



TRAINING & EMPLOYMENT CONSORTIUM

Solving workforce challenges is our business.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

Training and Employment Consortium

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INTRODUCTORY SECTION

Training and Employment Consortium Consortium Officials

Consortium Members

Pete Runnels	County Judge Harney County, Oregon	450 N. Buena Vista #5 Burns, OR 97720
John Hillock	County Commissioner Wallowa County, Oregon	101 S. River St Enterprise, OR 97828
Bill Harvey	County Commissioner Baker County, Oregon	1995 Third Street, Suite 101 Baker City, OR 97814
Dan Joyce	County Judge Malheur County, Oregon	251 B Street West, Suite 5 Vale, OR 97918
Paul Anderes	County Commissioner Union County, Oregon	1106 K Avenue La Grande, OR 97850
Jim Hamsher	County Commissioner Grant County, Oregon	201 S Humbolt St., Suite 280 Canyon City, OR 97820

Consortium Administration

Eric Labonte	Executive Director
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FINANCIAL SECTION

Independent Auditors' Report

Board of Directors
Training and Employment Consortium
P.O. Box 2979
La Grande, OR 97850

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Training and Employment Consortium, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

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 the 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 opinions 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. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Training and Employment Consortium as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis on Matter Regarding New Accounting Policy

As described in Note 1, during the year ended June 30, 2019 the Consortium adopted the provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the Management's Discussion & Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and was derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Training and Employment Consortium's basic financial statements. The introductory section is the responsibility of management and is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 21, 2019, on our consideration of Training and Employment Consortium's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By 
Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
October 21, 2019

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

TRAINING AND EMPLOYMENT CONSORTIUM MANAGEMENT'S DISCUSSION AND ANALYSIS

This document presents the highlights of the financial activities and financial position for Training and Employment Consortium (the Consortium). This analysis will focus on significant financial issues, major financial activities and the resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Consortium. Please review this document in conjunction with the Independent Accountant's Audit Report and the Consortium's financial statements.

Financial Highlights

In the financial statements, the assets of the Consortium exceeded its liabilities at June 30, 2019 by \$919,486.

The Consortium's net position increased by \$41,258.

Report Layout

Management's Discussion and Analysis: This section of the report provides financial highlights, overview and economic factors affecting the Consortium.

Basic Financial Statements: Includes Statement of Net Position, Statement of Activities, and Notes to Basic Financial Statements. The Statement of Net Position and Statement of Activities focus on a presentation using the accrual basis of accounting.

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Consortium owns, the liabilities it owes, and the difference called net position.

The Statement of Activities focuses on gross and net costs of Consortium programs and the extent to which such programs rely upon revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Other Supplemental Information and Schedules. Readers desiring additional information may find it in the combining and individual schedules of revenues, expenditures and changes in fund balance in this section of the audit report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be

Our auditor has provided assurance in the Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly presented. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

TRAINING AND EMPLOYMENT CONSORTIUM MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

Table 1
Condensed Statement of Net Position

	June 30, 2019	June 30, 2018
Assets		
Cash & Investments	\$ 771,542	\$ 784,032
Other Current Assets	182,557	189,725
Capital Assets Net of Accumulated Depreciation	52,705	-
Total Assets	<u>1,006,804</u>	<u>973,757</u>
Liabilities		
Current Liabilities	50,134	63,373
Long Term Liabilities	37,184	32,156
Total Liabilities	<u>87,318</u>	<u>95,529</u>
Total Net Position	<u>\$ 919,486</u>	<u>\$ 878,228</u>

Statement of Activity Analysis

Table 2
Condensed Statement of Activities

	June 30, 2019	June 30, 2018
Operating Revenues		
Intergovernmental Revenue	\$ 1,312,247	\$ 1,152,714
Misc Revenues	446	452
Total Operating Revenues	<u>1,312,693</u>	<u>1,153,166</u>
Expenses	<u>1,271,435</u>	<u>1,189,024</u>
Increase (Decrease) in Net Position	41,258	(35,858)
Beginning Net Position	878,228	914,086
Ending Net Position	<u>\$ 919,486</u>	<u>\$ 878,228</u>

Economic Factors & Next Year's Budget

The Consortium has no significant changes planned for the coming year. Expectations are that the customer base will remain relatively consistent with the current year, and operating expenses will approximate the current year.

