

LANE WORKFORCE PARTNERSHIP
ANNUAL FINANCIAL REPORT
For the Years Ended June 30, 2020 and 2019



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INTRODUCTORY SECTION

LANE WORKFORCE PARTNERSHIP
June 30, 2020

EXECUTIVE DIRECTOR

Kristina Payne

<u>BOARD OF DIRECTORS</u>	<u>TITLE</u>
Stan Pickett	Chair
Jennifer Adams	Chair Elect
Celeste Marshall	Treasurer
Shondra Holliday	Secretary
Travis Brooke	Board Member
Michael Caven	Board Member
Sabrina Cunliffe	Board Member
Julie Davidson	Board Member
Noreen Dunnells	Board Member
Jacob Fox	Board Member
Justin Freeman	Board Member
David Heavirland	Board Member
Phillip Hohnstein	Board Member
Shaun Hyland	Board Member
Katie Jeremiah	Board Member
Lena Kostopulos	Board Member
Joshua McClaughry	Board Member
Jeffrey McGillivray	Board Member
Grant Matthews	Board Member
Sarah Means	Board Member
Debra Miller	Board Member
Stephen Parac	Board Member
Tony Scurto	Board Member
Margaret Theisen	Board Member
Laura Vinson	Board Member

<u>COUNCIL</u>	<u>TITLE</u>
Joe Berney	Council Member
Christine Lundberg	Council Member
Joe Henry	Council Member
Jake Boone	Council Member
Mike Clark	Council Member

REGISTERED ADDRESS

1401 Willamette Street, Second Floor
Eugene, Oregon 97401

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lane Workforce Partnership
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Lane Workforce Partnership as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Lane Workforce Partnership'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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 each major fund of Lane Workforce Partnership as of June 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) on pages 4 through 8 and budgetary comparison information on page 25 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 required supplementary information 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 audits 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Lane Workforce Partnership's basic financial statements. The introductory section and supplementary information are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020 on our consideration of Lane Workforce Partnership'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 Lane Workforce Partnership'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 Lane Workforce Partnership's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2020, on our consideration of Lane Workforce Partnership'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.

By: 
Sara Hummel, CPA
Partner

Eugene, Oregon
December 22, 2020

Management's Discussion and Analysis

LANE WORKFORCE PARTNERSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Lane Workforce Partnership's financial statements provides an overview of the financial activities for the fiscal year ended June 30, 2020. It is intended to be a companion piece with the transmittal letter on pages ii and iii and the financial statements which begin on page 9.

Financial Highlights

Lane Workforce Partnership (LWP) is the designated Workforce Board for Lane County. LWP is an intra-governmental agency and an Oregon non-profit corporation.

LWP received the following funds in the year beginning July 1, 2019:

Workforce Innovation and Opportunity Act (WIOA):

- Total budgeted revenues from WIOA programs allocated by formula decreased overall by \$532,909 from the previous fiscal year. The 15% year over year decrease was the second in a row and was again due to the reduction in funds allocated by formula both to the State of Oregon and then to Lane County.

State of Oregon General Funds (Work Experience, Industry Engagement, and Competitiveness Strategies):

- State of Oregon General Funds represented \$491,069 (14%) of the revenues received by LWP in 2019-2020. These are funds provided under contract from the State of Oregon to support and expand existing services.

Other Programs

- LWP also received funds from other sources:
 - ✓ Tech Apprenticeship – Through federal grant funding passed-through the Oregon Employment Department, LWP and the Technology Association of Oregon have joined forces to bring registered tech apprenticeships to Lane County. In Lane County, the program is called the Greater Eugene Area Apprenti Program. The program will place 40 individuals into apprenticeships with local companies where they will receive intensive classroom training as well as one year of paid on-the-job training. The total award includes \$501,277 for a four-year project scheduled to end in September 2021.

Paycheck Protection Program

LWP's current assets and other liabilities at June 30, 2020 reflect \$125,800 received from the federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) Paycheck Protection Program (PPP). The PPP is part of the federal CARES Act passed in response to the current economic crisis in the United States created by the novel coronavirus pandemic. The PPP is a loan designed to provide for small businesses to keep their workers on the payroll with loan forgiveness if the funds are used in accordance with the regulations. PPP loan amounts are based on eight weeks of gross payroll costs and the funds must be used for payroll, rent, mortgage interest, or utilities within 24 weeks of receipt.

LANE WORKFORCE PARTNERSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights, continued

Paycheck Protection Program, continued

In June 2020, after receiving final WIOA allocations from the State of Oregon, LWP decided to apply for a PPP loan with the approval of the Executive Board on June 26, 2020. The PPP Loan is 100% forgivable as long as all the federal requirements are met. If forgiveness of the loan is not granted, LWP will return the funds and will not carry a liability into future years. As of November 2020, since LWP's PPP loan is less than \$150,000, LWP has been advised by the loan-holder, Banner Bank, to wait for further federal guidance before applying for forgiveness.

Overview of the Financial Statements

This overview is intended to provide an introduction to LWP's basic financial statements. These statements cover three areas: 1) government-wide financial statements, 2) an explanation of changes in fund balances for all governmental funds, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of LWP's finances in a manner similar to a private-sector business. These statements provide information about the activities of LWP as a whole and present a longer-term view of LWP's finances.

