



**THE OREGON CONSORTIUM  
BOARD OF DIRECTORS –  
EXECUTIVE COMMITTEE**

**February 7, 2012; 2-4:00 p.m.**

For those attending in person: The Oregon Consortium Administrative Office  
260 Ferry St., SW Suite 202, Albany, OR 97321

\*For those joining remote:  
Conference Call 1.888.484.8033 – Passcode 8478954106  
Virtual Boardroom - <https://tocowa.nefsis.com/join.html?dn=N809>

- |       |   |   |
|-------|---|---|
| I.    | Call to Order   | Judge Mike McCabe, Chair                          |
| II.   | Approval of Minutes from October  | Judge Mike McCabe<br>Page 1                       |
| III.  | Presentation of Audit <ul style="list-style-type: none"><li>- SAS 114 Letter</li><li>- CAFR Highlights</li></ul>                                | Jason Filippini, Larson/Allen<br>Page 4<br>Page 8 |
| IV.   | First Discussion Regarding Budget Projections   | Kris Latimer, CEO                                 |
| V.    | Intersection & System Impacts <ul style="list-style-type: none"><li>- Budget Projections</li><li>- What is our direction / Discussion</li></ul> | Kris Latimer, CEO<br>Page 21                      |
| VI.   | TOC Agreement   | Judge Mike McCabe                                 |
| VII.  | County Updates  | All   |
| VIII. | Adjourn   | Judge McCabe                                      |

This is not meant to replace the full 82 page report which is located on our website by going to <http://tinyurl.com/TOCCAFR2011>. A full copy of the report can also be requested by contacting the TOC office.

\*We will utilize a conference call for audio during this meeting at the number above. If you would like to add to the experience you can connect to the virtual board room via the internet at the address provided above. Those who have webcams can add in their video and we will display the agenda and materials. If you have not used the virtual boardroom before – you should plan to connect at least 15 minutes in advance of the start time, in order to download the necessary plug-in. If you need additional information regarding this process please contact Kris.

**Meeting of  
The Oregon Consortium Board of Directors**

October 20, 2011  
Conference Call/Virtual Boardroom

**MINUTES**

Attendance:

Commissioner Alan Unger	Commissioner Susan Morgan
Commissioner Bill Hansell	Commissioner John Hatfield
Commissioner Paul Castilleja	Commissioner Scott Lee
Commissioner Charles Hurliman	Commissioner Dave Itzen
Judge Mike McCabe	

Guests:

Melissa Busby, Kimberly Ward & Karen Miller

Staff:

Kris Latimer, Melissa Metz

- I. Call to Order  
The meeting was called to order at 9:03 a.m. by Judge Mike McCabe and introductions were made.
- II. Approval of the Minutes from July 2011  
MOTION: Commissioner Lee moved, seconded by Commissioner Castilleja to approve the minutes as presented. Motion passed unanimously.
- III. RSA Reconciliation  
Melissa reviewed the report which represented the actual costs borne by each agency in the operation of the TOC/OWA WorkSource Oregon System and an after the fact account of the extent customers were co-enrolled into multiple funding streams. The report showed that the investments made by each partner were within the compliance range and no further commitment exists beyond what was invested at 6/30/2011.  
MOTION: Commissioner Hurliman moved, seconded by Commissioner Morgan to accept the report as presented. Motion passed unanimously.

IV. Update from the Audit Committee  
On behalf of Judge Grasty, Melissa provided an update from the Audit Committee meeting held the previous day. Items discussed included office budget, expenditure reports, contracts mailed log and medium risk contractors. Judge McCabe asked Kris to touch on the funding outlook in the future as a part of this update.

V. OWA Appointments  
MOTION: Commissioner Hansell moved, seconded by Commissioner Hurliman to approve thirteen reappointments as described below. Motion passed unanimously.

Reappointments:

- Marce Knight – Business/Region 7
- Oscar Johnson – Business/Region 7
- Darrel Wilson – Business/Region 10
- Archie Linman – Business/Region 11
- Bob Bahrns – Business/Region 12
- Kathy Gover-Shaw – Business/Region 13
- Deborah Beeson – Business/Region 13
- Joyce Aho – Oregon Employment Dept./At-Large
- Pete Bober – Community Colleges / At-Large
- Art Hill – Community Colleges / At-Large
- JJ McLeod – WIA Providers / At-Large
- Teri Simonis – Senior Comm. Emp. Program/ At-Large
- Joy Harris – Business/Region 12

MOTION: Commissioner Hurliman moved, seconded by Commissioner Hansell to approve two new appointments as described below contingent upon receipt of letters of recommendation. Motion passed unanimously.