Financial Contract

The Consortium's financial statements are designed to present users with a general overview of the Consortium's finances and to demonstrate the Consortium's accountability. If you have questions about this report or need additional financial information please contact the Training & Employment Consortium, 1901 Adams Avenue, La Grande, OR 97850.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

TRAINING AND EMPLOYMENT CONSORTIUM**Statement of Net Position****June 30, 2019**

	Governmental Activities
Assets	
Current Assets:	
Petty Cash	\$ 275
Cash - Checking Accounts	771,542
Total Cash & Cash Equivalents	771,817
Grants And Accounts Receivable	165,954
Prepaid Expenses	16,328
Total Current Assets	954,099
Capital Assets:	
Furniture And Equipment	320,156
Less: Accumulated Depreciation	(267,451)
Total Capital Assets Net Of Depreciation	52,705
Total Assets	1,006,804
Deferred Outflows Of Resources	-
Liabilities	
Current Liabilities:	
Accounts Payable	12,632
Accrued Payroll & Benefits	27,244
Accrued Payroll Taxes	10,258
Total Current Liabilities	50,134
Long-Term Liabilities:	
Accrued Compensated Absences	37,184
Total Liabilities	87,318
Deferred Inflows Of Resources	-
Net Position	
Unrestricted	\$ 919,486

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

TRAINING AND EMPLOYMENT CONSORTIUM

Statement of Activities

For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Employment and training	\$ 1,271,435	\$ -	\$ 1,312,247	\$ -	\$ 40,812
General Revenues:					
Interest Income					446
Change in Net Position					41,258
Net position - Beginning of Year					878,228
Net position - End of Year					\$ 919,486

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

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FUND FINANCIAL STATEMENTS

TRAINING AND EMPLOYMENT CONSORTIUM
Balance Sheet - Governmental Funds
June 30, 2019

	<u>General Fund</u>
Assets And Deferred Outflows of Resources	
Petty Cash	\$ 275
Cash - Checking Accounts	771,542
Total Cash & Cash Equivalents	<u>771,817</u>
Grants And Accounts Receivable	165,954
Prepaid Expenses	16,328
Total Assets	<u>954,099</u>
Deferred Outflows Of Resources	<u>-</u>
Total Assets And Deferred Outflows of Resources	<u><u>\$ 954,099</u></u>
Liabilities, Deferred Inflows Of Resources, And Fund Balances	
Liabilities:	
Accounts Payable	\$ 12,632
Accrued Payroll	27,244
Accrued Payroll Taxes	10,258
Total Liabilities	<u>50,134</u>
Deferred Inflows Of Resources	<u>-</u>
Fund Balances:	
Nonspendable	16,328
Assigned (For Automobile Replacement)	5,256
Unassigned	882,381
Total Fund Balances	<u>903,965</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u><u>\$ 954,099</u></u>

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

TRAINING AND EMPLOYMENT CONSORTIUM
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Fiscal Year Ended June 30, 2019

Total Fund Balances - Governmental Funds	\$ 903,965
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Amounts reported for governmental *activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Building and Equipment	320,156	
Less: Accumulated Depreciation	<u>(267,451)</u>	52,705

Long-Term Liabilities applicable to the operations are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Balances at June 30, 2019 are:

Liability for Compensated Absences	<u>(37,184)</u>
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Total Net Position - Governmental Activities	<u>\$ 919,486</u>
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(The accompanying notes are an integral part of these financial statements)

TRAINING AND EMPLOYMENT CONSORTIUM
Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	<u>General Fund</u>
Revenues	
Intergovernmental Revenues	\$ 1,312,247
Miscellaneous Revenues	446
Total Revenues	<u>1,312,693</u>
Expenditures	
Current:	
Personal Services	1,021,311
Materials and Services	242,578
Capital Outlay	55,223
Total Expenditures	<u>1,319,112</u>
	(6,419)
Excess Of Revenues Over (Under) Expenditures	<u>910,384</u>
Fund Balances, July 1, 2018	<u>\$ 903,965</u>
Fund Balances, June 30, 2019	<u><u>903,965</u></u>

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

TRAINING AND EMPLOYMENT CONSORTIUM
Reconciliation of The Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Total Net Change In Fund Balances - Governmental Funds \$ (6,419)

Amounts reported for governmental *activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,518) exceeded by capital outlay and other capitalized expenditures (\$55,223) in the current period. 52,705

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes as follows:

Change in Liability for Compensated Absences (5,028)

Change In Net Position - Governmental Activities \$ 41,258

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

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**NOTES TO BASIC FINANCIAL
STATEMENTS**

TRAINING AND EMPLOYMENT CONSORTIUM

Notes to Basic Financial Statements

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

The Consortium operates as an association of Baker, Union, Wallowa, Grant, Harney and Malheur Counties in Eastern Oregon under the provisions of Chapter 190 of the Oregon Revised Statutes. The Consortium was originally formed to apply for and administer Job Training Partnership Act and like grants which become available to the above named counties. The activities of the Consortium include, but are not limited to, the provision of services and training to persons eligible under the various grants administered by the Consortium.