The government-wide financial statements are on pages 9 and 10 of this report.

Fund Financial Statements

Fund financial statements report on operations in more detail than the government-wide financial statements and use fund accounting to demonstrate compliance with finance-related and legal requirements. LWP has one fund which is classified as a government fund. The fund focuses on near-term inflows and outflows of spendable resources and the balances of spendable resources at the end of the fiscal year (modified accrual basis of accounting). Such information may be useful in evaluating a government's near-term financing requirements. The differences between government activities, which are reported in the statement of net assets and the statement of activities, and governmental funds is described in the reconciliation of fund balances statement.

LWP's three programs are operations, grants and contracts, and the nonprofit activity. The program activity schedule is on page 26 of this report.

The nonprofit activity relates to tax deductible contributions to LWP under its organizational status as a private-non-profit [501(c)(3) corporation]. The funds are not restricted in the sense that they may be obligated without regard to time period but must be used in accordance with the mandate of the donation.

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. Notes are an integral part of the financial statements.

LANE WORKFORCE PARTNERSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements, continued

LWP's 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 assurances being provided for each of the other parts of the financial section.

Financial Analysis of Lane Workforce Partnership as a Whole

Net Position. Lane Workforce Partnership's net position displayed comparing years:

Table A – Lane Workforce Partnership's Net Position

	Governmental Activities		
	FY 2020	FY 2019	FY 2018
Current and other assets	\$ 695,134	\$ 555,857	\$ 864,048
Capital assets, net	-	-	-
Total assets	<u>695,134</u>	<u>555,857</u>	<u>864,048</u>
Current and other liabilities	462,495	449,086	757,353
Noncurrent liabilities	<u>201,100</u>	<u>65,382</u>	<u>59,113</u>
Total liabilities	<u>663,595</u>	<u>514,468</u>	<u>816,466</u>
Net position:			
Unrestricted	<u>31,539</u>	<u>41,389</u>	<u>47,582</u>
Total net position	<u>\$ 31,539</u>	<u>\$ 41,389</u>	<u>\$ 47,582</u>

LANE WORKFORCE PARTNERSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS

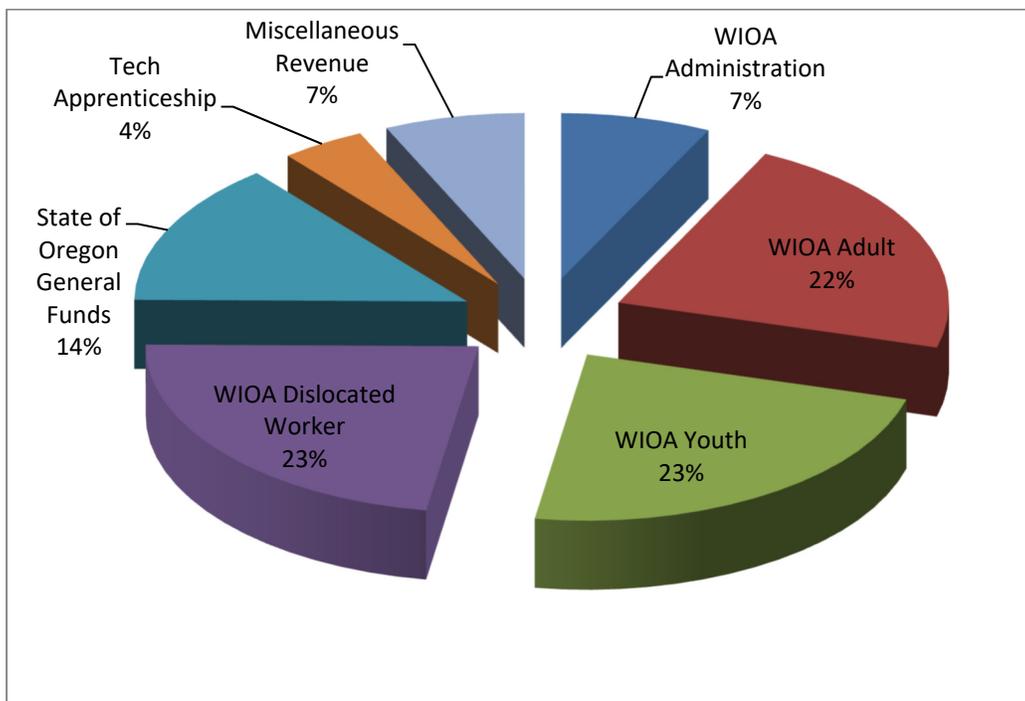
Financial Analysis of Lane Workforce Partnership as a Whole, continued

Statement of Activities. Lane Workforce Partnership's Statement of Activities for FY2018 through FY2020:

Table B – Lane Workforce Partnership's Statement of Activities

	Governmental Activities		
	FY 2020	FY 2019	FY 2018
Program revenues:			
Operating grants	\$ 3,520,655	\$ 3,959,786	\$ 4,020,997
General revenues:			
Interest income	<u>3,679</u>	<u>5,094</u>	<u>2,876</u>
Total revenue	<u>3,524,334</u>	<u>3,964,880</u>	<u>4,023,873</u>
Expenses:			
Employment and training	3,534,184	3,971,073	4,023,013
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>3,534,184</u>	<u>3,971,073</u>	<u>4,023,013</u>
Change in net position	(9,850)	(6,193)	860
Net position, beginning of year	<u>41,389</u>	<u>47,582</u>	<u>46,722</u>
Net position, end of year	<u>\$ 31,539</u>	<u>\$ 41,389</u>	<u>\$ 47,582</u>

