

EASTERN OREGON WORKFORCE BOARD

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020



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
Pat Davis
Rich Fulton
Riley Hill
Patrick Patterson
Jesse Schmidt
William Wyllie
Dana Young
Dennis Bailey-Fougner
Doug Dalton
Terri Hellbush
Jon Irvine
Kalie Davis
Jeff Gritz
Tara Morrell

EOWB Chair
EOWB Vice Chair
EOWB Secretary

OFFICIAL

William Rosholt

Executive Director

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FINANCIAL SECTION

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 14, 2020, 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.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC

By Yvonne K. Roberts, CPA
Yvonne Roberts, CPA

La Grande, Oregon
October 14, 2020

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BASIC FINANCIAL STATEMENTS

EASTERN OREGON WORKFORCE BOARD
Statement of Financial Position
June 30, 2020

Assets

Current assets:

Cash and cash equivalents:	\$ 280,640
Prepaid expenses	4,568
Grants and other receivables	<u>296,490</u>

Total assets \$ 581,698

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 174,000
Accrued payroll	13,692
Payroll taxes payable	7,389
Accrued vacation	<u>61,786</u>

Total liabilities 256,867

Net assets:

Without donor restrictions 324,831

Total liabilities and net assets \$ 581,698

(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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
WIOA Grants	\$ -	\$ 1,876,206	\$ 1,876,206
State Grants	-	615,412	615,412
Other state & local revenue	55,801	-	55,801
Total revenue	<u>55,801</u>	<u>2,491,618</u>	<u>2,547,419</u>
Net assets released from restrictions:			
Satisfaction of program and support		(2,268,990)	(2,268,990)
Satisfaction of administration restrictions		(222,628)	(222,628)
Total net assets released from restrictions	<u>2,491,618</u>	<u>(2,491,618)</u>	<u>-</u>
Total support and revenue	<u>2,547,419</u>	<u>-</u>	<u>278,429</u>
Expenses:			
Program services:			
Employment & training	2,054,882	-	2,054,882
Support services:			
Management & general	214,108	-	214,108
Total operating expenses	<u>2,268,990</u>	<u>-</u>	<u>2,268,990</u>
Changes in net assets	278,429	-	278,429
Net assets - beginning of year	<u>46,402</u>	<u>-</u>	<u>46,402</u>
Net assets - end of year	<u>\$ 324,831</u>	<u>\$ -</u>	<u>\$ 324,831</u>

(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, 2020

	<u>Program Activity</u>	<u>Supporting Services</u>	
	<u>Employment and Training</u>	<u>Management & General</u>	<u>Total</u>
Salaries & wages	\$ 324,570	\$ 108,190	\$ 432,760
Federal payments to grant subrecipient providers	1,265,228	-	1,265,228
State payments to grant subrecipients providers	184,708		184,708
Other payroll expenses	78,115	26,038	104,153
Professional services	-	16,243	16,243
Outreach	122,340	-	122,340
Audit services	-	13,700	13,700
Telephone & internet	12,692	2,157	14,849
Insurance	-	6,582	6,582
Lease expense	44,272	8,400	52,672
Supplies		9,071	9,071
Dues & fees	-	11,086	11,086
Travel		10,250	10,250
Board Travel	-	2,194	2,194
Meeting costs	-	197	197
Itrac database costs	22,957	-	22,957
Total expenses	<u>\$ 2,054,882</u>	<u>\$ 214,108</u>	<u>\$ 2,268,990</u>

EASTERN OREGON WORKFORCE BOARD
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

Cash Flows Used For Operating Activities:

Change in net assets	\$ 278,429
Adjustment to reconcile change in net assets to net cash used for operating activities:	
(Increase) decrease in prepaid expense	(1,508)
(Increase) decrease in accounts & grants receivable	(2,078)
Increase (decrease) in accounts payable	(181,692)
Increase (decrease) in accrued payroll taxes payable	971
Increase (decrease) in accrued payroll	2,801
Increase (decrease) in benefits payable	13,549
Net cash provided by operating activities	<u>110,472</u>
Cash and cash equivalents at beginning of year	<u>170,168</u>
Cash and cash equivalents at end of year	<u><u>\$ 280,640</u></u>

(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 and Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activity as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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.

Entity receives funding in primarily from the Higher Education Coordinating Commission.

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, except for debt recognition of losses. All revenues are recognized when they are earned. Expenses are recognized when the related fund liability is incurred. Information is required to be reported regarding financial position and activities according to the following net asset classifications.

Net Assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Entity's management and governance.

Net Assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Entity or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

EASTERN OREGON WORKFORCE BOARD
Notes to Financial Statements

Entity Funds - 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 "Net assets without donor restrictions" and "Net assets with donor restrictions" funds.

The following funds were accounted for during the fiscal year ended June 30, 2020:

General Fund - This fund accounts for all grant and contract income and related expenses.

Workforce Innovation and Opportunity Act of 2014 (WIOA)

The majority (approximately 73.65%) of grant funds received are WIOA funds used to help job seekers access employment, education, training and support services to help them succeed. There are WIOA funds that are specific to adult, youth and dislocated workers. EOWB passes these funds to subrecipients that have been selected by the state of Oregon.