The Consortium is governed by two county judges and four county commissioners, one for each county participating in the Consortium. Each county court designates its representative to attend and vote at meetings of the Consortium.

The accounting policies of the Training and Employment Consortium conform to generally accepted accounting principles. The Consortium has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled or dependent on the Consortium. Control or dependence is determined on the basis of budget adoption, funding, and appointment of the respective governing board.

Basis of Presentation, Basis of Accounting

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government (the Consortium). These statements include the financial activities of the overall government. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Consortium's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Consortium's general fund. The emphasis of fund financial statements is on the major governmental fund.

The Consortium reports the following major governmental fund:

General Fund - This is the Consortium's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Consortium gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TRAINING AND EMPLOYMENT CONSORTIUM

Notes to Basic Financial Statements

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as when measurable and available. The Consortium considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Consortium funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net resources available to finance the program. It is the Consortium's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Financial Position

Deposits

The cash balances of the Consortium are held at Umpqua Bank, and are reported at fair value at June 30, 2019. They are presented as cash and cash equivalents.

Prepaid Items

Certain payments to vendors reflected costs applicable to future accounting periods and are recorded as prepaid items.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets

Furniture and equipment are reported at historical cost, except some estimated historical costs were utilized for items purchased in prior years. Assets acquired through gifts or donations are recorded at their estimated fair value at the date of donation. The normal cost of maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are not capitalized. A capitalization threshold of \$5,000 is used for assets that have initial useful lives extending beyond a single reporting period. Depreciation has been provided using the straight-line method over estimated useful lives ranging from 5-10 years.

TRAINING AND EMPLOYMENT CONSORTIUM

Notes to Basic Financial Statements

Compensated Absences

Employees accumulate vacation and sick days at various rates depending upon the status and length of their employment with the Consortium. Regular employees and full-time temporary employees, as discussed above, accumulate both vacation and sick leave days. All other employees accrue sick time in accordance with ORS 653.601 to 653.661 Sick Leave Law. Employees are not paid for accumulated sick leave upon retirement or other termination of employment. A maximum of 240 hours of vacation time may be accumulated by each employee, however, a maximum of 180 hours of vacation time will be paid out to the employee at termination. The Consortium accrues a liability for compensated absences which meet the following criteria:

- 1) The Consortium's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- 2) The obligation relates to rights that vest or accumulate.
- 3) Payment of the compensation is probable.
- 4) The amount can be reasonably estimated.

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Net Position/Fund Balance Classifications

Government-Wide Statements - Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Consortium's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements:

In the governmental funds the difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned and unassigned based on the respective level of constraint. The constraints are defined as follows:

Nonspendable - Resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

TRAINING AND EMPLOYMENT CONSORTIUM
Notes to Basic Financial Statements

Restricted - Constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Reported when the Board passes an ordinance that places specific constraints on how the resources may be used. The Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned - Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the Board approves which resources should be "reserved" during the adoption of the annual budget. The Consortium's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the Consortium's annual financial report.

Unassigned - The residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The Consortium has no formal minimum fund balance policies or any formal stabilization arrangement in place.

Accounting Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Depreciation Expense, Accumulated Depreciation and Unearned Revenue accounts have been subject to estimation.

Implementation of New Accounting Pronouncements and Accounting Standards

The District has implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

Note 2 - Compliance and Accountability:

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38 "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below along with actions taken to address such violations.

Violation: The Consortium did not comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2019 as follows:

Fund	Over
General Fund- Capital Outlay	\$ 1,542

Action Taken: Budget to actual reports will be monitored monthly.