Figure A – Lane Workforce Partnership's Sources of Revenue for the Year Ended June 30, 2020



LANE WORKFORCE PARTNERSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgetary Highlights

LWP's Executive Board and Council reviews and adopts all budgets and revisions. During 2019-2020, there was one adopted modification. The budget is amended when final carry forward from the previous year is determined and/or significant amounts of unanticipated revenue are awarded or received. It is the Board's policy to recognize revenue when awarded. Revenues recognized during the year but deemed necessary for use in subsequent year operations are placed in the *Reserve for Future Expenditure* category of the budget.

- Total budgeted revenues for the year decreased by \$791,293 from the 2018-2019 final budget. The decrease is due to the reduction in WIOA Formula Funds and the end of the Rethinking Job Search and LEAP projects.
- The initial budget for Lane Workforce Partnership is based on planning figures and estimated carry forward funds for the year. Routinely, a first modification occurs in October or November of the program year to adjust to actual appropriated funding levels and actual carry-forward totals. As LWP applies for funding throughout the year, a second modification may be required in February or March to recognize new funding awarded.

Economic Factors and Next Year's Budgets and Rates

LWP considers many factors when compiling their initial fiscal year budget. An important factor affecting the budget is the Workforce Innovation and Opportunity Act's (WIOA) annual federal appropriation. The federal appropriation is made to the State of Oregon and then distributed to local areas on a formula basis. During 2020, the COVID-19 pandemic is having a negative impact on workers and businesses throughout LWP's region and its effects will surely be felt for some time. LWP continues to monitor resources that are available to LWP due to its status as the Workforce Development Board. LWP also relies on the State of Oregon General Fund which has provided between \$300,000 and \$500,000 annually for programs operated since 2014.

Under WIOA, LWP operates solely as a convener of workforce services for Lane County. All direct customer services, both youth and adult, are provided by other local entities including Lane County.

Requests for Information

This financial report is designed to provide interested parties with a general overview of the Lane Workforce Partnership and to demonstrate Lane Workforce Partnership's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Lane Workforce Partnership, 1401 Willamette Street, Second Floor, Eugene, Oregon 97401, (541) 505-8674.

Basic Financial Statements

Government-wide Financial Statements

LANE WORKFORCE PARTNERSHIP
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 358,726	\$ 326,065
Accounts receivable	108,087	126,116
Grants receivable	<u>228,321</u>	<u>103,676</u>
Total current assets	695,134	555,857
Capital assets, net	<u>-</u>	<u>-</u>
Total assets	<u>695,134</u>	<u>555,857</u>
Liabilities		
Current liabilities		
Accounts payable	232,609	360,457
Accrued payroll and related benefits	32,996	26,810
Unearned revenue	<u>196,890</u>	<u>61,819</u>
Total current liabilities	<u>462,495</u>	<u>449,086</u>
Other liabilities		
Accrued compensated absences	75,300	65,382
Paycheck Protection Program loan	<u>125,800</u>	<u>-</u>
Total other liabilities	<u>201,100</u>	<u>65,382</u>
Total liabilities	<u>663,595</u>	<u>514,468</u>
Net Position		
Unrestricted	<u>31,539</u>	<u>41,389</u>
Total net position	<u>\$ 31,539</u>	<u>\$ 41,389</u>

The accompanying notes are an integral part of these statements.

LANE WORKFORCE PARTNERSHIP
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Expenses		
Employment and training	\$ 3,534,184	\$ 3,971,073
Program revenues		
Operating grants	<u>3,520,655</u>	<u>3,959,786</u>
Net program expense	(13,529)	(11,287)
General revenues		
Interest income	<u>3,679</u>	<u>5,094</u>
Change in net position	(9,850)	(6,193)
Net position, beginning of year	<u>41,389</u>	<u>47,582</u>
Net position, end of year	<u>\$ 31,539</u>	<u>\$ 41,389</u>

The accompanying notes are an integral part of these statements.

Fund Financial Statements

LANE WORKFORCE PARTNERSHIP
BALANCE SHEETS
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 358,726	\$ 326,065
Accounts receivable	108,087	126,116
Grants receivable	228,321	103,676
Total assets	\$ 695,134	\$ 555,857
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 232,609	\$ 360,457
Accrued payroll and related benefits	32,996	26,810
Unearned revenue	196,890	61,819
Total liabilities	462,495	449,086
Fund balance		
Assigned	125,800	-
Unassigned	106,839	106,771
Total fund balance	232,639	106,771
Total liabilities and fund balance	\$ 695,134	\$ 555,857

The accompanying notes are an integral part of these statements.

LANE WORKFORCE PARTNERSHIP
RECONCILIATION OF THE BALANCE SHEETS TO STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Fund balance	\$ 232,639	\$ 106,771
<p>Amounts reported for governmental activities in the statements of net position are different because:</p>		
<p>Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are therefore reported as other financing sources.</p>	(125,800)	-
<p>Compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>	<u>(75,300)</u>	<u>(65,382)</u>
Net position	<u>\$ 31,539</u>	<u>\$ 41,389</u>

The accompanying notes are an integral part of these statements.

