annual leave balances. Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the fund that will pay it. Total accrued vacation and sick pay at June 30, 2018 amounted to \$38,513.

Income Taxes

The Board is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. None of its present or future activities are anticipated to be subject to unrelated business income taxes; therefore no provision for federal or state income taxes is made in the financial statements.

Accounting 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 and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Budgets and Budgetary Accounting

Budgets are prepared in accordance with the requirements of the individual grants and as a cost control used by management.

Cost Allocation Plan

The Board has a plan to allocate costs among funds. For example, rent is allocated based on square footage. Telephone charges are allocated based on the number of instruments in each fund. Indirect labor is allocated based on the number of payroll hours per fund.

Note 2 - Concentration of Credit Risk:

All accounts are insured by FDIC up to \$250,000. Cash did not exceed FDIC coverage.

Note 3 - Accounts Receivable

As of June 30, 2018, grants and other receivables were composed of:

Competitive Strategies Receivable	\$ 140,364
DW Receivable	19,780
Sector Receivable	21,957
Work Experience Receivable	29,753
Accounts receivable - other	8,861
	<hr/>
Total	<u>\$ 220,715</u>

Accounts receivable are stated at the amount management expects to collect from outstanding balances. All accounts receivable are expected to be collected in full.

Accounts receivable are considered delinquent if uncollected after 30 days.

EASTERN OREGON WORKFORCE BOARD
Notes to Financial Statements

Note 4 - Leases

The Board rents office space for Eastern Oregon Workforce Board and Training and Employment Consortium. Total lease expense for fiscal year ended June 30, 2018 was \$20,390. The office space is rented on a month-to month basis.

Note 5 - Defined Contribution Pension Plan:

The Board provides pension benefits for its eligible employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Board contributes a 3% match for Simple IRA contributions and a 3.5% match for ROTH IRA contributions. Employees generally become eligible to participate in the plan after a three month employment probationary period. Contributions are vested immediately.

The Board's total payroll for the fiscal year was \$357,674, with total eligible wages amounting to \$351,882. The Board contributed \$40,722 to the plan during the fiscal year.

Note 6 - Economic Dependency:

A material part of the Board's funding is dependent on contracts with the Oregon Office of Community Colleges and Workforce Development (CCWD). Although these are not formal continuing contracts that assure funding beyond the annual contract period, the Board has taken the place of an entity that operated these contracts for a number of years. The current contract provides funding through June 30, 2019.

Note 7 - Related Party Transactions:

EOWB has entered into contracts with organizations whose management includes members of the EOWB Board of Directors or Eastern Oregon Jobs Council.

The following contracts were in effect during the year ended June 30, 2018:

<u>Agency</u>	<u>Funding Title</u>	<u>Expense</u>	<u>Payable (Receivable)</u>
Training and Employment Consortium	WIOA/NEG	\$ 719,800	\$ 71,931
Community Action Program of East Central Oregon	WIOA/NEG	\$ 723,663	\$ 71,974

Note 8 - Uncertain Tax Position:

The Board's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitation on those tax returns. In general, the federal and state income tax returns have a three year statute of limitations. The Board would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provisions.

Note 9 - Subsequent Event:

Management has evaluated subsequent events through October 23, 2018, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

**AUDIT DELIVERABLES REQUIRED
BY THE SINGLE AUDIT ACT OF
1996**

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

**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***

Board of Directors
Eastern Oregon Workforce Board
1901 Adams Ave,
La Grande, OR 97850

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 Eastern Oregon Workforce Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

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

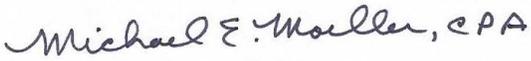
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Oregon Workforce Board'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.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

By 

Michael E. Moeller, CPA

La Grande, Oregon
October 23, 2018

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

1121 ADAMS AVENUE • P.O. BOX 1024

LA GRANDE, OREGON 97850-1024

**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors
Eastern Oregon Workforce Board
1901 Adams Ave,
La Grande, OR 97850

Report on Compliance for Each Major Federal Program

We have audited Eastern Oregon Workforce Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Eastern Oregon Workforce Board's major federal programs for the year ended June 30, 2018. Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern Oregon Workforce Board'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 Eastern Oregon Workforce Board's compliance.

Opinion on Each Major Federal Program

In our opinion, Eastern Oregon Workforce Board 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, 2018.