New Members:

- Jack McClave – Business/Region 1
- Julie Gassner – Business / Region 1 & Job Corps

VI. Quality Assurance Summary Report  
Melissa provided a report on PY10 Quality Assurance reviews, explaining that there were a total of 6 issues of significant concern which have all been closed through corrective action and one open finding related to the completion of annual physical inventory still in progress. All regional contractors received technical assistance on property management record keeping. The Administrative Office wishes to thank the Regional Program Operators for their work and commitment to the quality assurance process.

VII. USPS Closers & Other Pertinent Issues  
Judge McCabe led the discussion on the possible closure of post offices in rural Oregon. In many communities, post offices are a central part of the town. Some have been in existence for over a hundred years and in some towns the post

office is one of only a few retail shops. Having a post office is central to a town's identity. Discussion ensued. MOTION: Commissioner Hansell moved, seconded by Commissioner Itzen to draft a letter to the entire Oregon delegation. Motion passed unanimously.

A discussion ensued about Oregon's forest policy and land use. Kris will contact Dennis Richardson on the possibility of joining us at the next meeting.

VIII. Oregon Regional Solutions Update

Commissioner Unger indicated that teams are underway work on identifying up to five strategies to create jobs. It was agreed this work is integral to the work we do here at the Consortium so we will work on keeping everyone informed as the regional teams move forward.

IX. Update on RWIB Transition Planning

Kris mentioned that each region is currently undergoing the planning process for transitioning their RWIB as this is the last funded year. It is hoped that the ORS governing RWIBs will be changed in 2013.

X. County Updates

Members reviewed current developments in their region/counties.

XI. Adjourn

Meeting was adjourned by Judge McCabe at 10:34 a.m.

Board of Directors  
The Oregon Consortium  
Albany, Oregon

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, of The Oregon Consortium for the year ended June 30, 2011, and have issued our report thereon dated December 16, 2011. Professional standards require that we provide you with the following information related to our audit.

**Our responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated November 28, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered The Oregon Consortium's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether The Oregon Consortium's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about The Oregon Consortium's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on The Oregon Consortium's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on The Oregon Consortium's compliance with those requirements.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

**Planned scope and timing of the audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters in September 2011.



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## **Significant audit findings**

### ***Qualitative aspects of accounting practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Oregon Consortium are described in Note 1 to the financial statements. Except for the implementation of GASB 54, no new accounting policies were adopted and the application of existing policies was not changed during June 30, 2011.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Consortium's estimates apply to the recording of accumulated depreciation which is on a straight-line basis..

### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and uncorrected misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. An uncorrected misstatement related to unpaid leave in the amount of \$123,075 was not corrected in the current period financial statement.

### ***Disagreements with management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated December 16, 2011.

### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting

accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other audit findings or issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other information in documents containing audited financial statements**

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 16, 2011.

Other information is being included in documents containing the audited financial statements and the auditors' report thereon. Our responsibility for such other information does not extend beyond the financial information identified in our auditors' report. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents. As required by professional standards, we read the other information in order to identify material inconsistencies between the audited financial statements and the other information. We did not identify any material inconsistencies between the other information and the audited financial statements.

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

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

A handwritten signature in black ink that reads "Larson Allen LLP". The signature is written in a cursive, flowing style.

**LarsonAllen LLP**

Bellevue, Washington  
December 16, 2011

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Oregon Consortium  
Albany, Oregon

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of The Oregon Consortium (the Consortium or TOC) as of and for the year ended June 30, 2011, which collectively comprise the Consortium's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and each major fund of the Consortium, as of June 30, 2011, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the Consortium adopted the provisions of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended June 30, 2011. This statement results in the Consortium reporting nonspendable, restricted, assigned and unassigned fund balances in its governmental fund types.



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In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. Such 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consortium's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such 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.

The accompanying introductory and statistical tables sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

The supplemental information included on pages 27 and 28, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.



**LarsonAllen LLP**

Bellevue, Washington  
December 16, 2011



John T. Fisher, CPA, CGFM  
Principal  
Oregon license #9781  
Municipal license #1305

THE OREGON CONSORTIUM  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011

	<u>General</u>	<u>Grants and Contracts</u>	<u>Total</u>
<b>Revenues</b>			
Grants and contracts	\$ -	\$ 15,567,462	\$ 15,567,462
Interest	-	1,526	1,526
	<hr/>	<hr/>	<hr/>
Total revenues	-	15,568,988	15,568,988
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Employment and training:			
Current:			
Administrative office:			
Personal services	-	592,873	592,873
Materials and services	560	364,465	365,025
Services:			
Personal services	-	3,881	3,881
Materials and services	-	443,298	443,298
Capital outlay		227,415	227,415
Regional sub-grant recipient contracts	-	13,937,056	13,937,056
	<hr/>	<hr/>	<hr/>
Total expenditures	560	15,568,988	15,569,548
	<hr/>	<hr/>	<hr/>
<b>Changes in fund balances</b>	(560)	-	(560)
Fund balances, beginning of year	<u>83,825</u>	<u>23,460</u>	<u>107,285</u>
<b>Fund balances, end of year</b>	<u>\$ 83,265</u>	<u>\$ 23,460</u>	<u>\$ 106,725</u>

The accompanying notes are an integral part of these statements.