LANE WORKFORCE PARTNERSHIP
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Intergovernmental revenues	\$ 3,073,818	\$ 3,720,716
Other revenues	<u>450,516</u>	<u>244,164</u>
 Total revenues	 <u>3,524,334</u>	 <u>3,964,880</u>
 Expenditures		
Current expenditures:		
Personnel services	938,952	961,176
Materials and services:		
Audits and legal services	23,775	26,252
Board expenses	15,817	3,514
Computer equipment and supplies	30,532	28,150
Copier charges	3,081	3,497
Data warehousing and storage	9,889	8,902
Fees/taxes	-	50
General office expense	7,148	10,821
Legal notices	822	1,229
Memberships	11,600	13,447
Postage	23	608
Printing	147	1,012
Professional development	3,206	4,787
Program information and outreach	12,547	52,366
Purchased insurance	19,691	19,287
Rent	34,900	35,051
Subscriptions	541	541
Telephone services	5,444	7,120
Travel and meetings	10,866	24,452
Community investments:		
Itrac subscription	22,197	25,426
One stop operations	33,053	45,036

The accompanying notes are an integral part of these statements.

LANE WORKFORCE PARTNERSHIP
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, Continued
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Expenditures , continued		
Current expenditures, continued:		
Community investments, continued:		
Subcontracts	2,034,424	2,579,188
Layoff aversion business reimbursements	243,887	-
Apprentice supplies and tuition	57,017	23,685
Apprentice training development	-	18,707
Other community investments	<u>4,707</u>	<u>70,500</u>
Total current expenditures	<u>3,524,266</u>	<u>3,964,804</u>
Excess of revenues over expenditures	68	76
Other financing sources		
Paycheck Protection Program loan proceeds	<u>125,800</u>	<u>-</u>
Change in fund balance	125,868	76
Fund balance, beginning of year	<u>106,771</u>	<u>106,695</u>
Fund balance, end of year	<u>\$ 232,639</u>	<u>\$ 106,771</u>

The accompanying notes are an integral part of these statements.

LANE WORKFORCE PARTNERSHIP
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes in fund balance of governmental fund	\$ 125,868	\$ 76
Amounts reported for governmental activities in the statements of activities are different because:		
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are therefore reported as other financing sources.	(125,800)	-
The change in accrued compensated absences does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental fund.	<u>(9,918)</u>	<u>(6,269)</u>
Change in net position	<u>\$ (9,850)</u>	<u>\$ (6,193)</u>

The accompanying notes are an integral part of these statements.

Notes to Basic Financial Statements

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Organization

Lane Workforce Partnership was formed in 1985 as a unit of local government under provisions of Oregon Revised Statutes (ORS) 190.003 to 190.110 by Lane County, Oregon and the cities of Eugene and Springfield, Oregon. Lane Workforce Partnership was subsequently also incorporated as an Oregon nonprofit corporation. In July 2015, the cities of Florence and Cottage Grove were added to the Inter-governmental Agreement with Lane County, Oregon and the cities of Eugene and Springfield, Oregon.

Lane Workforce Partnership is a workforce development organization dedicated to assisting employers in recruiting and retaining employees, and to help individuals find employment and progress in their careers. Specifically, Lane Workforce Partnership is charged with planning, oversight, and administrative responsibility for local job training programs including, but not limited to, those funded under the Workforce Innovation and Opportunity Act (WIOA). WIOA requires that each Workforce Development Area form a Workforce Development Board. The Board of Directors of Lane Workforce Partnership was designated to meet this requirement for the geographic area of Lane County, Oregon.

Lane Workforce Partnership is managed by its Board of Directors which meet the requirements of the WIOA. The Board of Directors elects an Executive Board, which is responsible for strategic planning and leadership as well as Board development and recruitment.

Reporting Entity

All significant activities and organizations over which Lane Workforce Partnership exercises oversight responsibility have been included in the financial statements.

A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's Board, and either a) the ability to impose will by Lane Workforce Partnership, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on Lane Workforce Partnership. Blended component units, although legally separate entities, are, in substance, part of Lane Workforce Partnership's operations and so data from these units is combined with data of Lane Workforce Partnership. Lane Workforce Partnership (nonprofit corporation) is a blended component unit of Lane Workforce Partnership (local government). The Boards of Directors of the organizations are identical. Separate financial statements are not prepared for Lane Workforce Partnership (nonprofit corporation).

Beginning July 1, 2015, the Lane Workforce Council was established and designated as the Chief Elected Official as contemplated by section 107(c)(1)(B)(i) of the Workforce Innovation and Opportunity Act. Lane Workforce Council's membership is comprised of officials from Lane County and the cities of Eugene, Springfield, Cottage Grove, and Florence.

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies, continued

Government-wide Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the activities of Lane Workforce Partnership. 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 when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. Fiduciary activities, if any, are excluded from the government-wide financial statements.

Fund Financial Statements

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. The accounts of Lane Workforce Partnership are organized in a single fund which is used to account for Lane Workforce Partnership's activities. Revenues are principally from intergovernmental sources. This fund is reported on the balance sheets and statements of revenues, expenditures, and changes in fund balance using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (i.e., within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred.