Report on Internal Control over Compliance

Management of Eastern Oregon Workforce Board 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 Eastern Oregon Workforce Board'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

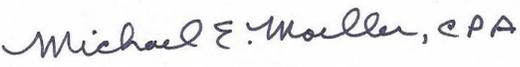
procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Eastern Oregon Workforce Board'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.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

By 

Michael E. Moeller, CPA

La Grande, Oregon
October 23, 2018

**Eastern Oregon Workforce Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Contract Number</u>	<u>Expenditures</u>	<u>Pass through to Subrecipients</u>
Department of Labor				
Passed through Department of Community Colleges and Workforce Development of the Higher Education Coordinating Commission:				
WIOA Cluster				
WIOA Adult Program	17.258	AA-28338-16-55-A-41; AA- 30693-17-55-A-41; 16-305; 17-149	\$ 589,478	\$ -
Passed through to Community Actions Programs East Central Oregon				180,410
Passed through to Training and Employment Consortium				220,503
Total WIOA Adult Program			<u>589,478</u>	<u>400,913</u>
WIOA Youth Activities	17.259	AA-28338-16-55-A-41; AA- 30693-17-55-A-41; 16-305; 17-149	528,697	
Passed through to Community Actions Programs East Central Oregon				191,084
Passed through to Training and Employment Consortium				207,724
Total WIOA Youth Activities			<u>528,697</u>	<u>398,808</u>
WIOA Dislocated Worker Formula Grants	17.211	AA-28338-16-55-A-41; AA- 30693-17-55-A-41; 16-305; 17-149; 15-9; 16-3; 17-2	719,720	
Passed through to Community Actions Programs East Central Oregon				322,714
Passed through to Training and Employment Consortium				267,162
Total WIOA Dislocated Worker Formula Grants			<u>719,720</u>	<u>589,876</u>
Total WIOA Cluster			<u>1,837,895</u>	<u>1,389,597</u>
Total expenditures of federal awards			<u>\$ 1,837,895</u>	<u>\$ 1,389,597</u>

**Eastern Oregon Workforce Board
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Note A - Purpose of the Schedule:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is a supplementary schedule to Eastern Oregon Workforce Board's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Eastern Oregon Workforce Board, it is not intended to and does not present either the financial position, results of operations, or changes in net assets of Eastern Oregon Workforce Board.

Note B - Significant Accounting Policies:

Reporting Entity

The reporting entity is fully described in Note 1 to Eastern Oregon Workforce Board's basic financial statements. The Schedule includes all federal programs administered by Eastern Oregon Workforce Board for the year ended June 30, 2018.

Basis of Presentation

The accompanying Schedule includes the federal award activity of the Eastern Oregon Workforce Board under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the entity.

Federal Financial Assistance

Pursuant to the Single Audit Act and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between Eastern Oregon Workforce Board and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act and the Uniform Guidance establish criteria to be used in defining major programs. Major programs for Eastern Oregon Workforce Board are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Basis of Accounting

Federal awards are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Insurance Coverage

For the fiscal year ended June 30, 2018, Eastern Oregon Workforce Board had insurance coverage in effect comparable to other entities of similar size and circumstance.

Indirect Cost Rate

Eastern Oregon Workforce Board has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**EASTERN OREGON WORKFORCE BOARD
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

A. Summary of Audit Results

	Results
Financial Statements Audit	
1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
Were significant deficiencies disclosed?	No
Of the significant deficiencies disclosed were any material weaknesses?	N/A
3. Did the audit disclose any noncompliance material to the financial statements?	No
Federal Awards	
1. Type of auditor's report issued:	
<u>Major programs:</u>	
WIOA Cluster	Unmodified
WIA/WIOA Adult Program: CFDA #17.258	
WIA/WIOA Youth Activities: CFDA #17.259	
WIA/WIOA Dislocated Worker Formula Grants: CFDA #17.278	
2. Internal control over major programs:	
Were significant deficiencies disclosed?	No
Of the significant deficiencies disclosed were any material weaknesses?	N/A
3. Were any of the following disclosed in accordance with 2 CFR Section 200.516(a)?	
Significant deficiencies in internal control over major programs?	No
Material Noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to major programs?	No
Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program?	No
Known questioned costs which are greater than \$25,000 for a federal program which is not audited as a major program?	No
4. The threshold for distinguishing Types A and B programs.	\$ 750,000
5. Auditee qualified as a low-risk auditee	Yes
6. Did the audit disclose any findings which the auditor was required to report?	No

B. Findings and Questioned Costs - Financial Statement Audit

None noted as a result of our audit procedures.

C. Federal Awards Findings and Questioned Costs

None noted as a result of our audit procedures.

EASTERN OREGON WORKFORCE BOARD
Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

None noted as a result of our audit procedures.