OTHER SUPPLEMENTAL FINANCIAL INFORMATION AND  
COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Board of Directors  
The Oregon Consortium  
Albany, Oregon

Oregon Administrative Rule (OAR) 162-010-0120 requires certain other financial information considered for full disclosure of the fiscal affairs of Oregon municipal corporations. Other financial information is set forth in OAR 162-010-0130 through 162-010-0190. The basic financial statements, notes to financial statements, and required supplementary information, and other supplementary information, as listed in the table of contents, provide that information.

Oregon Administrative Rule 162-010-0200 requires comments and disclosures relating to our review of The Oregon Consortium's (the Consortium or TOC) fiscal affairs and compliance with legal requirements set forth in OAR 162-010-0210 through 162-010-0320. We performed procedures to obtain sufficient audit evidence to support the comments below:

- As part of our audit of the basic financial statements, we reviewed and tested the Consortium's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. We found the Consortium's accounting records to be sufficient for the audit. A separate report on internal control is included in the Single Audit section.
- The Consortium is not subject to Local Budget Law (ORS 294.305 to 294.565). Therefore, it has no legally adopted appropriations. Its procedures related to budgeting are found in ORS 294.900 through 294.930 and emphasize public disclosure. The Oregon Consortium was in compliance with these statutes in the preparation, adoption, and execution of its budget for the year ended June 30, 2011, and the preparation and adoption of its budget for the year ending June 30, 2012.
- The Consortium was in compliance with the legal requirements of ORS 297 relating to short and long-term debt.
- The Consortium was in compliance with all collateral requirements for public funds deposits specified in ORS 295.

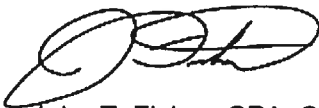
- The Consortium was in compliance with legal requirements of ORS 294 pertaining to the investment of public funds.
- The Consortium was in compliance with the appropriate laws, rules, and regulations pertaining to programs funded wholly or in part by other governmental agencies. Separate reports related to compliance with federal awards programs are included in the Single Audit section.
- The Consortium was in compliance with the legal requirements of ORS 279 pertaining to the awarding of public contracts and the construction of public improvements.
- We reviewed the Consortium's insurance and fidelity bond coverage at June 30, 2011, and such policies appeared to be in force. We are not competent by training to state whether the insurance policies covering the Consortium's property in force at June 30, 2011, were adequate.

This report is intended solely for the information of the Secretary of State, Audits Division, and other state agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



**LarsonAllen LLP**

Bellevue, Washington  
December 16, 2011



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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  
The Oregon Consortium  
Albany, Oregon

We have audited the financial statements of the governmental activities, the discretely presented component unit and each major fund of The Oregon Consortium (the Consortium or TOC) as of and for the year ended June 30, 2011, and have issued our report dated December 16, 2011. 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 of America.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered TOC's internal control over financial reporting as a basis for designing our auditing 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 TOC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TOC'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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether TOC'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, federal-awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



**LarsonAllen LLP**

Bellevue, Washington  
December 16, 2010



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
The Oregon Consortium  
Albany, Oregon

**Compliance**

We have audited The Oregon Consortium's (TOC) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2011. TOC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of TOC's management. Our responsibility is to express an opinion on TOC's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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 TOC'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. Our audit does not provide a legal determination of TOC's compliance with those requirements.

In our opinion, The Oregon Consortium complied, in all material respects, with the 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, 2011.

## Internal Control over Compliance

Management of TOC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered TOC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 TOC'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.