Fund Balance

In governmental funds, Lane Workforce Partnership's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the 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.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Board of Directors takes formal action that places specific constraints on how the resources may be used. The Board of Directors can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by Lane Workforce Partnership's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Board of Directors approves which resources should be "reserved" during the adoption of the annual budget. Lane Workforce Partnership's Director of Finance uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in Lane Workforce Partnership's Annual Financial Report.

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies, continued

Fund Balance, continued

At June 30, 2020 and 2019, Lane Workforce Partnership had an assigned fund balance associated with funds received under the Paycheck Protection Program (PPP) (Note 6) of \$125,800 and \$-0-, respectively.

Unassigned fund balance is the residual classification for the General Fund. This classification represents the fund balance that has not been restricted, committed, or assigned within the General Fund.

Budgets and Budgetary Accounting

The administrative and fiscal staff prepare a budget for each of the separate projects within the operation of Lane Workforce Partnership. The budget is submitted to the Board of Directors for approval, modification, and adoption.

Budgetary fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Expenditures are controlled by appropriations adopted by resolution of the Board of Directors. Appropriations are adopted at the broad object level of personal services, materials and services, community investments, and capital outlay. These expenditure appropriations are adopted for purposes of accountability and as a method of providing public involvement into the budget process as provided by ORS 294.905 through 294.930. There is no legal requirement that expenditures do not exceed appropriations; however, it is Board policy to limit expenditures to the amount appropriated. Appropriations lapse at the end of each year. Encumbrances are not used.

Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits. Lane Workforce Partnership may invest in obligations of the U.S. Treasury and its agencies, obligations of state and local municipalities, corporate bonds, bankers' acceptances, commercial paper, repurchase agreements, time certificates of deposit, and the State Treasurer's Local Government Investment Pool.

Receivables

Receivables are recorded on the statements of net position in accordance with the policies enumerated above.

The management of Lane Workforce Partnership considers all amounts included in accounts and grants receivable to be collectible. Therefore, no provision for uncollectible accounts has been made.

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies, continued

Receivables, continued

Lane Workforce Partnership receives federal funds from the U.S. Department of Labor directly and passed through the state of Oregon, as well as several other nonfederal grants. The amounts receivable represent contract billings and cash requests, relating to expenditures incurred through the end of the program year, which had not been received at June 30, 2020 and 2019.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by Lane Workforce Partnership as assets with an initial individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Capital assets are depreciated using the straight-line method over the estimated useful lives ranging from three to seven years.

The state and federal grantor agencies retain a reversionary interest in all capital assets that were purchased with state and federal funding.

Compensated Absences Payable

Total unpaid compensated absences are recorded on the books of Lane Workforce Partnership based on total vested hours multiplied by current wage rates. If Lane Workforce Partnership were to become unable to continue as a viable operating entity and the liability became due, the member governments, the cities of Eugene, Springfield, Cottage Grove, and Florence, and Lane County would provide payment of accrued leave subject to the provisions and limitations of the agreement between Lane Workforce Partnership and the Chief Elected Official as described in section 107(c)(1)(B)(i) of the Workforce Innovation and Opportunity Act. As of June 30, 2020 and 2019, employees of Lane Workforce Partnership had accumulated \$75,300 and \$65,382, respectively, in unpaid compensated absences.

Income Taxes

Lane Workforce Partnership is exempt from federal income taxes under Internal Revenue Code Section 115.

Property Taxes

Lane Workforce Partnership is exempt from taxes for all real and personal property, including property held under lease or lease purchase agreements, under ORS 456.220 and ORS 456.225 of Oregon law.

Use of Restricted Net Position

When expenses are paid for purposes in which both net position - restricted and net position - unrestricted are available, Lane Workforce Partnership deems net position - restricted to be spent first.

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies, continued

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 reporting amounts of certain assets, liabilities, revenues, and expenses. Actual results may differ from such estimates. Financial statement items particularly sensitive to estimates are the allowance for doubtful accounts and the useful lives of property and equipment.

2. Cash and Cash Equivalents

As of June 30, cash and cash equivalents consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 500	\$ 500
Cash in bank	240,957	114,832
LGIP	<u>117,269</u>	<u>210,733</u>
Total cash and cash equivalents	<u>\$ 358,726</u>	<u>\$ 326,065</u>

Deposits

At June 30, 2020 and 2019, the book balance of Lane Workforce Partnership's bank deposits (checking accounts) was \$240,957 and \$114,832, and the bank balance was \$253,081 and \$116,803, respectively. The differences are due to transactions in process. Deposits are secured by the Federal Deposit Insurance Corporation (FDIC) to legal limits. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Custodial Risk – Deposits

This is the risk that in the event of a bank failure, Lane Workforce Partnership's deposits may not be returned. The FDIC provides insurance for Lane Workforce Partnership's deposits with financial institutions up to \$250,000 each for the aggregate of all time and savings accounts and aggregate of all demand deposit accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon PFCP are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100 percent protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10 percent of their quarter-end public fund deposits if they are well capitalized, 25 percent of their quarter-end public fund deposits if they are adequately capitalized, or 110 percent of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110 percent by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2020 and 2019, there were no cash deposit balances in excess of federally insured limits.

