TEC

TRAINING & EMPLOYMENT CONSORTIUM

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Table of Contents

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

This page intentionally left blank

FINANCIAL SECTION

connected professional ACCOUNTANTS LLC

P.O. Box 1024 | 1121 Adams Avenue | La Grande, OR 97850
P 541.963.4191 | F 541.963.9434 | W lagrandecpa.com

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Training and Employment Consortium as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Training and Employment Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Training and Employment Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Training and Employment Consortium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Training and Employment Consortium's ability to continue as a going concern for a reasonable period of time.

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

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 is the responsibility of management and, 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 and 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 management's discussion and analysis 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Training and Employment Consortium's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the Consortium'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 Consortium'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 Training and Employment Consortium's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 14, 2022, 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

Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
December 14, 2022

This page intentionally left blank

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, 2022 by $1,077,732.

The Consortium's net position increased by $193,207.

The Consortium's General Fund experienced an increase of $191,161. At the close of the fiscal year, the fund balance was $1,091,317.

Report Layout

Independent Auditors Report: Our auditor has provided assurance 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.

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, Fund Financial Statements, 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.

Government-Wide Statements:

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.

Fund Financial Statements:

The statements focus separately on major governmental funds.

Notes to the Basic 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 read in conjunction with them.

Required Supplementary Information: This section includes Statements of Revenues and Expenditures – Budget and Actual for the General Fund. The notes to the Required Supplementary Information provide information to assist the reader in understanding the Consortium's budgetary comparison.

Independent Auditors Report on Compliance and Internal Control Required by Oregon State Regulations: This communication is required by the State of Oregon.

Audit Deliverables Required by the Single Audit Amendment Act of 1996: Supplemental communication on the Consortium's compliance and internal controls as required by Oregon statutes. This section also includes additional reports by the Consortium's independent auditor and the schedule of expenditures of federal award as required by Government Auditing Standards and the Single Audit Act.

Government-wide Financial Analysis

The Consortium’s net position as of June 30, 2022, was $1,077,732. The largest portion of net position is comprised of the Consortium's cash and cash equivalents. The net position increased by $193,207. While revenue increased over the prior year, so did expenditures, particularly personnel costs.

Table 1
Condensed Statement of Net Position

Assets	June 30, 2022	June 30, 2021
Cash & Cash Equivalents	$ 866,504	$ 754,517
Other Current Assets	385,716	251,983
Capital Assets Net of Accumulated Depreciation	32,915	30,615
Total Assets	1,285,135	1,037,115
Liabilities		
Current Liabilities	160,903	106,344
Long Term Liabilities	46,500	46,246
Total Liabilities	207,403	152,590
Total Net Position	$ 1,077,732	$ 884,525

Statement of Activity Analysis

Table 2
Condensed Statement of Activities

	June 30, 2022	June 30, 2021
Operating Grants & Contributions	$ 2,490,199	$ 2,089,571
Misc Income	1,350	-
Interest Income	53	124
Total Revenues	2,491,602	2,089,695
Expenses	2,298,395	2,116,473
Change in Net Position	193,207	(26,778)
Beginning Net Position	884,525	911,303
Ending Net Position	$ 1,077,732	$ 884,525

Fund Balance Highlights

At year end June 30, 2022, the General Fund balance increased by $191,161 The Consortium received more federal sources of revenue than budgeted for. Materials and Services was over budget by $29,550.

Economic Factors & Next Year's Budget

The Consortium has no significant changes planned for the coming year. The customer base is expected to remain relatively consistent with the current year as well as expenses.

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, 2022

	Governmental Activities
Assets	
Current Assets:	
Petty Cash	$ 1,000
Cash	865,504
Total Cash & Cash Equivalents	866,504
Grants And Accounts Receivable	366,144
Prepaid Expenses	19,572
Total Current Assets	1,252,220
Capital Assets:	
Furniture And Equipment	259,680
Less: Accumulated Depreciation	(226,765)
Total Capital Assets Net of Depreciation	32,915
Total Assets	1,285,135
Deferred Outflows Of Resources	-
Liabilities	
Current Liabilities:	
Accounts Payable	72,824
Accrued Payroll & Benefits	64,739
Accrued Payroll Taxes	23,340
Total Current Liabilities	160,903
Long-Term Liabilities:	
Accrued Compensated Absences	46,500
Total Liabilities	207,403
Deferred Inflows Of Resources	-
Net Position	
Net Investment in Capital Assets	32,915
Unrestricted	1,044,817
Total Net Position	$ 1,077,732