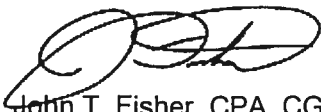
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the audit committee, the Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



LarsonAllen LLP

Bellevue, Washington  
December 16, 2010



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**THE OREGON CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass- Through Grantor's Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Labor</u>					
Passed-through State of Oregon, Department of Community Colleges and Workforce Development:					
	17.258, 17.259,				
WIA Title IB- Administrative Cost Pool	17.260	PY09/PY10	\$ 404,667	\$ 272,954	\$ -
WIA Title IB- Adult	17.258	PY09/PY10	5,517,590	2,649,117	2,545,552
WIA Title IB- Youth	17.259	PY09/PY10	5,537,925	2,844,429	2,774,136
WIA Title IB- Dislocated Worker	17.260	PY09	2,682,649	191,789	180,149
WIA Title IB-Dislocated Worker	17.258	PY10	3,345,699	2,872,498	2,804,615
WIA Title IB- Dislocated Worker transfer for Adult	17.260	PY09/PY10	432,571	169,677	169,677
	ARRA 17.258,				
ARRA Administrative Cost Pool	17.259, 17.260	FS08	308,849	42,472	19,639
ARRA Adult	ARRA 17.258	FS08	1,521,784	133	-
ARRA Youth	ARRA 17.259	FS08	3,491,229	38,431	36,045
ARRA Dislocated Worker	ARRA 17.260	FS08	2,898,132	138,093	138,092
ARRA Dislocated Worker One time Award	ARRA 17.260	FS08	125,582	125,582	125,581
ARRA Dislocated Worker Supplemental	ARRA 17.260	FS08	175,000	175,000	171,805
Statewide Activities High Concentration	17.259	PY09/PY10	71,204	46,520	-
Statewide Activities Local Boards	17.259	PY09/PY10	625,000	250,095	187,612
NEW OR TRAILS GRNT 0519	17.258	PY09	36,000	19,300	-
Career Readiness Certificates	17.278	PY10	78,437	20,056	19,507
ARRA Career Readiness Certificates Grant 0229	ARRA 17.260	FS08	20,000	15,533	15,533
Career Readiness Certificates Grant 0229	17.260	PY08	20,000	9,380	9,380
ARRA Career Readiness Certificates	ARRA 17.260	FS08	120,578	120,578	115,800
ARRA Green Job Profiles & Occ Analysis Project	ARRA 17.275	FS08	170,000	116,936	116,936
ARRA SESP	ARRA 17.275	FS08	2,486,603	990,134	386,744
Rapid Response Home Shiled	17.260	PY08	587	587	587
Rapid Response Alcan Cable	17.260	PY09	3,558	3,558	3,558
ARRA Rapid Response Umatilla Chemical	ARRA 17.260	FS08	42,550	42,550	29,734
Rapid Response Umatilla BRAC Admin	17.278	PY10	2,233	502	-
Rapid Response Umatilla BRAC	17.278	PY10	74,460	1,256	1,256
Rapid Response Sunset Empire Transportation	17.278	PY10	3,958	3,958	3,958
Additional Assistance Gapfill Storms	17.278	PY10	69,165	14,570	14,570
Additional Assistance Project Contact Industries	17.260	PY09	132,975	36,584	34,843
Additional Assistance Project Eagle Cap	17.260	PY09	109,930	41,614	39,519
ARRA Additional Assistance Project Woodgrain	ARRA 17.260	FS08	89,852	6,092	6,060
ARRA Additional Assistance TRG Customer Solutions	ARRA 17.260	FS08	95,984	36,388	34,657
ARRA Additional Assistance ATT	ARRA 17.260	FS08	65,645	23,469	22,397
ARRA Additional Assistance Mt. Bachelor	ARRA 17.260	FS08	104,111	28,610	27,396
Additional Assistance Project Sunset Empire Transportation	17.278	PY10	97,922	36,430	35,388
Additional Assistance Project Mult Company	17.278	PY10	151,613	25,721	24,598
Employer Workforce Training Funds Admin Youth PY09	17.259	PY09	10,614	207	-
Employer Workforce Training Funds RR Program DW PY09	17.260	PY09	79,731	811	811
WRT supplemental Admin DW FY10	17.260	PY09	8,198	552	-
WRT supplemental Program DW & RR DW FY10	17.260	PY09	338,150	12,587	12,587
Employer Workforce Training Funds Admin PY10	17.259	PY10	30,457	10,880	10,880