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

2. Cash and Cash Equivalents, continued

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill, and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

At June 30, 2020 and 2019, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

3. Capital Assets

Capital assets changed as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Equipment	\$ 16,206	\$ -	\$ -	\$ 16,206
Accumulated depreciation	<u>(16,206)</u>	<u>-</u>	<u>-</u>	<u>(16,206)</u>
Capital assets, net of accumulated depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Equipment	\$ 16,206	\$ -	\$ -	\$ 16,206
Accumulated depreciation	<u>(16,206)</u>	<u>-</u>	<u>-</u>	<u>(16,206)</u>
Capital assets, net of accumulated depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

4. Accounts Payable

At June 30, accounts payable consisted of the following:

	2020	2019
Payable to grant recipients	\$ 219,204	\$ 250,263
Other	13,405	110,194
Total accounts payable	\$ 232,609	\$ 360,457

5. Retirement Plan

Lane Workforce Partnership is a participating employer in the Barrett Business Services Inc. Retirement Savings Plan, a multiple employer defined contribution 401(k) plan (the 401(k) Plan). Employees are eligible to participate in the 401(k) Plan after completing three months of service. Lane Workforce Partnership makes safe harbor matching contributions to the 401(k) Plan, on a payroll-by-payroll basis, equal to 100 percent of the first 6 percent of eligible compensation. Participants are immediately vested 100 percent in matching contributions to the 401(k) Plan. There are no assets accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement No. 73, paragraph 4.

For the years ended June 30, 2020 and 2019, total contribution expense for the 401(k) Plan was \$30,945 and \$29,854, respectively.

6. Paycheck Protection Program Loan

Lane Workforce Partnership applied for and was awarded a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through the United States Small Business Administration (SBA) and issued by Banner Bank. Lane Workforce Partnership was approved for a loan in the amount of \$125,800 in June 2020. The loan can be used to assist with payroll, rent, and other operating expenses in accordance with the provisions of the CARES Act. The loan is forgivable if the funds are used for the payment of covered expenses, primarily including expenses related to payroll, within twenty-four weeks of receipt of the loan proceeds. The loan bears interest at 1 percent, matures in June 2025, and is unsecured. If not forgiven, the loan is payable in monthly installments of \$2,591, including principal and interest.

Loan activity during the year was as follows:

	Balance June 30, 2019	Proceeds	Payments	Balance June 30, 2020
Paycheck Protection Program loan	\$ -	\$ 125,800	\$ -	\$ 125,800

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

6. Paycheck Protection Program Loan, continued

If not forgiven, future maturities of the loan are as follows:

<u>For the Year Ending June 30,</u>	
2021	\$ -
2022	18,302
2023	30,155
2024	30,458
2025	46,885
Thereafter	<u>-</u>
Total	<u>\$ 125,800</u>

7. Related Party Transactions

Lane Workforce Partnership has entered into contracts with organizations whose management includes members of the Lane Workforce Partnership Board of Directors.

The following contracts were in effect during the year ended June 30, 2020:

<u>Agency</u>	<u>Funding Title</u>	<u>Amount</u>	
		<u>Revenue</u>	<u>Expense</u>
Lane County Administrative Services	All	\$ 75,000	\$ -
Lane County Department of Youth Services	WIOA	-	73,428
Lane County Department of Health & Human Services	WIOA	-	1,050,110
Oregon Employment Department	All	-	7,726

<u>Agency</u>	<u>Funding Title</u>	<u>Amount</u>	
		<u>Receivable</u>	<u>Payable</u>
Lane County Department of Youth Services	WIOA	\$ -	\$ 6,996
Lane County Department of Health & Human Services	WIOA	-	129,731

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

7. Related Party Transactions, continued

The following contracts were in effect during the year ended June 30, 2019:

<u>Agency</u>	<u>Funding Title</u>	<u>Amount</u>	
		<u>Revenue</u>	<u>Expense</u>
Lane County Administrative Services	All	\$ 75,000	\$ -
Lane County Department of Youth Services	WIOA	-	83,475
Lane County Department of Health & Human Services	WIOA	-	1,201,611
Oregon Employment Department	All	-	13,714

<u>Agency</u>	<u>Funding Title</u>	<u>Amount</u>	
		<u>Receivable</u>	<u>Payable</u>
Lane County Department of Youth Services	WIOA	\$ -	\$ 11,821
Lane County Department of Health & Human Services	WIOA	-	138,000

8. Operating Leases

Lane Workforce Partnership is committed under various leases for office space and equipment which expire at various dates through June 2022. Some leases contain options to renew. The lease agreements for office space contain escalation clauses that allow for periodic increases or decreases to the base rent.

Lease expenditures for office space for the years ended June 30, 2020 and 2019, were \$41,287 and \$45,850, respectively. Lane Workforce Partnership also leases equipment which is relatively insignificant to its operations. Future minimum lease payments for office space and equipment are reported below.

<u>Year Ending June 30,</u>	
2021	\$ 22,492
2022	7,270
2023	-
Total	<u>\$ 29,762</u>

LANE WORKFORCE PARTNERSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

9. Risk Management

Lane Workforce Partnership is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Lane Workforce Partnership maintains coverage through commercial insurance companies for risks of loss. There were no material reductions in insurance coverage from coverage in the prior year. During each of the last three years, there have been no insurance settlements exceeding insurance coverage.

