

THE OREGON CONSORTIUM

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2011

Prepared By:

Melissa Metz, Chief Administrative Officer
Jennifer Handy, Financial Services Coordinator

THE OREGON CONSORTIUM
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2011

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INTRODUCTORY SECTION

December 16, 2011

We are pleased to present the Comprehensive Annual Financial Report of The Oregon Consortium (Consortium or TOC) for the year ended June 30, 2011. The financial statements are presented annually for independent audit, in accordance with requirements set forth in The Workforce Investment Act, 20 CFR 667.200 and the Oregon Administrative Rules 162-10-050 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The Independent Auditors' Report is included in the financial section of this report.

This report is prepared annually and consists of management's representations concerning the finances of the Consortium. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the Consortium's Fiscal Team has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Consortium's financial statements in conformity with GAAP. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- Safeguarding assets against loss from unauthorized use or disposition.
- Reliability of financial records for the preparation of financial statements and accounting for assets.

The concept of reasonable assurance recognizes that:

- the cost of control should not exceed the benefits to be derived and,
- the evaluation of costs and benefits requires estimates and judgment by management.

We believe the Consortium's internal accounting controls adequately safeguard assets. We further believe that the accounting controls provide reasonable assurance of proper recording of transactions.

The Oregon Consortium is required to have an independent audit prepared annually and to notify the Oregon Department of Community Colleges and Workforce Development of their audit plan. The audits are performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, promulgated by the U.S. Comptroller General; the provisions of the Office of Management and Budgets (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the Circular A-133 Compliance Supplement; Uniform Administrative Requirements for Grants to State and Local Governments; Minimum Standards for Audits of Oregon Municipal Corporations; and/or any other applicable state or federal guidelines. The period covered by each audit is the twelve months beginning July 1 through June 30.

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Albany, OR 97321

EEO/ADA Compliant Program
Auxiliary Aids Available
Funded by USDOL

Each of the regional program operators engages an independent audit firm to conduct audits of their cost reimbursement contract operations. Audit reports of the regional program operators are submitted to The Oregon Consortium administrative office for review.

A significant number of transactions were tested in the administrative office audit. Payments to regional program operators were included in the sample of transactions tested. Payments to other subcontractors, whose contracts exceed \$25,000, if any, were also included in the transaction sample.

The Comprehensive Annual Financial Report consists of five parts: The Introductory Section including the transmittal letter, list of elected and appointed officials, an organizational chart, list of administrative office staff, regional administrative agencies and the GFOA Certificate of Achievement; the Financial Section including the independent auditor's report, management's discussion and analysis, basic financial statements and related notes, and supplemental financial data; the Statistical Section including several tables of unaudited data depicting the financial history of the Consortium as well as demographic and other miscellaneous statistics; the Audit Comments and Disclosures Required by State Regulation Section which includes certain comments by our auditors regarding compliance with state law and the Single Audit Section as required by OMB Circular A-133.

The notes to the basic financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the summary of significant accounting policies for the Consortium and other necessary disclosures of important matters relating to the financial position and operations of the Consortium. The notes, an integral part of the financial section, should be read in conjunction with the basic financial statements.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Consortium's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The Oregon Consortium was formed in 1981, as a consortium of rural counties. The Consortium served as the administrative and service delivery system under the Comprehensive Employment and Training Act (CETA), and the Job Training Partnership Act (JTPA). At the request of the member counties in 1999, TOC was designated by the Governor as a Workforce Investment Area, under the new Workforce Investment Act (WIA), and continues to provide the administrative and service delivery system under this legislation.

Program Year 2010, fiscal year end June 30, 2011, was the eleventh year of the Workforce Investment Act. The WIA of 1998 repealed JTPA. The official implementation of WIA began on July 1, 2000. The WIA continues programs for Adult, Youth, and Dislocated Workers, and also provides for universal access of core services to the general public.

The Board of Directors of the Consortium is comprised of one commissioner/judge from each of the member counties and is lead by an Executive Committee of nine commissioners/judges from each of the nine regions. These local elected officials are responsible for all funds allocated under the WIA. The Consortium's administrative office is designated as the local sub-grant recipient.

The WIA requires that each Workforce Investment Area form a Workforce Investment Board. Oregon Workforce Alliance (OWA) was formed to meet this requirement. OWA has 47 positions, including members from the public and private sector. This board has a private sector majority as mandated by law. The county commissioners/judges from the Consortium's member counties appoint members to OWA. In cooperation with the Board of Directors of The Oregon Consortium, OWA provides policy guidance and direction to the rural workforce system. (Oregon Workforce Alliance replaced The Oregon Private Industry Council that was required by JTPA.) OWA is a component unit, a legally separate non-profit corporation under 501(c)(3) of the Internal Revenue Code, for which TOC is the accountable financial reporting entity. Because of this accountability, the activities of the OWA are included in the Comprehensive Annual Financial Report of The Oregon Consortium.

The Consortium is subject to the provisions of Oregon's Council of Governments Budget Law, which require councils of governments to adopt budgets. Accordingly, budget versus actual schedules of revenues, expenditures, and changes in fund balances have been included in this comprehensive annual financial report for both the general fund and the grants and contracts fund.

The TOC Executive Committee and the OWA Executive Committee form a joint Governing Committee that has final policy making authority.

Contracting

During the fiscal year ended June 30, 2011, seven regional administrative agencies provided WIA services under cost reimbursement contracts with The Oregon Consortium. Cost reimbursement contracts reimburse the contractor for actual approved expenditures. These regional service providers operate within community networks to ensure that workforce development services are provided in a way that is responsive to the needs of job seekers, employers, and communities.

WIA Plan

In accordance with the WIA, the Consortium prepared a Local Unified Five Year Plan. This plan contains: a description of the services provided, performance goals, and planned outcomes. The seven regional administrative agencies submitted regional job training plans in the form of budgets and program design narratives. These plans were reviewed and approved by The Oregon Workforce Alliance and the Consortium's Executive Board. The local plans are folded into The Oregon Consortium Local Unified Five Year Plan, which was approved by the Governor's office.

In the spring of 2007, the Consortium prepared and filed compliance documents for a two-year extension of the Local Unified Plan for the period of July 1, 2007 through June 30, 2009. Since that date the Consortium along with other workforce areas, Community Colleges and Workforce Development and the Oregon Employment Department have been working through the integrated service delivery model. Due to the significant changes in the service delivery and structure and requirement for renewed Area planning has been put off. The Consortium expects planning instructions from CCWD to be issued in the spring of 2012.

Mission

Our mission is: Helping Rural Oregon Work!

Performance

During the eleventh year of WIA, Program Year 2010, The Oregon Consortium met or exceeded all performance levels at year-end. TOC served 65,866 Total Adult Customers of which 56,190 were Dislocated Workers, and 780 Youth with WIA Title 1B funds.

NEGOTIATED PERFORMANCE STANDARDS		TOC GOALS	TOC ACTUAL	OVERALL STATUS
Adults	Entered Employment	57.0%	49.4%	In Range
	Retention Rate	80.0%	78.0%	In Range
	Average Earnings	\$12,500	\$11,465	In Range
Dislocated Workers	Entered Employment	57.0%	50.8%	In Range
	Retention Rate	80.0%	77.4%	In Range
	Average Earnings	\$12,500	\$12,266	In Range
Youth	Employment/Education	70.0%	65.9%	In Range
	Degree/Certificate	69.0%	68.0%	In Range
	Numeracy/Literacy	31.0%	57.3%	Exceeded

Note: If actual performance is equal or greater than 80% of the negotiated performance goal, the performance measure is within the range of being met. If the actual performance is greater than the goal then the performance measure has been exceeded.

GOVERNMENT'S ECONOMIC CONDITION

Local Economy

The TOC/OWA region's unemployment rate was basically unchanged in 2010, falling a scant 0.3 percentage points to 12.4 percent. Oregon's 10.8 percent unemployment rate was 1.6 percentage points lower than TOC/OWA's in 2010. The most recent monthly unemployment rate for September 2011 was 9.8 percent, while its 2011 peak was in February at 14.4 percent.

Total covered employment in the region fell to 282,965 jobs in 2010, a one-year loss of .9 percent, coming on the heels of a 3.7 percent loss in 2009. Government accounted for 22 percent of the region's jobs in 2010. The largest private industry group was trade, transportation and utilities, with 53,016 jobs, 18.7 percent of the all-industries total. Manufacturing averaged 26,428 jobs in 2010, a loss of 2.1 percent – but job losses in 2009 put the two year loss at about 6,000 jobs or 18.5 percent. Leisure and hospitality totaled 33,602 jobs in 2009 for 11.9 percent of the region's employment, although it lost 327 jobs (1%) over the year. Educational and health services gained 634 jobs or 1.8 percent in 2010 to total 36,088, commanding 12.8 percent of total employment.