**THE OREGON CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Through Grantor's Number	Program or Award Amount	Expenditures	Passed Through to Subrecipients
Employer Workforce Training Funds RR DW FY11	17.278	PY10	376,833	67,511	67,511
Employer Workforce Training Funds RR DW FY10	17.278	PY10	77,304	15,264	15,264
GSTF Wood Products Structure 2011 Grant 0634	17.278	PY10	42,563	23,561	23,561
Governor's Strategic Training Funds Lean	17.260	PY08	100,000	14,000	14,000
Bayliner National Emergency Grant OR-30	17.260	PY08	297,232	86,992	81,144
Northwood Manufacturing National Emergency Grant OR-31	17.260	PY08	355,775	83,124	78,806
Boise Cascade La Grande National Emergency Grant OR-32	17.260	PY08	325,952	10,957	5,098
Regional Economic Impact National Emergency Grant OR-41	17.260	PY09	2,537,300	2,057,207	1,855,231
Boise Cascade La Grande National Emergency Grant OR-32	17.260	PY09	318,732	110,772	110,772
Cessna National Emergency Grant OR-40	17.277	PY10	279,373	6,498	-
Tsunami Wave Surge National Emergency Grant OR-53	17.277	PY10	93,254	11,213	9,048
Storms National Emergency Grant OR-52	17.277	PY10	58,083	57,724	53,923
ARRA Fleetwood National Emergency Grant OR-34	ARRA 17.260	FS08	941,669	118,774	112,592
ARRA Boise Cascade St Helens National Emergency Grant OR-35	ARRA 17.260	FS08	1,413,470	281,650	268,460
ARRA Monaco Hines National Emergency Grant OR-39	ARRA 17.260	FS08	526,690	182,272	169,952
ARRA Cessna Aircraft National Emergency Grant OR-40	ARRA 17.260	FS08	924,164	285,954	277,587
ARRA Hampton Lumber Mill National Emergency Grant OR-43	ARRA 17.260	FS08	499,765	123,405	114,717
ARRA Weyerhaeuser National Emergency Grant OR-46	ARRA 17.260	FS08	458,404	189,713	178,836
ARRA OJT National Emergency Grant OR-50	ARRA 17.260	FS08	347,237	146,200	134,290
Grant 0635 from CCWD TEC Accting system	17.260	PY09	11,810	11,810	11,810
Navigator Program	17.266	PY08/PY09	364,218	20,495	20,495
Navigator Match	17.260	PY09	73,304	70,050	70,050
ARRA Navigator Match	ARRA 17.260	FS08	3,175	2,821	1,700
<b>Total U.S Department of Labor</b>			<b>42,007,499</b>	<b>15,413,600</b>	<b>13,794,449</b>
<b><u>U.S. Department of Transportation, Federal Highway Administration</u></b>					
Passed-through State of Oregon, Department of Community Colleges and Workforce Development					
ODOT Region 5 Workforce Development Program Grant 0641	ARRA 20.205	PY10	76,288	66,670	61,761
ODOT Region 5 New Construction Career Day Event Grant 0642	ARRA 20.205	PY10	19,500	16,317	16,317
<b>Total U.S Department of Transportation</b>			<b>95,788</b>	<b>82,987</b>	<b>78,078</b>
<b><u>U.S. Department of Education</u></b>					
Passed-through State of Oregon, Department of Community Colleges and Workforce Development					
Carl D. Perkins	84.048	PY09	20,000	6,077	-
<b><u>U.S Department of Health and Human Services</u></b>					
Passed Through The Job Council					
Temporary Assistance for Needy Families	93.558	PY09	66,887	64,799	64,529
<b>Total federal awards</b>			<b>\$ 42,190,174</b>	<b>\$ 15,567,462</b>	<b>\$ 13,937,056</b>

\* WIA cluster 5 consists of 17.258, 17.259, 17.260

See notes to the Schedule of Expenditures of Federal Awards.

THE OREGON CONSORTIUM  
 SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2011

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_yes   X  no

Significant deficiency(ies) identified  
not considered to be material weakness(es)? \_\_\_\_\_yes   X  none reported

Noncompliance material to financial  
statements noted? \_\_\_\_\_yes   X  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_yes   X  no

Significant deficiency(ies) identified  
not considered to be material weakness(es)? \_\_\_\_\_yes   X  none reported

Type of auditors’ report issued on  
compliance for major programs: *Unqualified*

Any audit findings disclosed that are  
required to be reported in accordance  
with OMB Circular A-133, Section 510(a)? \_\_\_\_\_yes   X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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17.258 17.259 17.260   17.275	<u>WIA Cluster:</u> WIA Adult Programs WIA Youth Programs WIA Dislocated Worker Programs/Rapid Response  <u>Other Federal Program:</u> State Energy Sector Partnership
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Dollar threshold used to distinguish  
between Type A and Type B programs: \$467,024

Auditee qualified as low-risk auditee?   X  yes \_\_\_\_\_no

THE OREGON CONSORTIUM  
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No findings in the current year.

THE OREGON CONSORTIUM  
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011

The current report disclosed no findings for the year ended June 30, 2011, nor are there any unresolved findings from the year ended June 30, 2010. Therefore, there is nothing to report in this schedule.