10. Economic Uncertainties

The COVID-19 coronavirus pandemic has resulted in significant economic uncertainties across the globe. Lane Workforce Partnership has not yet experienced significant disruption in its operations as a result of the ongoing COVID-19 coronavirus pandemic. However, as of the date of the independent auditor's report, certain economic uncertainties still exist related to the COVID-19 coronavirus pandemic. These continuing uncertainties have the potential to result in a significant impact to Lane Workforce Partnership's future financial condition and operating results. However, any such future financial impact and duration of such impact cannot be reasonably estimated at this time.

11. Subsequent Events

Management has evaluated subsequent events through the date of the independent auditor's report, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

Required Supplementary Information

LANE WORKFORCE PARTNERSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GENERAL FUND
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Workforce Innovation and Opportunity Act	\$ 2,994,196	\$ 3,060,853	\$ 2,642,589	\$ (418,264)
Other	<u>1,410,357</u>	<u>1,479,445</u>	<u>881,745</u>	<u>(597,700)</u>
Total revenues	<u>4,404,553</u>	<u>4,540,298</u>	<u>3,524,334</u>	<u>(1,015,964)</u>
Expenditures				
Personnel services	961,062	977,015	938,952	(38,063)
Materials and services:				
Audits and legal services	33,775	28,775	23,775	(5,000)
Board expenses	7,500	7,500	15,817	8,317
Computer equipment and supplies	38,000	32,580	30,532	(2,048)
Copier charges	3,688	3,688	3,081	(607)
Data warehousing and storage	9,200	9,200	9,889	689
General office expense	16,320	15,000	7,148	(7,852)
Legal notices	1,200	1,250	822	(428)
Memberships	13,050	13,050	11,600	(1,450)
Postage	750	750	23	(727)
Printing	500	500	147	(353)
Professional development	10,000	10,000	3,206	(6,794)
Program information and outreach	22,500	17,500	12,547	(4,953)
Purchased insurance	21,000	20,792	19,691	(1,101)
Rent	35,285	35,285	34,900	(385)
Subscriptions	500	550	541	(9)
Telephone services	6,960	6,960	5,444	(1,516)
Travel and meetings	25,000	25,000	10,866	(14,134)
Community investments:				
Itrac subscription	30,000	23,850	22,197	(1,653)
One stop operations	39,420	34,492	33,053	(1,439)
Subcontracts	2,521,266	2,350,573	2,034,424	(316,149)
Layoff aversion business reimbursements	-	-	243,887	243,887
Apprentice supplies and tuition	350,000	360,838	57,017	(303,821)
Other community investment	<u>-</u>	<u>29,000</u>	<u>4,707</u>	<u>(24,293)</u>
Total expenditures	<u>4,146,976</u>	<u>4,004,148</u>	<u>3,524,266</u>	<u>(479,882)</u>
Excess (deficiency) of revenues over expenditures	257,577	536,150	68	(536,082)
Other financing sources				
Paycheck Protection Program loan	<u>-</u>	<u>-</u>	<u>125,800</u>	<u>125,800</u>
Net change in fund balance	257,577	536,150	125,868	(410,282)
Fund balance, beginning of year	<u>107,000</u>	<u>107,000</u>	<u>106,771</u>	<u>(229)</u>
Fund balance, end of year	<u>\$ 364,577</u>	<u>\$ 643,150</u>	<u>\$ 232,639</u>	<u>\$ (410,511)</u>

Supplementary Information

LANE WORKFORCE PARTNERSHIP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
PROGRAM BALANCES
For the Year Ended June 30, 2020

	<u>WIOA</u>	<u>Other</u>	<u>Total</u>
Revenues			
Workforce Innovation and Opportunity Act	\$ 2,642,589	\$ -	\$ 2,642,589
Virtual Reality Healthcare Training	-	204,068	204,068
Work Experience	-	152,354	152,354
Tech Apprenticeship	-	144,229	144,229
Local Sector Strategies	-	121,110	121,110
Other	<u>3,215</u>	<u>256,769</u>	<u>259,984</u>
Total revenues	<u>2,645,804</u>	<u>878,530</u>	<u>3,524,334</u>
Expenditures			
Personnel services	704,717	234,235	938,952
Materials and services:			
Audits and legal services	16,019	7,756	23,775
Board expenses	15,817	-	15,817
Computer equipment and supplies	24,458	6,074	30,532
Copier charges	2,395	686	3,081
Data warehousing and storage	7,520	2,369	9,889
General office expense	5,159	1,989	7,148
Legal notices	822	-	822
Maintenance agreements			-
Memberships	8,771	2,829	11,600
Postage	6	17	23
Printing	115	32	147
Professional development	2,518	688	3,206
Program information and outreach	6,785	5,762	12,547
Purchased insurance	15,856	3,835	19,691
Relocation expenses			-
Rent	27,152	7,748	34,900
Subscriptions	421	120	541
Telephone services	4,252	1,192	5,444
Travel and meetings	7,643	3,223	10,866
Community investments:			
Itrac subscription	20,860	1,337	22,197
One stop operations	33,053	-	33,053
Subcontracts	1,581,635	452,789	2,034,424
Layoff aversion business reimbursements	159,830	84,057	243,887
Apprentice supplies and tuition	-	57,017	57,017
Other community investment	<u>-</u>	<u>4,707</u>	<u>4,707</u>
Total expenditures	<u>2,645,804</u>	<u>878,462</u>	<u>3,524,266</u>
Excess of revenues over expenditures	-	68	68
Other financing sources			
Paycheck Protection Program loan	<u>-</u>	<u>125,800</u>	<u>125,800</u>
Net change in program fund balance	-	125,868	125,868
Fund balance, beginning of year	<u>-</u>	<u>106,771</u>	<u>106,771</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 232,639</u>	<u>\$ 232,639</u>