From 2008 to 2018, the TOC/OWA region's employment is forecast to climb by about 25,000 jobs or 9 percent, matching Oregon's 9 percent forecast. Projected growth ranges from 14 percent in the region that includes Crook, Deschutes and Jefferson counties to 5 percent in the Morrow and Umatilla counties region.

Controls Established to Ensure Program Compliance and Performance

The Oregon Consortium uses a multi-tiered approach to ensure compliance, quality assurance (QA) and risk management. The foundation of this approach is the provision of technical assistance to assure that effective and compliant systems are in place and are being appropriately followed by each regional provider and contractor. This is accomplished through up-front development and on-going review of systems and continuous feedback to assure improvement and compliance with the requirements of the Workforce Investment Act, regulation, federal guidance, special grant requirements, state policy, and the financial standards and practices appropriate for the organization.

Elements of the QA process occur year-round as the organization engages in internal review following established internal control processes, risk management and quality control processes to check and verify the efficacy of critical systems and processes. Each provider is also required to complete and submit a financial audit report from an independent auditor that meets the requirements for their organization. Any findings that occur through the audit process are required to be addressed through the audit resolution process.

As part of the external review, each provider completes, verifies, and submits a standard Quality Assurance Review Guide describing systems and processes, and documenting these elements through the attachment of supporting policy and written procedure. The QA review guide for each provider is then subject to a complete desk review by TOC staff, who follow-up on any necessary clarifications and address any omissions or perceived weaknesses. At least one on-site review is conducted annually with each provider by the TOC staff.

The on-site review includes verifications that the fiscal and program systems described in the QA Review Guide are in place and operating correctly. The review team samples payroll transactions and cash disbursement and cash drawdown requests, cost allocation plans, expenditure reporting and examines inventory to verify accuracy, compliance and internal control processes. A sampling of program client files are reviewed, and the availability, accessibility, and appropriate delivery of program services are verified. The results of the desk and on-site reviews are documented in a written QA report. Findings are addressed through a formal resolution process, and both findings and recommendations are subject to targeted review the following year.

The State WIA Administration conducts an annual compliance review of The Oregon Consortium, examining all elements of the WIA Act, regulations, and state policies and requirements.

Financial Operations

The Consortium's primary source of funding is from the U.S. Department of Labor. WIA federal funds are received through the Department of Community Colleges and Workforce Development. The Consortium, under a drawdown arrangement with the State, receives funds based on expenditures incurred up to the maximum funding availability authorized under the grants. The funding availability for the year ended June 30, 2011, was \$22,122,750 of which \$9.1 million represents authorized funding availability carried over from the previous year. Of the total \$22.1 million funding availability, the Consortium recognized \$15.6 million of federal grants revenues for the year ended June 30, 2011. The difference between the total funding availability and revenues earned represents funds set aside for continuation of programs, including summer youth programs and multi-year national discretionary grants.

Cash Management

The Consortium recognizes that good cash management is a critical aspect of fiscal responsibility for WIA funds, consistent with cash management guidelines provided by federal regulations.

To avoid excess cash and deficit cash problems, the following cash management policies have been adopted:

- The Consortium keeps cash on hand to meet only immediate needs.
- Cash draws from the State are prepared bi-monthly.
- If for any reason an excess cash situation is found to exist, the next drawdown is reduced by the amount necessary to fully correct the problem. If the excess cash problem cannot be fully corrected by such a reduction, excess funds are returned immediately to the Oregon Department of Community Colleges and Workforce Development.

As of June 30, 2011, the Consortium had \$108,037 on deposit with financial institutions with sufficient collateral in accordance with Oregon Revised Statutes Chapter 295. Federal depository insurance covers up to \$250,000 of total deposits. The remaining deposits were collateralized up to \$1.5 million with securities held by financial institutions acting as agents for the Consortium in the Consortium's name. The Consortium deposits funds in financial institutions which it believes are stable financially and have sound investment practices.

Risk Management

The Consortium is insured for property and casualty, liability, worker's compensation, unemployment, and fidelity bond coverage through insurance carriers.

Major Initiatives and Prospects for the Future

For the past three years in this section we have referred readers back to the Vision for 2012 – established by The Oregon Consortium and Oregon Workforce Alliance at the end of program year 2006. That vision *‘To be the driving force behind an evolution in attitudes behavior at every level including youth, current workers, unemployed/under employed, business and industry that embraces the “Get Skills or Be Poor” concept, ultimately revolutionizing our rural economies’* – provided us with our focus again during Program Year 2010 (PY10).

During PY10 our regional providers managed the investments reflected in this audit with a significant portion of those resources going to support the development of additional talent and skills among job seekers and dislocated workers who access services through our rural network. This continued focus on investment in skills development has meant that our providers in partnership with their local Oregon Employment Department partners, have had to continue to massage and refine the integrated service delivery system in order to assure robust comprehensive services.

The work we completed in PY10 will continue in PY11 and PY12 as The Consortium Board of Directors adopted a goal for the utilization of resources targeting a minimum 50% investment in talent and skills development. This is especially important if individuals believe, as we do, that a well educated highly skilled workforce is a proxy for economic growth and stability. Continued investment in and development of this talent and skills commodity will play a significant role in rural Oregon's economic recovery as well as in the diversification of rural Oregon's economic base in order to provide economic stability in the future.

In addition to this continued focus on the development of rural Oregon's available talent pool – we have continued and will continue our efforts to increase collaboration with our rural community college partners. We have been working with nine community colleges from across the state to develop and deliver the Oregon Green Tech Certificate. We have loaded three cohorts of students and the first cohort completed in the late summer of this year. The certificate is designed to help job seekers have a leg up in the labor market as well as being an economic development tool via its creation of entry level workers who complete being prepared for jobs with the viewpoint of sustainability and efficiency.

Rural communities still have a difficult three or so more years of economic struggles before them; therefore, our network of regional providers continue to provide outstanding services to record numbers of customers and long term unemployed. They are continuing this good work though many are desperate for resources to support foundation level programs. As a result we are working on new ways to partner and explore alternative funding opportunities and our efforts in providing support and advocacy for our rural network and citizens will also continue.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Oregon Consortium for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The Oregon Consortium has received this prestigious award 24 times. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

A special note of appreciation is extended to Jennifer Handy, Financial Services Coordinator, for her exceptional work and contributions to this report.

We also wish to thank the members of Oregon Workforce Alliance and The Oregon Consortium Board of Directors, Regional Program Operators, members of the Regional Workforce Investment Boards, and Administrative Office Staff for their commitment to our organization and workforce development.



Melissa Metz, Chief Administrative Officer



Kris Latimer, Chief Executive Officer

THE OREGON CONSORTIUM
PRINCIPAL OFFICERS
June 30, 2011

The Oregon Consortium Board of Directors Executive Committee - The Oregon Consortium Board of Directors is composed of one County Commissioner or Judge from each of the counties served by The Oregon Consortium. The Executive Committee of the Board is made up of one Commissioner/Judge from each of The Oregon Consortium's nine regions.

Region 1

Charles Hurliman, Commissioner
Tillamook County

Region 6

Susan Morgan, Commissioner
Douglas County

Region 7

Dave Itzen, Commissioner
Curry County

Region 9

Maui Meyer, Commissioner
Hood River County

Region 10

Mike McCabe, Judge—*Chair*
Crook County

Region 11

Cheryl Hukill, Commissioner
Klamath County

Region 12

Leann Rea, Commissioner
Morrow County

Region 13

Fred Warner Jr., Commissioner
Baker County

Region 14

Steve Grasty, Judge
Harney County

THE OREGON CONSORTIUM
BOARD OF DIRECTORS
June 30, 2011

The Oregon Consortium Board of Directors - The Oregon Consortium Board of Directors is composed of one County Commissioner or Judge from each of the counties served by The Oregon Consortium. The Executive Committee of the Board is made up of one Commissioner/Judge from each of The Oregon Consortium's nine regions.