(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, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Employment and training	$ 2,298,395	$ -	$ 2,490,199	$ -	$ 191,804

General Revenues:	
Miscellaneous Income	1,350
Interest Income	53
Change in Net Position	193,207
Net position - Beginning of Year	884,525
Net position - End of Year	$ 1,077,732

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

This page intentionally left blank

FUND FINANCIAL STATEMENTS

TRAINING AND EMPLOYMENT CONSORTIUM
Balance Sheet - Governmental Fund
June 30, 2022

	General Fund
Assets And Deferred Outflows of Resources	
Petty Cash	$ 1,000
Cash	865,504
Total Cash & Cash Equivalents	866,504
Grants And Accounts Receivable	366,144
Prepaid Expenses	19,572
Total Assets	1,252,220
Deferred Outflows Of Resources	-
Total Assets And Deferred Outflows of Resources	$ 1,252,220
Liabilities, Deferred Inflows Of Resources, And Fund Balances	
Liabilities:	
Accounts Payable	$ 72,824
Accrued Payroll	64,739
Accrued Payroll Taxes	23,340
Total Liabilities	160,903
Deferred Inflows Of Resources	-
Fund Balance:	
Nonspendable	19,572
Unassigned	1,071,745
Total Fund Balance	1,091,317
Total Liabilities, Deferred Inflows Of Resources, And Fund Balance	$ 1,252,220

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

TRAINING AND EMPLOYMENT CONSORTIUM
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the Fiscal Year Ended June 30, 2022

Total Fund Balance - Governmental Fund		$ 1,091,317
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:		
Furniture and Equipment	259,680	
Less: Accumulated Depreciation	(226,765)	32,915
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, 2022 are:		
Liability for Compensated Absences		(46,500)
Total Net Position - Governmental Activities		$ 1,077,732

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

TRAINING AND EMPLOYMENT CONSORTIUM
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
For the Fiscal Year Ended June 30, 2022

	General Fund
Revenues	
Intergovernmental Revenues	$ 2,490,199
Miscellaneous Income:	
Other Income	1,350
Interest Income	53
Total Revenues	2,491,602
Expenditures	
Current:	
Personnel Services	1,675,977
Materials and Services	608,450
Capital Outlay	16,014
Total Expenditures	2,300,441
Net Change in Fund Balance	191,161
Fund Balance, July 1, 2021	900,156
Fund Balance, June 30, 2022	$ 1,091,317

(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 Balance of the Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Total Net Change In Fund Balance - Governmental Fund	$	191,161
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 capital outlay ($16,014) exceeded depreciation expenses ($13,714) in the current period.		2,300
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		(254)
Change In Net Position - Governmental Activities	$	193,207

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

This page intentionally left blank

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.

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, 2022. 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.

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 635.661 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 maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

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 and Accumulated Depreciation accounts have been subject to estimation.

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 the 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, 2022 as follows:

Fund	Over Expenditure
General- Materials & Services	$ 29,550

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

Note 3 - Deposits and Investments:

Deposits are comprised of the following at June 30, 2022:

Deposits with financial institutions	$ 866,504

Deposits are reflected in the government-wide Statement of Net Position as follows:

Cash & Cash Equivalents	$ 866,504

Deposits

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements was $913,179 at June 30, 2022 . 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 Statues.

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 statures 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.

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	$ 56,845
ADULT	57,323
YOUTH	68,103
DISLOCATED	27,721
OYCC	64,300
Other	91,852
Total	$ 366,144

Note 5 - Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Governmental Activities:				
Capital assets being depreciated:				
Furniture and Equipment	$ 243,666	$ 16,014	$ -	$ 259,680
Accumulated depreciation	(213,051)	(13,714)	-	(226,765)
Net capital assets - Governmental Activities	$ 30,615	$ 2,300	$ -	$ 32,915

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Employment and Training	$ 13,714

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, 2022, are as follows:

	Payable at July 1, 2021	Additions	Deletions	Payable at June 30, 2022
Governmental Activities:				
Liability for Compensated Absences (See Note 1)	$ 46,246	$ 254	$ -	$ 46,500

No amounts are due within one year.