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Directors
Lane Workforce Partnership
Eugene, Oregon

We have audited the basic financial statements of Lane Workforce Partnership as of and for the year ended June 30, 2020, and have issued our report thereon dated December 22, 2020. 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 Lane Workforce Partnership'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 (ORS) as specified in Oregon Administrative Rules (OAR) 162-10-000 through 162-10-330 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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.
- 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).

In connection with our testing, nothing came to our attention that caused us to believe Lane Workforce Partnership was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of ORS as specified in OAR 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- Lane Workforce Partnership was in substantial compliance with requirements surrounding deposits of public funds with financial institutions (ORS Chapter 295), except that the Oregon State Treasurer was not notified of a new deposit banking relationship entered into with regard to the Paycheck Protection Program loan within the required number of days.

OAR 162-10-0230 - Internal Control

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

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

By: 
Sara Hummel, CPA
Partner

Eugene, Oregon
December 22, 2020

LANE WORKFORCE PARTNERSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Expenditures	Passed Through To Subrecipients
U.S. Department of Labor				
Passed through State of Oregon, Higher Education Coordinating Commission, Office of Workforce Investments:				
<i>WIOA Cluster:</i>				
WIOA Adult Program Administration	17.258	17-144, 18-031 & 19-079B	\$ 96,267	\$ 587
WIOA Adult Program	17.258	17-144, 18-031 & 19-079B	776,880	554,808
WIOA Youth Activities Administration	17.259	18-031 & 19-079B	80,958	-
WIOA Youth Activities	17.259	18-031 & 19-079B	788,677	599,538
WIOA Youth Activities - High Concentration of Youth	17.259	18-031	25,980	25,980
WIOA Dislocated Worker Formula Grants - Rapid Response Lay-off Aversion and Additional Assistance Administration	17.278	19-079B	13,561	-
COVID-19 - WIOA Dislocated Worker Formula Grants - Lay-off Aversion	17.278	17-144 & 18-031	159,830	-
COVID-19 - WIOA Dislocated Worker Formula Grants - Tech Funds	17.278	17-144	1,000	-
WIOA Dislocated Worker Formula Grants Program Administration	17.278	18-031 & 19-079B	79,649	1,438
WIOA Dislocated Worker Formula Grants Program	17.278	18-031 & 19-079B	<u>619,788</u>	<u>415,508</u>
Total WIOA Cluster			2,642,590	1,597,859
Passed through State of Oregon Employment Department:				
<i>H-1B Job Training Grants:</i>				
American Apprenticeship Initiative Grant	17.268	17-227	<u>144,229</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 2,786,819</u>	<u>\$ 1,597,859</u>

LANE WORKFORCE PARTNERSHIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Lane Workforce Partnership's (LWP's) financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of LWP, it is not intended to and does not present either the net position, changes in net position, or the general fund's revenues and expenditures.

2. Significant Accounting Policies

Reporting Entity

The reporting entity is fully described in the notes to financial statements of LWP's financial statements. Additionally, the Schedule includes all federal programs administered by LWP for the year ended June 30, 2020.

Basis of Presentation

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal Financial Assistance

Pursuant to the Single Audit Act Amendments of 1996 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 state and 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 Amendments of 1996 and the Uniform Guidance establish criteria to be used in defining major federal financial assistance programs. Major programs for LWP 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 Subpart F 200.528. Programs with similar requirements may be grouped into a cluster for testing purposes.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.

3. Indirect Cost Rate

Lane Workforce Partnership elected to use the ten percent (10%) de minimis indirect cost rate of modified total direct costs allowed under the Uniform Guidance.

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

To the Board of Directors
Lane Workforce Partnership
Eugene, Oregon

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 each major fund of Lane Workforce Partnership as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lane Workforce Partnership's basic financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lane Workforce Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jones & Roth, P.C.
Eugene, Oregon
December 22, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Lane Workforce Partnership
Eugene, Oregon

Report on Compliance for Each Major Federal Program

We have audited Lane Workforce Partnership's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lane Workforce Partnership's major federal programs for the year ended June 30, 2020. Lane Workforce Partnership's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lane Workforce Partnership's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lane Workforce Partnership's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lane Workforce Partnership's compliance.

Opinion on Each Major Federal Program

In our opinion, Lane Workforce Partnership complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Lane Workforce Partnership is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lane Workforce Partnership's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lane Workforce Partnership's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jones & Roth, P.C.
Eugene, Oregon
December 22, 2020

LANE WORKFORCE PARTNERSHIP
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	Workforce Innovation and Opportunity Act Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT AUDIT FINDINGS

None.

MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS AND QUESTIONED COSTS

None.

PRIOR AUDIT FINDINGS

None.