Region 1

Henry Heimuller, Commissioner	Columbia County
Scott Lee, Commissioner	Clatsop County
Charles Hurliman, Commissioner	Tillamook County

Region 6

Susan Morgan, Commissioner	Douglas County
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Region 7

Dave Itzen, Commissioner	Curry County
Vacant	Coos County

Region 9

Sherry Holliday, Commissioner	Wasco County
Mike Smith, Commissioner	Sherman County
Mau Meyer, Commissioner	Hood River County
Jeanne Burch, Judge	Wheeler County
Pat Shaw, Judge	Gilliam County

Region 10

Mike McCabe, Judge	Crook County
Alan Unger, Commissioner	Deschutes County
John Hatfield, Commissioner	Jefferson County

Region 11

Dan Shoun, Commissioner	Lake County
Cheryl Hukill, Commissioner	Klamath County

Region 12

Leann Rea, Commissioner	Morrow County
Bill Hansell, Commissioner	Umatilla County

Region 13

Bill Rosholt, Commissioner	Union County
Paul Castilleja, Commissioner	Wallowa County
Fred Warner, Commissioner	Baker County

Region 14

Steve Grasty, Judge	Harney County
Dan Joyce, Judge	Malheur County
Boyd Britton, Commissioner	Grant County

THE OREGON CONSORTIUM
PRINCIPAL OFFICERS
June 30, 2011

Oregon Workforce Alliance - The Oregon Workforce Alliance is the Local Workforce Investment Board for the 24 county areas. A majority of the members are business representatives, the balance are public sector partners. Members are appointed by The Oregon Consortium Executive Committee.

Scott Koch, Chair Person
Mary Taylor, Vice Chair
Sheila Semling
Bob Craft
Marce Knight
Oscar Johnson
Randy Scruggs
Darrel Wilson
Robin Popp
Archie Linman
Bob Schroth
Kathy Gover-Shaw
Susan Cederholm
Deborah Beeson
Kolleen Carrel
Teresa Dowdy
Pat Davis
Greg Creal
Norm Gershon
Diana Knous
Joyce Aho
Pete Bober
Art Hill
Selaina Miller
Betty Albertson
Tom Moore
J.J. McLeod
Jue-Jue Withers-Lyon
Teri Simonis
Joy Harris
Kelly McGarva
Sheryl Bates
Xochitl Esparza

TOC AND OWA
CONGRESS TO THE COUNTIES

US DOL
ALLOCATES
WIA TITLE IB FUNDS

OFFICE OF COMMUNITY COLLEGES
AND WORKFORCE DEVELOPMENT
RECEIVES FUNDING

FUNDS ARE ALLOCATED
TO LOCAL AREAS WIBS

Worksystems, Inc. Workforce Investment Council of Clackamas Countv. Inc. Mid-Willamette Valley Network The Oregon Consortium Oregon Workforce Alliance Lane Workforce Partnership The Job Council Community Services Consortium

Region 1 Sub-Grant Recipient Region 6 Sub-Grant Recipient Region 7 Sub-Grant Recipient Region 9 Sub-Grant Recipient Region 10 Sub-Grant Recipient Region 11 Sub-Grant Recipient Region 12 Sub-Grant Recipient Region 13 Sub-Grant Recipient Region 14 Sub-Grant Recipient

**The Guidance for
Regional Workforce Systems
Is provided by
Nine Regional Workforce Investment Boards**

Region 1 RWIB Region 6 RWIB Region 7 RWIB Region 9 RWIB Region 10 RWIB Region 11 RWIB Region 12 RWIB Region 13 RWIB Region 14 RWIB

THE OREGON CONSORTIUM
ADMINISTRATIVE OFFICE
June 30, 2011

Kris Latimer, Chief Executive Officer
Melissa Metz, Chief Administrative Officer

Jennifer Handy, Financial Services Coordinator
Elisha Schilling, Financial Services & Board Specialist
Jackie Cray, Program Operations Coordinator
David McGill, MIS Coordinator
Monty Johnson, WIA Program Specialist

THE OREGON CONSORTIUM
REGIONAL ADMINISTRATIVE AGENCIES
June 30, 2011

REGION 1:

Julie Gassner, Director
MTC Works
250 36th Street
Astoria, Oregon 97103
Phone: 503-325-1156

COUNTIES:

Clatsop
Columbia
Tillamook

REGION 6:

Norm Gershon, President
Umpqua Training & Employment, Inc.
P.O. Box 279 / 760 NW Hill Avenue
Roseburg, Oregon 97471
Phone: 541-672-7761

Douglas

REGION 7:

J.J. McLeod, Chief Executive Officer
South Coast Business Employment Corporation
P.O. Box 1118 / 1160 Newport
Coos Bay, Oregon 97420
Phone: 541-269-2013

Coos
Curry

REGION 9:

John Arens, Executive Director
Martin Miller, Program Director
Mid-Columbia Council of Governments
1113 Kelly Avenue
The Dalles, Oregon 97058
Phone: 541-298-4101

Hood River
Wasco
Sherman
Wheeler
Gilliam

THE OREGON CONSORTIUM
REGIONAL ADMINISTRATIVE AGENCIES
June 30, 2011 (Continued)

REGION 10:

Tom Moore, Executive Director
Central Oregon Intergovernmental Council
2363 SW Glacier Place
Redmond, Oregon 97756
Phone: 541-548-8163

COUNTIES:

Crook
Deschutes
Jefferson

REGION 11:

Tom Moore, Executive Director
Central Oregon Intergovernmental Council
801 Oak Avenue
Klamath Falls, Oregon 97603
Phone: 541-850-3117

Klamath
Lake

REGION 12:

Deborah Hayward, Region 12 Director
Community Action Program of East Central Oregon
721 SE 3rd, Suite D
Pendleton, Oregon 97801
Phone: 541-276-1926

Morrow
Umatilla

REGION 13/14:

Teri Simonis, Region 13 Executive Director
Training & Employment Consortium
P.O. Box 2979 / 1916 Island Avenue
La Grande, Oregon 97850
Phone: 541-963-7942

Wallowa
Union
Baker

Elizabeth Moore, Region 14 Executive Director
Training & Employment Consortium
375 SW 2nd Avenue/P.O. Box 40
Ontario, Oregon 97914-3011
Phone: 541-889-7864

Harney
Malheur
Grant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Oregon Consortium

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Enew

Executive Director

FINANCIAL SECTION

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.

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.

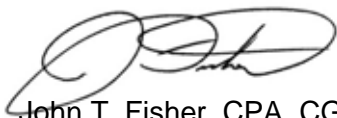
The accompanying introductory and statistical tables sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of 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

Management's Discussion and Analysis

THE OREGON CONSORTIUM MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The Oregon Consortium (the Consortium or TOC), we offer readers of the Consortium's financial statements this narrative overview and analysis of the financial activities of the Consortium for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vii of this report.

Financial Highlights

- Appropriations at the federal level were destabilized by actions of Congress. The Consortium saw a 74% decrease overall in the revenue projections going into PY11.
- The Workforce System for WIA 1B services continues to be under resourced. Formula appropriations in PY11 were \$1.6 million less, a 19.0% decrease, compared to last year. The reduction was realized across all funding streams with the largest impact on dislocated workers with a 25% decrease.
- The Consortium continues to manage many NEG's – in PY10 nine emergency grants earmarked for specific layoff events were continued to bring in over 3.8 million dollars in revenue in a single program year and serving dislocated workers impacted by layoffs and closures at Bayliner, Northwood, Boise Cascade – LaGrande, Boise Cascade – St. Helens, Fleetwood, Cessna, Hampton, Weyerhaeuser, and Monaco.
- The Regional Economic Impact Grant which brought in 2.0 million dollars in PY10 is designed to provide services to dislocated workers from a series of layoff events and includes a tactical planning component associated with preparing workers for in-demand occupations within the region, supporting industry sectors to help them grow and create more high paying jobs, position the region to better compete in the global economy and to respond more effectively to economic events in the future. The following clusters have been identified: truck driving, brewers and aging care.
- Additionally the Consortium continued its work with the community colleges and invested \$990 thousand in State Energy Sector Partnership Grant in delivering the Oregon Green Tech Certificate that provides training and certification for jobs related to green and sustainable industries. Certificate earners will be prepared for positions in many industries and will also be able to transition into additional related educational opportunities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Consortium's basic financial statements. The Oregon Consortium's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements:

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

The government-wide financial statements include all nonfiduciary assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

THE OREGON CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

These two statements report the Consortium's net assets and changes to them. Net assets (the difference between assets and liabilities) is one way to measure an organization's financial health. Changes in net assets over time provide one indicator of whether financial health is improving or deteriorating.

Fund financial statements:

Fund financial statements also may give you some insights into the Consortium's overall health. Fund financial statements report the Consortium's operations in more detail than the government-wide financial statements. The Consortium has the following types of funds:

Governmental Funds:

These funds are reported using the modified accrual basis of accounting. The governmental fund statements provide a detailed short-term view of the Consortium's operations. The relationship between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in the reconciliation after the fund financial statements.