TRAINING AND EMPLOYMENT CONSORTIUM
Notes to Basic Financial Statements

Note 3 - Deposits and Investments:

Deposits are comprised of the following at June 30, 2019:

Deposits with financial institutions	<u>\$ 771,542</u>
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Deposits are reflected in the government-wide Statement of Net Position as follows:

Cash - checking accounts	<u>\$ 771,542</u>
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Deposits

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements was \$778,959 at June 30, 2019 . The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes.

Custodial Credit Risk - Deposits

Custodial credit risk on deposits is the risk that in the event of a bank failure, the Consortium's deposits may not be returned. In order to minimize this risk, state statutes require banks holding public funds to become members of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created by the Office of the State Treasurer. To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected.

All accounts are insured by FDIC up to \$250,000.

Investments

The purpose of the Consortium's investment policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. The Consortium has delegated investment responsibility to the Finance Director who is primarily responsible for implementing the investment policy.

Credit Risk - Investments

State statutes authorize the Consortium to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers and the State Treasurer's Investment pool, among others. The Consortium has no formal investment policy that further restricts its investment choices.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the Consortium will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The Consortium does not have a policy that limits the amount of investments that can be held by counterparties.

Concentration Risk

The Consortium does not have a formal policy that places a limit on the amount that may be invested in any one investment.

Interest Rate Risk

The Consortium does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

TRAINING AND EMPLOYMENT CONSORTIUM
Notes to Basic Financial Statements

Note 4 - Accounts and Other Receivables:

The Consortium shows their receivables net of an allowance for uncollectible accounts, when applicable, yet all receivables are currently expected to be collected within one year. Grants from other government agencies are also generally expected to be fully collectible.

The accounts receivable balance is composed of the following:

JOBS	\$ 46,227
EOWB	56,438
OYCC	31,206
Other	32,083
Total	<u><u>\$ 165,954</u></u>

Note 5 - Capital Assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019
Governmental Activities:				
Capital assets being depreciated:				
Equipment	\$ 264,933	\$ 55,223	\$ -	\$ 320,156
Accumulated depreciation	<u>(264,933)</u>	<u>(2,518)</u>	<u>-</u>	<u>(267,451)</u>
Net capital assets -				
Governmental Activities	<u><u>\$ -</u></u>	<u><u>\$ 52,705</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,705</u></u>

Note 6 - Long Term Obligations:

Long Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in other long-term obligations for the year ended June 30, 2019, are as follows:

	Payable at July 1, 2018	Additions	Deletions	Payable at June 30, 2019
Governmental Activities:				
Liability for Compensated				
Absences (See Note 1)	<u><u>\$ 32,156</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,028)</u></u>	<u><u>\$ 37,184</u></u>

Note 7 - Reserved for Auto Replacement Expenditures:

The Consortium has reserved a portion of fund balance for vehicle replacement. As of June 30, 2019, this reservation was \$5,256.

Note 8 - Grants:

In the normal course of operations, the Consortium receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, to ensure compliance with conditions of the grant. Any liability for reimbursement which may arise as the result of a grantor audit is not believed to be material.

TRAINING AND EMPLOYMENT CONSORTIUM

Notes to Basic Financial Statements

Note 9 - Defined Contribution Pension Plan:

The Consortium adopted a defined contribution pension plan for its employees during the year ended September 30, 1981. The plan is a governmental 457 plan that is administered by the employer. Plan provisions and contribution requirements are established or amended by the plan administrator. Regular employees of the Consortium are eligible for coverage upon completion of twelve months of employment. The plan provides for 100% immediate vesting of benefits using individual annuity contracts as the funding medium. All costs are paid as incurred and the Consortium had no unfunded liability at June 30, 2019.

One class of persons who receive wage payments through the Consortium are not considered regular employees of the Consortium. This class is defined as WIOA youth work experience employees. Since the nature, duration and worksite locations of these employees are so significantly different than the Consortium's regular employees, these persons are excluded from coverage under the Consortium's normal fringe benefits, including the pension plan described above.

Certain positions at the Consortium are filled by temporary employees. These temporary employees do not by definition qualify to be covered under the pension plan.

The Consortium provides these 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 Consortium contributed 7.5 percent of the employee's base salary from July 1, 2018 to June 30, 2019. The contributions for each employee (and interest allocated to the employee's account) are fully vested at the date of contribution to the Plan's trustee.

The Consortium's total payroll for the fiscal year was \$796,630 with total eligible wages amounting to \$549,912. The Consortium contributed \$40,992 to the plan. Total contributions to the plan for the fiscal year amounted to \$50,407. Employees also voluntarily contributed an additional \$9,415 to their plan accounts.