Note 7 - 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.

Note 8 - 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, 2022.

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, 2021 to June 30, 2022. 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 $1,342,484 with total eligible wages amounting to $818,961. The Consortium contributed $60,354 to the plan. Total contributions to the plan for the fiscal year amounted to $104,082. Employees also voluntarily contributed an additional $43,728 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, 2022.

Note 9 - Leasing Arrangements:

The Consortium no longer has 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 10 - 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 11 - 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, 2022.

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, 2022

	Budgeted Amounts		Actual	Variance - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Federal Sources	$ 1,638,876	$ 1,638,876	$ 1,825,358	$ 186,482
Jobs Contracts	221,901	221,901	95,672	(126,229)
Other Grant Sources	560,292	560,292	569,169	8,877
Miscellaneous	-	-	1,350	1,350
Interest	-	-	53	53
Total Revenues	2,421,069	2,421,069	2,491,602	70,533
Expenditures				
Personnel Services	1,850,237	1,850,237	1,675,977	174,260
Materials And Services	578,900	578,900	608,450	(29,550)
Capital Outlay	20,000	20,000	16,014	3,986
Contingency	100,000	100,000	-	100,000
Total Expenditures	2,549,137	2,549,137	2,300,441	248,696
Excess Of Revenues Over (Under) Expenditures	(128,068)	(128,068)	191,161	319,229
Fund Balance, July 1, 2021	650,056	650,056	900,156	250,100
Fund Balance, June 30, 2022	$ 521,988	$ 521,988	$ 1,091,317	$ 569,329

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, 2022, except as stated in the Notes to Basic Financial Statements, Note 2: Compliance and Accountability.

This page intentionally left blank

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

connected professional ACCOUNTANTS LLC

P.O. Box 1024 | 1121 Adams Avenue | La Grande, OR 97850
P 541.963.4191 | F 541.963.9434 | W lagrandecpa.com

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, 2022, and have issued our report thereon dated December 14, 2022. 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.

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.

In connection with our testing nothing came to our attention that caused us to believe Training and Employment Consortium was not in substantial 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, except as follows:

1. The Consortium did not comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2022, as follows:

Fund	Over Expenditure
General Fund- Materials and Services	$ 29,550

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.

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. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

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
Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
December 14, 2022

This page intentionally left blank

AUDIT DELIVERABLES REQUIRED

BY THE SINGLE AUDIT ACT OF

1996

connected professional ACCOUNTANTS LLC

P.O. Box 1024 | 1121 Adams Avenue | La Grande, OR 97850
P 541.963.4191 | **F** 541.963.9434 | **W** lagrandecpa.com

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
Training and Employment Consortium
P.O. Box 2979
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 the governmental activities and major fund of Training and Employment Consortium as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Training and Employment Consortium's basic financial statements and have issued our report thereon dated December 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Training and Employment Consortium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Training and Employment Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of Training and Employment Consortium'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered to be a material weakness. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-01 that we consider to be a significant deficiency.

Report on 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 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*.

Training and Employment Consortium's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Training and Employment Consortium's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Training and Employment Consortium's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Consortium'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 Consortium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Chelsea A. Hewitt

Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
December 14, 2022

connected professional
ACCOUNTANTS LLC

P.O. Box 1024 | 1121 Adams Avenue | La Grande, OR 97850
P 541.963.4191 | F 541.963.9434 | W lagrandecpa.com

**Independent Auditors' Report on Compliance for Each Major Program
And on Internal Control over Compliance Required by The Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Training and Employment Consortium's compliance with the types of compliance requirements. identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Training and Employment Consortium's major federal programs for the year ended June 30, 2022. Training and Employment Consortium's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Training and Employment Consortium 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Training and Employment Consortium's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Training and Employment Consortium's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Training and Employment Consortium's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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 Chelsea A. Hewitt
Chelsea A. Hewitt, CPA
Owner/Member

La Grande, Oregon
December 14, 2022

This page intentionally left blank

TRAINING & EMPLOYMENT CONSORTIUM
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Program Title	Federal Assistance Number	Federal Expenditures
U.S. Department of Labor:		
Passed Through Eastern Oregon Workforce Board:		
WIA/WIOA Cluster		
WIA-Adult	17.258	$ 464,086
WIA-Youth Activities	17.259	661,628
WIA-DW	17.278	382,115
Total WIA/WIOA Cluster		1,507,828
COVID-19 - WIOA- Disaster Relief	17.277	85,115
COVID-19 - WIOA-Employment Recovery	17.277	51,468
TANF-Activities	93.558	29,135
		165,718
Total Expenditures of Federal Awards, Passed through Eastern Oregon Workforce Board		$ 1,673,545