Notes to financial statements:

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

Our auditor has provided assurance in the Independent Auditors' 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 Auditors' Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Financial Analysis of the Consortium as a Whole

Net assets. The Consortium's net assets at June 30, 2011 were \$315,133, an increase of \$201,528 from June 30, 2010. (See Table A.)

Table A
The Oregon Consortium's Net Assets

	Governmental Activities	
	June 30, 2011	June 30, 2010
Current and other assets	\$ 2,110,752	\$ 2,972,264
Capital assets	208,408	6,320
Total assets	\$ 2,319,160	\$ 2,978,584
Current and other liabilities	\$ 2,004,027	\$ 2,864,979
Noncurrent liabilities	-	-
Total liabilities	\$ 2,004,027	\$ 2,864,979
Net assets		
Invested in capital assets, net of related debt	\$ 208,408	\$ 6,320
Restricted	23,460	-
Unrestricted	83,265	107,285
Total net assets	\$ 315,133	\$ 113,605

THE OREGON CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

Restricted and Unrestricted Net Assets. As a grant-based organization operating primarily under cost reimbursement contracts, the Consortium has very limited potential to build up an unrestricted reserve. Only the general fund balance is truly unrestricted, with virtually all other balances being restricted by grant conditions, or contractual arrangements.

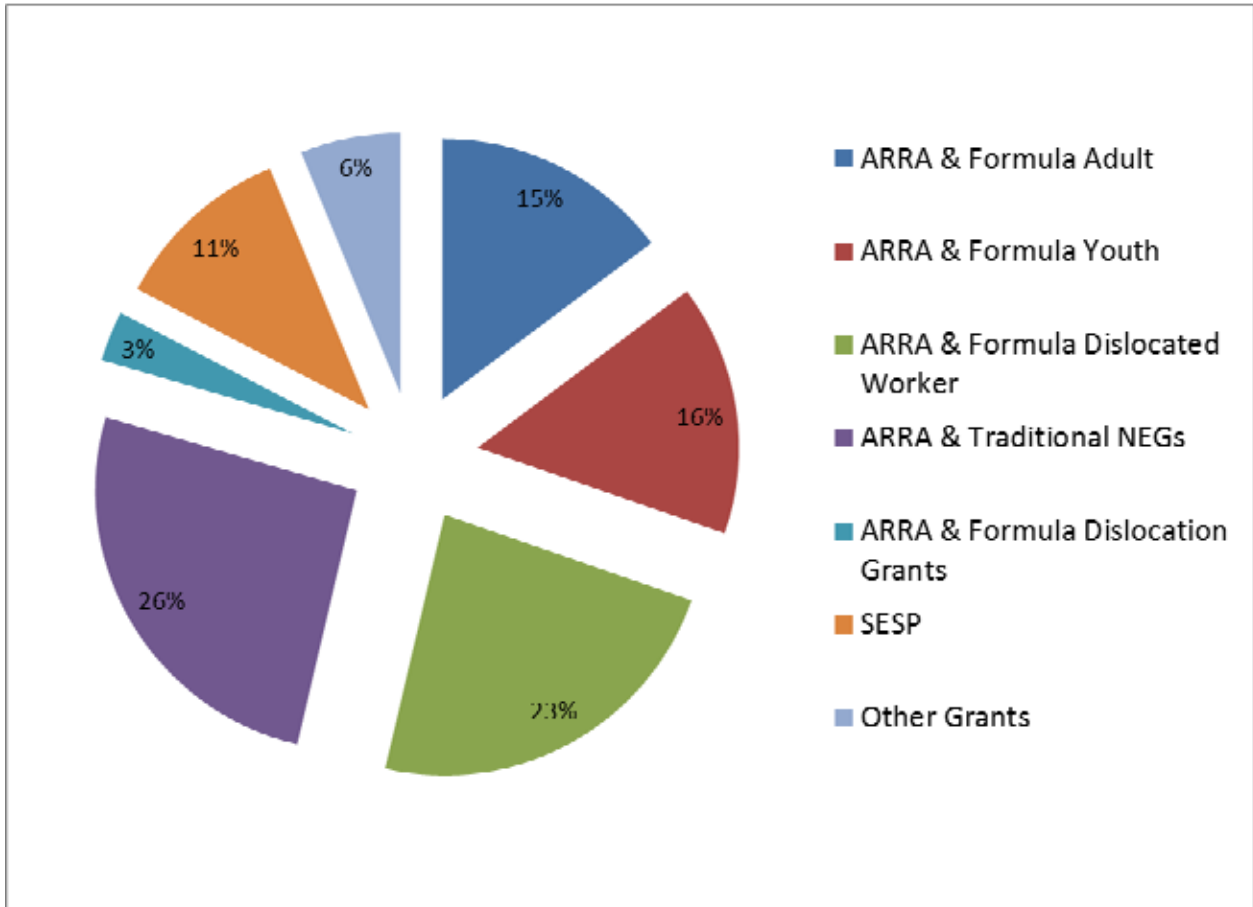
Changes in net assets. Net assets of the Consortium's governmental activities increased by \$201,528 to \$315,133. The Consortium's total revenues decreased by 32.2% from \$22,968,232 in PY09 to \$15,568,988 in PY10. (See Table B)

Table B
The Oregon Consortium's Changes in Net Assets

	Governmental Activities	
	June 30, 2011	June 30, 2010
Program revenues		
Charges for services and other program Revenues	\$ 1,526	\$ 2,925
Grants and contracts	15,567,462	22,965,115
General revenues, by source		
Interest and other investment earnings	-	192
Total revenues	\$ 15,568,988	\$ 22,968,232
Program expenses		
Employment and training	\$ 15,367,460	\$ 22,962,286
Change in net assets	201,528	5,946
Net assets, beginning of year	113,605	107,659
Net assets, end of year	\$ 315,133	\$ 113,605

THE OREGON CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

Figure A
The Oregon Consortium
Sources of Revenue for the Year Ended June 30, 2011



Budgetary Highlights

During the year there was no change in appropriations between the original and final amended budget for the General Fund.

Capital Asset Administration

Total capital assets, net of accumulated depreciation, were \$208,408 at June 30, 2011. The Consortium had one network server and training equipment included in capital assets at June 30, 2011. The Consortium's capital assets were substantially acquired from expenditures in the Grants and Contracts Fund. Their function and activity are for grant-related functions.

THE OREGON CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

Economic Factors and Next Year's Budgets and Rates

Last year we referenced the increased investment in the public workforce system as a result of the economic downturn. We also mentioned that we expected this increased investment to continue for at least two program years, though the level of increased investment was likely to decline. It appears we were pretty accurate in our predictions.

Over the past year the Consortium has had access to numerous National Emergency Grants (NEG) and state set aside resources which stabilized the budget in PY10. On October 27, 2011 the Department of Labor Employment and Training Administration issued TEG 9-11 with revised Fiscal Year 2012 levels for the Workforce Investment Act including guidance regarding the release of a portion of the Governor's Reserve funds to the local areas. Having those Governor's Reserve funds allocated by formula will result in fewer resources coming to the Consortium in the future. While we continue to have a flow of NEG funds into the area in PY11 there is a substantial projected drop off in funding for PY12 – and more difficult decisions to be made on the horizon.

One of the most important factors affecting our budget is the federal Workforce Investment Act annual appropriations. The year of 2012 will offer both opportunities and challenges to America's workforce system. Funding for the Consortium in the future is facing three challenges. First is the possibility of up to 20% cut to the overall Department of Labor federal appropriations due to the failure of the "Super Committee". Second the allocation to Oregon overall will be less due to the fact unemployment levels across the nation have leveled out – meaning Oregon is not alone in its misery. Third the new census data will favor the I-5 corridor for internal state allocations. There are a clear warning signs that funding for Department of Labor programs are of minimum importance, that reduction in domestic funding pressures will not likely subside, and the lack of WIA reauthorization is having a direct impact on appropriations. We should not be caught off guard by attempts of rescissions, program terminations, and very tight spending caps to be a part of the House agenda.

TOC/OWA continues to be flexible and a valuable organization to the 24 rural counties and as a result as programs face reductions other funding sources become available. We remain agile and positive about the future of TOC/OWA and for rural Oregon. We are pleased to have had the opportunity last year to make significant investments and strides and look forward to carrying that momentum forward.