The amount forfeited by employees due to leaving employment with the Consortium prior to vesting was \$0 for the fiscal year ended June 30, 2019.

Note 10 - Leasing Arrangements:

The Consortium no longer has any long-term leases for office and classroom space. Grantor agency, Eastern Oregon Workforce Innovation and Opportunity Board began paying all lease payments for programs under its supervision on July 1, 2017. The Consortium itself will have no future minimum lease payments.

Note 11 - Risk Management:

The Consortium is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters; employee injury or illness for which the Consortium carries commercial insurance, subject to customary deductibles and total coverage limits recommended by the Consortium's insurance agent of record. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 12 - Economic Dependency:

A material part of the Consortium's funding has been dependent on Department of Labor grants in the form of contracts with Eastern Oregon Workforce Innovation and Opportunity Board. Although these are not formal continuing contracts that assure funding beyond the annual contract period, the Consortium has operated federally funded job training programs since July 1, 1976. A contract has been signed to provide such funding through June 30, 2019.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TRAINING AND EMPLOYMENT CONSORTIUM
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance -
	Original	Final	Amounts	Positive (Negative)
Revenues				
Federal Sources - WIOA	\$ 640,092	\$ 640,092	\$ 759,978	\$ 119,886
Jobs Contracts	339,220	339,220	263,903	(75,317)
Other Grant Sources	433,276	433,276	288,366	(144,910)
Interest	500	500	446	(54)
Total Revenues	<u>1,413,088</u>	<u>1,413,088</u>	<u>1,312,693</u>	<u>(100,395)</u>
Expenditures				
Personal Services	1,144,180	1,144,180	1,021,311	122,869
Materials And Services	384,500	384,500	242,578	141,922
Capital Outlay	53,681	53,681	55,223	(1,542)
Contingency	100,000	100,000	-	100,000
Total Expenditures	<u>1,682,361</u>	<u>1,682,361</u>	<u>1,319,112</u>	<u>363,249</u>
Excess Of Revenues Over (Under) Expenditures	(269,273)	(269,273)	(6,419)	262,854
Fund Balances, July 1, 2018	<u>722,207</u>	<u>722,207</u>	<u>910,384</u>	<u>188,177</u>
Fund Balances, June 30, 2019	<u>\$ 452,934</u>	<u>\$ 452,934</u>	<u>\$ 903,965</u>	<u>\$ 451,031</u>

TRAINING AND EMPLOYMENT CONSORTIUM

Notes to Required Supplementary Information

Budgets and Budgetary Accounting

The Consortium budgets all funds which are subject to budget requirements of state law. The Board of Directors legally adopts the budget by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control (total personal services, materials and services, capital outlay, debt service and transfers out) is established by resolution for all funds.

The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Directors. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations.

Appropriations

The Consortium has complied with legal requirements relating to the preparation, adoption and execution of the annual budget for the year ended June 30, 2019, except the Consortium did not comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2019, as stated in the Notes to Basic Financial Statements, Note 2: Compliance and Accountability.

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**INDEPENDENT AUDITORS'
REPORT ON COMPLIANCE AND
INTERNAL CONTROL REQUIRED
BY OREGON STATE
REGULATIONS**

Independent Auditor's Report on Compliance and Internal Control Required by Oregon State Regulations

To the Board of Directors
Training and Employment Consortium
P.O. Box 2979
La Grande, OR 97850

We have audited the basic financial statements of Training and Employment Consortium as of and for the year ended June 30, 2019, and have issued our report thereon dated October 21, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Training and Employment Consortium's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294),**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

The independent elected officials of Training and Employment Consortium do not collect or receive money and are, therefore, not subject to the requirements of OAR 162-10-140.

The management of the Consortium is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, except:

1. The Consortium did not comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2019. The General Fund had capital outlay over expenditures of \$1,542. The Consortium will monitor budget to actual report closely in the future.

OAR 162-10-0230 Internal Control Over Financial Reporting

In planning and performing our audit, we considered Training and Employment Consortium's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Training and Employment Consortium's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in a separate letter dated October 21, 2019 to be a material weakness.

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. During our audit we did not identify any significant deficiencies.

Purpose of this Report

This report is intended solely for the information and use of the Board of Directors and management of Training and Employment Consortium and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC

By 

Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
October 21, 2019