Back to Work Oregon

Approximately 24.15% of EOWB funding are Back to Work Oregon funds. These are state funds that are to be used to help Oregonians access employment, education, training and support services. A portion of these funds are to be used specifically for individuals receiving TANF assistance.

Community in Action Contract Income

EOWB performs contracted accounting services for Community in Action, a nonprofit located in Ontario, Oregon.

Revenue and Revenue Recognition

Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Revenue from Contracts with Customers

The Organization recognizes revenue from contract bookkeeping. The services have an exchange element based on the value of services provided. The Organization bills for services after the services have been performed and recognizes revenue when the obligation has been met.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be 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, 2020 amounted to \$61,786.

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 indirect costs among funds based on labor hours charged to each grant. Other expenses are charged directly to funds, when possible.

New Accounting Pronouncement

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update provides guidance in evaluating whether transactions should be accounted for as contributions or exchanges as well as the timing of revenue recognition. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

On May 28, 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers effective for fiscal years ending on or after December 15, 2019. The update addresses the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The Entity has reported revenue in accordance with this new guidance.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

EASTERN OREGON WORKFORCE BOARD
Notes to Financial Statements

Note 2 - Liquidity and Reserves:

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

Financial assets at December 31, 2020:

Cash	\$ 280,640
Grants and other receivables	296,490
Less those unavailable for general expenditures within one year:	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 577,130</u></u>

As part of the entity's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 - Concentration of Credit Risk:

All accounts are insured by FDIC up to \$250,000. Deposits exceeded federally insured limits by \$35,026 as of June 30, 2020. Deposits that exceeded FDIC limits were fully collateralized, in accordance with standard banking practices throughout the fiscal year. However, the Corporation was not collateralized in accordance with generally accepted accounting principles.

Note 4 - Accounts Receivable

As of June 30, 2020, grants and other receivables were composed of:

Competitive Strategies Receivable	\$ 188,702
Industry Engagement Receivable	43,914
Work Experience Receivable	63,754
Accounts receivable - other	<u>120</u>
Total	<u><u>\$ 296,490</u></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.

Note 5 - 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, 2020 was \$44,272. The office space is rented on a month-to month basis.

Note 6 - 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, therefore no amounts were forfeited during the fiscal year.

The Board's total payroll for the fiscal year was \$432,760, with total eligible wages amounting to \$432,760. The Board contributed \$25,768 to the plan during the fiscal year and employees contributed \$51,500.

EASTERN OREGON WORKFORCE BOARD
Notes to Financial Statements

Note 7 - 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 operated these contracts for a number of years. The current contract provides funding through June 30, 2021.

Note 8 - 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, 2020:

<u>Agency</u>	<u>Funding Title</u>	<u>Expense</u>	<u>Payable</u>
Training and Employment Consortium	WIOA/NEG	\$ 1,265,228	\$ 158,607

Note 9 - 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 10 - Subsequent Event:

On March 11, 2020, the World Health Organization declared a world-wide pandemic related to COVID-19. The virus is causing significant upheaval in the United States and most countries in the world. Supply chains are disrupted and most citizens in the U.S. are under some sort of stay at home order. As of the date of the report, the organization's revenue had not been significantly impacted by the virus, however, it is unknown if the pandemic will cause future impacts on revenues and operations.

Management has evaluated events through October 14, 2020 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 other than the item discussed above.

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

**Independent Auditors' 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, 2020, 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 14, 2020.

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) as a basis for designing 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 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.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Yvonne K. Roberts, CPA
Yvonne Roberts, CPA

La Grande, Oregon
October 14, 2020

Independent Auditors' 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, 2020. 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, 2020.

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.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Yvonne K. Roberts, CPA
Yvonne Roberts, CPA

La Grande, Oregon
October 14, 2020

**Eastern Oregon Workforce Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

<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	PY18-1: 18-029; 19-079G	\$ 634,977	\$ -
Passed through to Training and Employment Consortium				414,297
Total WIOA Adult Program			<u>634,977</u>	<u>414,297</u>
WIOA Youth Activities	17.259	PY18-1: 18-029; 19-079G	453,105	
Passed through to Training and Employment Consortium				336,247
Total WIOA Youth Activities			<u>453,105</u>	<u>336,247</u>
WIOA Dislocated Worker Formula Grants	17.278	PY18-1 - 18-029; 19-079G; PY 18-6 modification	788,124	
Passed through to Training and Employment Consortium				514,684
Total WIOA Dislocated Worker Formula Grants			<u>788,124</u>	<u>514,684</u>
Total WIOA Cluster			<u>1,876,206</u>	<u>1,265,228</u>
Total expenditures of federal awards			<u>\$ 1,876,206</u>	<u>\$ 1,265,228</u>

**Eastern Oregon Workforce Board
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

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, 2020.

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, 2020. 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, 2020, 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, 2020**

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

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, 2020

None noted as a result of our audit procedures.