Requests for Information

This financial report is designed to provide interested parties with a general overview of the Consortium's finances and to demonstrate the Consortium's accountability for the funds it receives. If you have questions about this report or need additional financial information contact The Oregon Consortium's Administrative Office, 260 SW Ferry Suite 202, Albany, OR 97321.

Basic Financial Statements

Government-Wide Financial Statements

THE OREGON CONSORTIUM
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government	Component Unit
	Governmental Activities	Oregon Workforce Alliance
Assets		
Current assets		
Cash and investments	\$ 1,092,459	\$ 2,216
Receivables:		
State of Oregon and U.S. Department of Labor	1,007,595	-
Other receivables	2,425	-
Prepays	8,273	-
Total current assets	2,110,752	2,216
Noncurrent assets		
Capital assets, net of accumulated depreciation	208,408	-
Total assets	2,319,160	2,216
Liabilities		
Current liabilities		
Accounts payable	51,840	176
Accrued payroll and related benefits	140,378	-
Payable to program operators	1,811,809	-
Total current liabilities	2,004,027	176
Total liabilities	2,004,027	176
Net assets		
Invested in capital assets	208,408	-
Restricted	23,460	
Unrestricted	83,265	2,040
Total net assets	\$ 315,133	\$ 2,040

The accompanying notes are an integral part of these statements.

THE OREGON CONSORTIUM
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets	
	Total Expenses	Charges for Services and Other Program Revenues	Operating Grants and Contributions	Primary	Component
				Governmental Activities	Unit Oregon Workforce Alliance
Primary government:					
Governmental activities					
Employment and training	<u>\$ 15,367,460</u>	<u>\$ 1,526</u>	<u>\$ 15,567,462</u>	<u>\$ 201,528</u>	
Component unit:					
Oregon Workforce Alliance	<u>\$ 1,752</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (1,752)</u>
Change in net assets				201,528	(1,752)
Net assets, beginning of year				113,605	3,792
Net assets, end of year				\$ 315,133	\$ 2,040

The accompanying notes are an integral part of these statements.

Fund Financial Statements

THE OREGON CONSORTIUM
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

Assets	<u>General</u>	<u>Grants and Contracts</u>	<u>Total Governmental Funds</u>
Cash and investments	\$ 88,962	\$ 1,003,497	\$ 1,092,459
Receivables:			
State of Oregon and U.S. Department of Labor	-	1,007,595	1,007,595
Other receivables	-	2,425	2,425
Due from other fund	-	5,697	5,697
Prepays	-	8,273	8,273
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 88,962</u>	<u>\$ 2,027,487</u>	<u>\$ 2,116,449</u>
 Liabilities and Fund Balances 			
Liabilities			
Accounts payable	\$ -	\$ 51,840	\$ 51,840
Accrued payroll and related benefits	-	140,378	140,378
Payable to program operators	-	1,811,809	1,811,809
Due to other fund	5,697	-	5,697
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	5,697	2,004,027	2,009,724
 Fund balances			
Non-spendable		8,273	8,273
Restricted	-	15,187	15,187
Unassigned	83,265	-	83,265
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	83,265	23,460	106,725
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 88,962</u>	<u>\$ 2,027,487</u>	<u>\$ 2,116,449</u>

The accompanying notes are an integral part of these statements.

THE OREGON CONSORTIUM
RECONCILIATION OF THE FUND BALANCES
OF GOVERNMENTAL FUNDS TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2011

Fund balances of governmental funds	\$ 106,725
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>208,408</u>
Net assets of governmental activities	<u>\$ 315,133</u>

The accompanying notes are an integral part of these statements.

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

	General	Grants and Contracts	Total
Revenues			
Grants and contracts	\$ -	\$ 15,567,462	\$ 15,567,462
Interest	-	1,526	1,526
Total revenues	-	15,568,988	15,568,988
Expenditures			
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
Total expenditures	560	15,568,988	15,569,548
Changes in fund balances	(560)	-	(560)
Fund balances, beginning of year	83,825	23,460	107,285
Fund balances, end of year	\$ 83,265	\$ 23,460	\$ 106,725

The accompanying notes are an integral part of these statements.

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

Changes in fund balances of governmental funds \$ (560)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay for the current period, net of depreciation expense.

202,088

Change in net assets of governmental activities **\$ 201,528**

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of The Oregon Consortium (the Consortium). For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which expenses are offset by program revenues. All revenues and expenses relate to employment and training activities. Direct expenses are those clearly identifiable with employment and training activities. Indirect expenses have been allocated based upon the benefit of the expense. Program revenues are primarily grant and contract revenues that are restricted to meeting operational requirements. Other items not properly included among program revenues are reported as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

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 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.

Governmental 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. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which is generally six months. Expenditures are recorded when the related fund liability is incurred, with some exceptions.

In the Grants and Contracts Fund, grant revenues are recognized under cost reimbursement principles. For cost reimbursement contracts, revenues are considered measurable and available when the expenditures related to the programs have been incurred.

The major differences between the modified accrual basis and the accrual basis for the Consortium revolve around capital outlay and capital leases. Under the modified accrual basis, capital outlay expenditures are recognized as expenditures when the assets are acquired and depreciation is not recorded. Also, lease principal at inception is recognized as an other financing source and principal payments are recorded as a debt service expenditure.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The Consortium has the following major governmental funds:

General Fund – This fund accounts for all activities of the Consortium except those accounted for in the Grants and Contracts Fund. These activities include certain non-grant revenues, interest earnings and miscellaneous revenues, and all non-grant expenditures. This fund also includes Job Training Partnership Act unexpended program earnings from fixed unit price contracts completed prior to 1992.

Grants and Contracts Fund – The primary purpose of the fund is to account for the employment training and placement activities of the Consortium and other related federal and state grants and the administration of the grant programs. The primary source of funding is Workforce Investment Act (WIA) grants received through the State of Oregon from the U.S. Department of Labor.

C. Reporting Entity

The Consortium was formed October 1, 1981, by an agreement among 27 county governments under provisions of Oregon Revised Statutes (ORS) 190.003 to 190.110. The Consortium currently consists of 24 counties designated as nine workforce regions. The Consortium is governed by a Board of Directors, consisting of one commissioner or judge from each member county, which meets at least annually.

The Board of Directors elects an Executive Committee composed of one commissioner or judge from each region of the Consortium. The Executive Committee exists solely to address issues related to county government. Such issues may include adding or deleting counties, liability concerns, or any other issues raised by a Board member.

The Workforce Investment Act of 1998 requires that each Workforce Investment Area form a Workforce Investment Board. The Oregon Workforce Alliance (OWA) was formed to meet this requirement. The OWA is a tax exempt corporation operated for educational and charitable purposes, specifically to implement a comprehensive workforce investment system intended to be customer focused to help rural Oregonians access the tools they need to manage their careers through information and high quality services, and to help Oregon companies find skilled workers. The OWA is managed by its Board of Directors which consists of a minimum of 48 represented positions which meet the requirements of the WIA.

The Governance Committee is an executive partnership of the Consortium Board of Directors and the OWA Board of Directors. The Governance Committee includes one OWA representative and one commissioner/judge from each workforce region. The Governance Committee appoints, supervises, and has firing authority over the Chief Executive Officer who is the operating officer of the Consortium.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

C. Reporting Entity (Continued)

The purpose of the WIA is to provide workforce investment activities, through statewide and local investment systems, that increase the employment, retention, and earnings of participants. The purpose of the WIA is also to increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

The purpose of the Consortium is to provide the necessary political and legal framework for a Workforce Investment Area as defined in the WIA, and to alleviate unemployment and underemployment in the member counties. The WIA replaced the Job Training Partnership Act (JTPA). Full implementation of the WIA was mandated on July 1, 2000. At the request of the member counties in 1999, the Consortium was designated by the Governor as a Workforce Investment Area, under the WIA Title IB, and provides the administrative and service delivery system under this new legislation.

The Consortium contracts with eight program operators (subrecipients), serving the nine workforce regions, to administer its employment and training programs. These program operators are separate and distinct entities and may maintain other operations, programs, and services outside of WIA programs.

These financial statements present the primary organization and its component units, entities for which the primary organization is considered to be 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 be by the primary organization, or b) the possibility that the component unit will provide financial benefit to, or impose a financial burden on, the primary organization.

Discretely Presented Component Unit – The Oregon Workforce Alliance is a Workforce Investment Board (WIB) formed, as required by the WIA, to implement a comprehensive workforce investment system for the Consortium. The Board of Directors of OWA is appointed by the Executive Committee of the Consortium and certified by the Governor. Separate financial statements are not available for the OWA.

The Consortium has no other component units and is not itself a component unit of any other governmental entity.