(The accompanying notes are an integral part of the schedule of expenditures of federal awards)

Note A - Purpose of the Schedule:

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

Note B - Significant Accounting Policies:

Reporting Entity

The reporting entity is fully described in Note 1 to Training and Employment Consortium's basic financial statements. The Schedule includes all federal programs administered by Training and Employment Consortium for the year ended June 30, 2022.

Basis of Presentation

The accompanying Schedule includes the federal award activity of the Training and Employment Consortium under programs of the federal government for the year ended June 30, 2022. 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 Consortium, it is not intended to and does not present the financial position or changes in net position of the Consortium.

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 the Consortium 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 Training and Employment Consortium 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 modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are recorded when the related liability is 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, 2022, the Consortium had insurance coverage in effect comparable to other entities of similar size and circumstance.

Indirect Cost Rate

The Consortium does not use the 10% de minimis indirect cost rate. Instead, the Consortium is provided funds per each specific contract for indirect and administrative costs.

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?	Yes
Of the significant deficiencies disclosed were any material weaknesses?	No
3. Did the audit disclose any noncompliance material to the financial statements?	No
Federal Awards	
1. Type of auditor's report issued:	
Major programs:	
WIOA Grants	
Assistance Number 17.258, 17.259, and 17.278	Unmodified
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	No

B. Findings and Questioned Costs - Financial Statement Audit

2022-001	Questioned Costs
Significant Deficiency: The Consortium's Controller has the ability to prepare all the individual fund financial statements including the Budgetary Comparison Schedule. However, the Consortium relies on us as the auditors to assist them in drafting the Government-Wide Financial Statements. We believe the Consortium has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards outlined under both Government Auditing Standards and Section 1.2 of the Code of Professional Conduct. However, our assistance in drafting the financial statements described above does produce a significant deficiency in the Consortium's internal control system.	None noted as a result of our audit procedures.

Criteria: Auditing standards require us to assess the internal control system of the entity. The standards clearly state the auditor cannot be relied upon as part of the entity's control system and requires us to extend this assessment to controls over financial statement presentation. Proper controls over financial statement presentation require adequate knowledge and involvement to detect errors and omissions in the financial statements.

Condition: Our assistance in drafting the financial statements described above produces a significant deficiency in the Consortium's internal control system.

Cause: This condition is caused by the staff's limited experience with generally accepted accounting principles and the Consortium's reliance upon the auditors to prepare the government-wide financial statements.

Effect: Since the financial statements and related note disclosures are prepared by independent auditors annually, there is no effect caused by this condition.

Context: Although the condition results in a finding, the reader should be aware that it is not unusual for an entity to rely on its auditors to assist them in drafting the financial statements and related note disclosures.

Recommendation: We do not recommend any change in the preparation of the financial statements, but the board should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit.

View of Responsible Officials and Planned Corrective Actions: As recommended above, the Consortium has not made any change in the preparation of the financial statements. The Consortium has finance staff with the qualifications to report the programs we operate in accordance with Generally Accepted Accounting Principles. Staffing is commensurate to the size of the organization. Management thoroughly reviews all financial statements.

C. Federal Awards Findings and Questioned Costs

None noted as a result of our audit procedures.

June 30, 2021:

Financial Statement Finding 2021-001:

Material Weakness: The Consortium relies on us, as the auditors, to assist them in drafting the financial statements and related note disclosures.

Condition: Although we believe the District has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards outlined under both Government Auditing Standards and Section 1.2 of the Code of Professional Conduct; our assistance in drafting the financial statements described above produces a material weakness in the District's internal control system.

Recommendation: We do not recommend any change in the preparation of the financial statements, but the Board should be aware of this control deficiency and stress the importance of thorough review of the financial statements prior to approval of the audit.

Current Status: While the Consortium agrees with the finding, as recommended above, the Consortium has not made any change in the preparation of the financial statements. The Consortium does not believe it is cost effective to hire additional staff or an independent contractor to prepare the financial statements.