D. Cash and Investments

Cash of the respective funds is maintained in separate accounts. Cash reported on the statement of net assets and the balance sheet includes the petty cash fund and checking account balances and is stated at cost. The Consortium insures its deposits through federal depository insurance funds and through a financial institution collateral pool that insures public deposits. State statutes authorize the Consortium to invest in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State of Oregon Local Government Investment Pool, among others.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

E. Receivables

Receivables are recorded on the statement of net assets and the balance sheet in accordance with the policies enumerated in paragraph B, above.

The management of the Consortium considers all amounts included in receivables to be collectible. Therefore, no provision for uncollectible accounts has been made.

F. Due From/To Other Funds

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. Receivables and payables, if any, remaining at year end as a result of these transactions are classified as "due from other fund" or "due to other fund" on the balance sheet – governmental funds.

G. Prepays

Prepaid items are accounted for using the consumption method. Under the consumption method, the expenditure/expense is recognized during the corresponding period for which benefit is received.

H. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Consortium 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. Currently, the Consortium's only capital assets are equipment.

All capital assets of the Consortium were purchased with federal dollars and were recorded as expenditures in the fund financial statements when purchased according to the provisions of the federal grants. The federal grantor agency retains a reversionary interest in these assets.

Depreciation is reported in the statement of activities and is calculated using the straight-line method based upon the estimated useful lives of the assets.

I. Compensated Absences

The Consortium accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide statement of net assets and represents a reconciling item between the fund and government-wide presentations.

J. Pension Plan

All qualified employees of the Consortium are participants in the Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are charged to expense/expenditures in the same period as the related payroll cost.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions from creditors, grantors, laws, or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Consortium first applies restricted resources.

L. Fund Balances

The Consortium adopted GASB 54 for the year ended June 30, 2011. The governmental fund financial statements of the Consortium report fund balances as nonspendable, restricted, committed, assigned or unassigned. Fund balance is nonspendable when it is not spendable in form or required to be maintained in tact either legally or contractually. Fund balance is reported as restricted when constraints placed on the use of resources are externally imposed by grantors, creditors, contributors, or laws or regulations of other governments. Fund balance is reported as committed when balances may only be used for specific purposes pursuant to constraints imposed by formal action of the Consortium's highest level of decision-making authority, which is the Board of Directors. Fund balance is reported as assigned when balances are constrained by the Consortium's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unrestricted fund balance is spent in the following order: committed, assigned, unassigned.

M. Subsequent Events

Management evaluates events and transactions that occur after the statement of net assets date as potential subsequent events. Management has performed this evaluation through the date of the auditor's report.

2. Budget and Appropriations

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, capital outlay, and regional subrecipient contractor expenditures. 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. Budgets are legally adopted for the general fund and the grants and contracts fund. There is no legal requirement that expenditures do not exceed appropriations. Appropriations lapse at the end of each year. Encumbrances are not used.

A supplemental budget may be made under certain circumstances. Any supplemental budgets must be published in a newspaper of general circulation. Original and supplemental budget line items may be modified by management within budget categories listed above. Transfers between budget categories require approval by the Board of Directors. A supplemental budget was adopted during the fiscal year ending June 30, 2011.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

3. Cash and Investments

Cash and investments consisted of the following at June 30, 2011:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on hand	\$ 100	\$ -
Deposits with financial institutions:		
Demand deposits	104,278	108,037
Investments:		
State of Oregon Local Government Investment Pool	<u>988,081</u>	<u>1,007,501</u>
Total cash and investments	<u>\$ 1,092,459</u>	<u>\$ 1,115,538</u>

Deposits

All deposits are held in the name of the Consortium. Of these deposits, \$108,037 was insured. Balances not insured or collateralized, if any, would be considered to be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of bank failure, the Consortium will be unable to recover deposits. The Consortium was not exposed to custodial credit risk at June 30, 2011.

Investments

The only investments held by the Consortium at June 30, 2011, were amounts deposited with the State of Oregon Local Government Investment Pool (LGIP). The Consortium's investment in the LGIP is carried at cost, which approximates fair value. The State of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-Term Fund Board and the Council. In accordance with Oregon statutes, the funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. The Consortium has no formal policy on interest rate risk, but in order to manage the interest rate risk of its investments, the Consortium invests only in the LGIP. The LGIP has rules that require at least 50 percent of its investments to mature within 93 days, not more than 25 percent may mature in more than one year, and all other investments must mature in no more than three years.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investments in the LGIP are not required to be rated.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a failure of a counterparty to a transaction, the Consortium will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The LGIP's portfolio rules provide that brokers/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the State of Oregon's name.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

4. Receivables from the State of Oregon

The Consortium receives federal funds from the U. S. Department of Labor passed through the State of Oregon. 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, 2011.

5. Capital Assets

All capital assets were acquired through expenditures in the Grants and Contracts Fund, and include assets purchased with JTPA or WIA funds by the Consortium administrative office. Interest, if an allowable cost under federal cost principles, is expensed as incurred in the acquisition of capital assets. Capital assets are solely for employment training and placement.

Governmental activities:

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Equipment	\$ 6,427	\$ 227,415	\$ -	\$ 233,842
Accumulated depreciation	<u>(107)</u>	<u>(25,327)</u>	<u>-</u>	<u>(25,434)</u>
Capital assets, net of accumulated depreciation	<u>\$ 6,320</u>	<u>\$ 202,088</u>	<u>\$ -</u>	<u>\$ 208,408</u>

6. Payable to Program Operators

The amount payable to program operators represents amounts owed at June 30, 2011, and paid subsequent to June 30, 2011, for services performed by the program operators under contracts with the Consortium.

7. Pension Plan

Plan Description and Administration

All consortium employees participate in the Oregon Public Employees Retirement System (OPERS). The Consortium elected to participate in the State and Local Government Rate Pool, a statewide multiple-employer defined benefit pension plan within OPERS, of which the Consortium is a cost-sharing component. OPERS is established under Oregon Revised Statutes 238 and acts as a common investment and administrative agent for public employers in Oregon. OPERS is a component unit of the State of Oregon and issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

7. Pension Plan (Continued)

Plan Benefits

All full-time employees of the Consortium become members of OPERS after six months of service. Benefits vest after five continuous years of service or at age 50. Generally, employees who retire at or after a stipulated age or number of years of credited service are entitled to a retirement benefit, payable either as a lump sum or monthly for life. Vested employees with fewer than the stipulated number of years of service receive reduced benefits if retirement occurs prior to the stipulated age. OPERS also provides death and disability benefits. Benefit provisions and all other requirements are established by the Oregon Legislature and are administered by a board of trustees (Retirement Board) appointed by the Governor.

Public Employees Retirement System (PERS)

PERS is a defined benefit plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995, the Oregon legislature enacted a second level ("Tier Two") of PERS benefits for persons who became members after January 1, 1996. Tier One members have an assumed earnings rate guarantee, while Tier Two members have a later retirement age and do not have an assumed earnings rate guarantee.

Oregon Public Service Retirement Plan (OPSRP)

OPSRP is a combination defined benefit pension plan and defined contribution pension plan. The defined benefit pension plan is available to members or their beneficiaries who were hired on or after August 29, 2003. The defined contribution pension plan (Individual Account Program or "IAP") is available to all members or their beneficiaries who are PERS or OPSRP eligible.

Governmental Accounting Standards Board (GASB) Statement No. 27, *Accounting for Pension Plans by State and Local Government Employers*, establishes standards for the measurement, recognition, and presentation of pension information. Local governments which provide pension plans must measure and disclose an amount for Annual Pension Cost (APC) on the accrual basis of accounting, regardless of the amount actually recognized as an expenditure/expense on the modified accrual or accrual basis. The APC equals the Annual Required Contribution (ARC) adjusted by the amortization of the employer's Net Pension Obligation (NPO), a measure of the cumulative difference between the APC and an employer's actual contributions to the PERS. The Consortium is required by law to submit the contributions adopted by the Retirement Board and the contributions are calculated in conformance with the standards of GASB Statement No. 27. Therefore, the NPO is generally zero. The contributions actually made by the Consortium were therefore equal to the APC.

Funding Policy

Covered employees are required by state statute to contribute 6 percent of their salary to the Individual Account Program (IAP) portion of OPSRP. Members of PERS retain their existing PERS accounts, but member contributions are now deposited in the member's IAP rather than into the member's PERS account. The Consortium is required by Oregon statute to contribute the remaining amounts necessary to pay benefits when due. Funding policy is set by the Retirement Board, which has statutory authority to revise employer contributions, as necessary, to ensure that promised benefits will be funded on a sound basis.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

7. Pension Plan (Continued)

Employer Contributions

Consortium contributions to OPERS for the current and preceding two years were as follows:

Fiscal Year Ending		Percent Covered Payroll (PERS)	Percent Covered Payroll (OPSRP)	Annual Pension Cost (APC)	Percentage of APC Contributed
June 2009	30,	14.89%	17.21%	\$ 55,824	100%
June 2010	30,	11.19%	12.64%	\$ 48,591	100%
June 2011	30,	15.12%	14.36%	\$ 49,607	100%

The actuarial assumptions used in OPERS valuations are based on past experience and on current expectations as to future economic conditions. The assumptions are intended to estimate the future experience of the members of OPERS, anticipated earnings on investments, and projected member benefits. Variations in future experience will result in corresponding changes in required contributions.

8. Fund Balances

The General Fund balance of \$83,265 at June 30, 2011, primarily represents earnings in excess of net amounts required to be paid to program operators from fixed unit price contracts with the State of Oregon completed prior to 1992, and the excess of interest income and other non-grant revenues over non-grant expenditures. This amount may be used at the discretion of the Consortium for future administrative and/or employment, training, and placement activities.

The Grants and Contracts Fund balance of \$23,460 represents excess of revenues over expenditures for grants and contracts reported in that fund and is restricted for future use.

9. Leases

Operating Lease

The Consortium leases office space under an operating lease which expires on June 30, 2015. The monthly lease payments were \$2,466 for the year ended June 30, 2011. Lease expense for the year ended June 30, 2011, totaled \$29,590.

The Consortium entered into a five-year operating lease for a copier during the year ended June 30, 2008. Payments under the lease agreement are \$419 per month and the lease expires in January 2013.

THE OREGON CONSORTIUM
NOTES TO FINANCIAL STATEMENTS

9. Leases (Continued)

Future annual commitments under these operating leases are approximately as follows:

Years ending <u>June 30,</u>	
2012	\$37,512
2013	\$35,802
2014	\$34,128
2015	\$34,980

10. Contingent Liabilities

In the opinion of the management of the Consortium, there are no claims that require a loss accrual under professional accounting standards.

The amounts of grant revenues reflected in the financial statements are subject to audit and adjustment by grantor agencies. Any costs which are questioned or recommended to be disallowed which ultimately result in disallowed claims may become a liability of the Consortium.

11. Risk Management

The Consortium 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. The Consortium maintains coverage through commercial insurance companies for all 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.

Required Supplementary Information

THE OREGON CONSORTIUM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Over (Under)
Revenues and other resources	\$ 1,236	\$ 1,236	\$ -	\$ (1,236)
Expenditures				
Administrative office:				
Personal services	1,000	1,000	-	(1,000)
Materials and services	<u>4,000</u>	<u>4,000</u>	<u>560</u>	<u>(3,440)</u>
Total administrative office	5,000	5,000	560	(4,440)
Employment and training services:				
Materials and services	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>560</u>	<u>(9,440)</u>
Excess (deficiency) of revenues over expenditures	(8,764)	(8,764)	(560)	8,204
Fund balance, beginning of year,	<u>83,825</u>	<u>83,825</u>	<u>83,825</u>	<u>-</u>
Fund balance, end of year	<u>\$ 75,061</u>	<u>\$ 75,061</u>	<u>\$ 83,265</u>	<u>\$ 8,204</u>

See notes to required supplementary information.

THE OREGON CONSORTIUM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GRANTS AND CONTRACTS FUND
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Over</u>
				<u>(Under)</u>
Revenues and other resources	<u>\$ 16,105,146</u>	<u>\$ 18,827,529</u>	<u>\$ 15,568,988</u>	<u>\$ (3,258,541)</u>
Expenditures				
Administrative office:				
Personal services	743,125	708,271	592,873	(115,398)
Materials and services	332,911	375,000	364,465	(10,535)
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total administrative office	<u>1,081,036</u>	<u>1,088,271</u>	<u>957,338</u>	<u>(130,933)</u>
Employment and training services:				
Personal services	5,000	10,000	3,881	(6,119)
Materials and services	61,852	435,000	443,298	8,298
Capital outlay	<u>-</u>	<u>233,500</u>	<u>227,415</u>	<u>(6,085)</u>
Total employment and training services	<u>66,852</u>	<u>678,500</u>	<u>674,594</u>	<u>(3,906)</u>
Regional sub-grant recipient contracts	<u>14,957,258</u>	<u>17,060,758</u>	<u>13,937,056</u>	<u>(3,123,702)</u>
Total expenditures	<u>16,105,146</u>	<u>18,827,529</u>	<u>15,568,988</u>	<u>(3,258,541)</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance, beginning of year	<u>23,460</u>	<u>23,460</u>	<u>23,460</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 23,460</u></u>	<u><u>\$ 23,460</u></u>	<u><u>\$ 23,460</u></u>	<u><u>\$ -</u></u>

See notes to required supplementary information.

THE OREGON CONSORTIUM
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting

The budgetary basis of accounting is the same as generally accepted accounting principles (GAAP) for the fund financial statements.

Other Supplementary Data

THE OREGON CONSORTIUM
SCHEDULE OF GRANT REVENUES BY SOURCE
AND GRANT EXPENDITURES BY PROGRAM OPERATOR
For the Year Ended June 30, 2011

	<u>Administrative Cost Pool</u>	<u>Adult</u>	<u>Youth</u>	<u>Dislocated Worker</u>
Grant revenues	<u>\$ 315,496</u>	<u>\$ 2,649,250</u>	<u>\$ 2,882,860</u>	<u>\$ 3,547,056</u>
Grant expenditures:				
TOC administrative unit	\$ 295,857	\$ 103,698	\$ 72,680	\$ 82,717
Management and Training Corporation	-	268,518	296,231	348,771
Umpqua Training and Employment Corporation	19,639	449,581	412,740	566,006
South Coast Business Employment Corporation	-	256,530	289,159	311,833
Mid-Columbia Employment and Training	-	127,256	162,163	298,033
Central Oregon Intergovernmental Council	-	841,901	964,460	1,159,127
Community Action Program East Central Oregon	-	283,062	275,958	334,696
Training and Employment Consortium	-	318,704	409,469	445,873
Community Colleges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 315,496</u>	<u>\$ 2,649,250</u>	<u>\$ 2,882,860</u>	<u>\$ 3,547,056</u>

<u>Rapid Response</u>	<u>Additional Assistance</u>	<u>RWIB</u>	<u>Employer Workforce Training Funds</u>	<u>National & State Emergency & Dislocation Grants</u>	<u>Other Grants</u>	<u>All Grants Total</u>
<u>\$ 51,909</u>	<u>\$ 361,141</u>	<u>\$ 250,095</u>	<u>\$ 121,810</u>	<u>\$ 3,767,809</u>	<u>\$ 1,621,562</u>	<u>\$ 15,568,988</u>
\$ 12,816	\$ 10,702	\$ 62,484	\$ 757	\$ 302,276	\$ 687,945	\$ 1,631,932
3,958	35,388	22,575	14,532	843,727	44,839	1,878,539
3,558	24,598	21,984	6,872	382,007	111,159	1,998,144
-	-	27,589	23,956	232,005	82,922	1,223,994
587	9,225	17,750	13,363	151,864	29,374	809,615
-	125,353	28,473	30,095	947,920	281,138	4,378,467
30,990	-	50,291	22,671	220,753	50,331	1,268,752
-	155,875	18,949	9,564	687,257	140,870	2,186,561
-	-	-	-	-	192,984	192,984
<u>\$ 51,909</u>	<u>\$ 361,141</u>	<u>\$ 250,095</u>	<u>\$ 121,810</u>	<u>\$ 3,767,809</u>	<u>\$ 1,621,562</u>	<u>\$ 15,568,988</u>

STATISTICAL SECTION

Financial Trends

Financial trend information is provided to help users understand and assess how a government's financial position has changed over time.

THE OREGON CONSORTIUM
NET ASSETS BY COMPONENT
For the Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 5,295	\$ 1,771	\$ 393	\$ (563)	\$ (644)	\$ -	\$ -	\$ 6,320	\$ 208,408
Restricted	16,869	16,869	44,240	-	-	-	-	-	23,460
Unrestricted	<u>95,551</u>	<u>100,794</u>	<u>102,416</u>	<u>103,947</u>	<u>(290,773)</u>	<u>108,017</u>	<u>107,659</u>	<u>107,285</u>	<u>83,265</u>
Total net assets	<u>\$ 117,715</u>	<u>\$ 119,434</u>	<u>\$ 147,049</u>	<u>\$ 103,384</u>	<u>\$ (291,417)</u>	<u>\$ 108,017</u>	<u>\$ 107,659</u>	<u>\$ 113,605</u>	<u>\$ 315,133</u>

Note: This type of schedule would typically require ten years of data. Only nine years of data is presented to coincide with the implementation of GASB Statement Number 34.

THE OREGON CONSORTIUM
CHANGES IN NET ASSETS
For the Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities	\$ 17,804,194	\$ 18,166,468	\$ 18,419,332	\$ 15,938,633	\$ 13,947,427	\$ 14,173,334	\$ 16,831,468	\$ 22,962,286	\$ 15,367,460
Program revenues									
Charges for services	65,882	85,410	79,986	19,934	38,240	28,510	6,344	2,925	1,526
Operating grants and contributions	<u>17,736,803</u>	<u>18,077,190</u>	<u>18,365,842</u>	<u>15,902,270</u>	<u>13,510,852</u>	<u>14,541,720</u>	<u>16,824,231</u>	<u>22,965,115</u>	<u>15,567,462</u>
Total program revenues	<u>17,802,685</u>	<u>18,162,600</u>	<u>18,445,828</u>	<u>15,922,204</u>	<u>13,549,092</u>	<u>14,570,230</u>	<u>16,830,575</u>	<u>22,968,040</u>	<u>15,568,988</u>
Net (expense) revenue	(1,509)	(3,868)	26,496	(16,429)	(398,335)	396,896	(893)	5,754	201,528
General revenues	<u>11,270</u>	<u>5,587</u>	<u>1,119</u>	<u>2,764</u>	<u>3,534</u>	<u>2,538</u>	<u>535</u>	<u>192</u>	<u>-</u>
Change in net assets	<u>\$ 9,761</u>	<u>\$ 1,719</u>	<u>\$ 27,615</u>	<u>\$ (13,665)</u>	<u>\$ (394,801)</u>	<u>\$ 399,434</u>	<u>\$ (358)</u>	<u>\$ 5,946</u>	<u>\$ 201,528</u>

Note: This type of schedule would typically require ten years of data. Only nine years of data is presented to coincide with the implementation of GASB Statement Number 34.

THE OREGON CONSORTIUM
 FUND BALANCES OF GOVERNMENTAL FUNDS
 For the Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund	<u>\$ 70,252</u>	<u>\$78,165</u>	<u>\$ 77,331</u>	<u>\$ 78,954</u>	<u>\$ 80,484</u>	<u>\$ 84,581</u>	<u>\$ 84,554</u>	<u>\$ 84,211</u>	<u>\$ 83,825</u>	<u>\$ 83,265</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,273
Reserved	27,069	16,869	16,869	44,240	-	-	21,882	44,020	33,822	-
Unreserved	-	17,386	23,463	23,462	23,463	(375,354)	1,581	(20,572)	(10,362)	-
Restricted	-	-	-	-	-	-	-	-	-	15,187
Total all other governmental funds	<u>\$ 27,069</u>	<u>\$34,255</u>	<u>\$ 40,332</u>	<u>\$ 67,702</u>	<u>\$ 23,463</u>	<u>\$ (375,354)</u>	<u>\$ 23,463</u>	<u>\$ 23,448</u>	<u>\$ 23,460</u>	<u>\$ 23,460</u>

THE OREGON CONSORTIUM
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 For the Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Grants and contracts	\$ 20,566,833	\$ 17,736,803	\$ 18,144,337	\$ 18,365,842	\$ 15,902,270	\$ 13,510,852	\$ 14,541,720	\$ 16,824,231	\$ 22,965,075	\$ 15,567,462
Interest	5,765	3,017	3,212	6,830	13,898	15,827	13,958	6,879	3,117	1,526
Other	88,845	74,135	20,638	74,275	8,800	25,947	17,090	-	40	-
Total revenues	20,661,443	17,813,955	18,168,187	18,446,947	15,924,968	13,552,626	14,572,768	16,831,110	22,968,232	15,568,988
Expenditures	<u>20,635,580</u>	<u>17,816,242</u>	<u>18,162,944</u>	<u>18,417,954</u>	<u>15,937,677</u>	<u>13,947,346</u>	<u>14,173,978</u>	<u>16,831,468</u>	<u>22,968,606</u>	<u>15,569,548</u>
Excess of revenues over (under) expenditures	25,863	(2,287)	5,243	28,993	(12,709)	(394,720)	398,790	(358)	(374)	(560)
Other financing sources	<u>-</u>	<u>17,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balance	<u>\$ 25,863</u>	<u>\$ 15,099</u>	<u>\$ 5,243</u>	<u>\$ 28,993</u>	<u>\$ (12,709)</u>	<u>\$ (394,720)</u>	<u>\$ 398,790</u>	<u>\$ (358)</u>	<u>\$ (374)</u>	<u>\$ (560)</u>

Operating Information

Operating information is provided to help users understand a government's operations and resources as well as to provide a context for understanding and assessing its economic condition.

THE OREGON CONSORTIUM
 SCHEDULE OF GRANT FUNDING AVAILABILITY
 For the Year Ended June 30, 2011

Grant	Total Funding Availability
Workforce Investment Act:	
WIA Title 1B Administrative Cost Pool	\$ 339,834
WIA Title 1B Adult	3,117,420
WIA Title 1B Youth	3,284,786
WIA Title 1B Dislocated Worker	4,607,972
ARRA Administrative Cost Pool	42,472
ARRA Adult	133
ARRA Youth	38,431
ARRA Dislocated Worker	438,675
WIA Title 1B Rapid Response	84,796
ARRA Rapid Response	42,550
WIA Title 1B Additional Assistance	465,214
ARRA Additional Assistance	94,562
WIA Title 1B Statewide Activities	527,691
WIA Title 1B National Emergency Grants	3,286,116
ARRA National Emergency Grants	2,439,184
Governor's Employer Workforce Training Funds	104,633
TEC Accounting system Grant 0635	11,810
Navigator	93,798
ARRA Navigator	3,175
Governor's Strategic Training Fund	56,563
Oregon Trails	24,000
SESP	2,468,397
Career Readiness Certificates	89,057
ARRA Career Readiness Certificates	125,045
ODOT	95,788
Green Jobs Profiles	168,266
DHS	66,305
Carl Perkins	6,077
	\$ 22,122,750
Total grant funding	\$ 22,122,750

THE OREGON CONSORTIUM
INSURANCE SUMMARY
June 30, 2011

Unaudited

I. Special Districts Association of Oregon

Policy period: 1/1/2011 – 1/1/2012

A. Property Insurance-Personal Property, Tenant's Improvements, and Property of Others

\$117,662 Risk of direct physical loss (subject to applicable sublimits).

Risks of direct physical loss, subject to \$500 deductible per occurrence.

B. EDP Equipment and Media

\$105,060 Electronic data processing equipment and media Risk of direct physical loss (subject to applicable sublimits).

Risks of direct physical loss, subject to \$500 deductible per occurrence.

C. Public Entity Liability, Covering Premises and Operations

\$500,000 Bodily Injury, Property Damage, General Liability, Employment Practices Liability, Employee Benefits Administration Liability, Public Officials Liability and Non-owned & Hired Automobile Liability.

D. Earthquake

\$422,722 Risk of direct physical loss (subject to applicable sublimits).

E. Flood

\$422,722 Risk of direct physical loss (subject to applicable sublimits).

F. Excess Liability

\$4,500,000 Excess Liability over Public Entity Liability Coverage.

THE OREGON CONSORTIUM
INSURANCE SUMMARY (CONTINUED)
June 30, 2011

Unaudited

- II. Directors' and Officers' Liability
Federal Insurance Company
Policy period: 7/9/2010 – 7/9/2011

\$1,000,000 Director's & Officers Liability and Employment Practices

\$7,500 deductible.

- III. Employee Dishonesty Liability
Hartford Fire Insurance Company
Policy period: 7/1/2010 – 7/1/2011

\$750,000 Employee theft.

\$7,500 deductible.

Demographic and Economic Information

Demographic and economic information is provided to help users understand the government's socioeconomic environment and to facilitate comparisons of financial statement information over time and among governments.

THE OREGON CONSORTIUM
 REGIONAL ADMINISTRATIVE AGENCIES AND COUNTIES SERVED
 For the Year Ended June 30, 2011

<u>Regional Offices</u>	<u>Counties</u>	<u>Population</u>	<u>Area Square Miles</u>
Management & Training Corporation	Clatsop, Columbia Tillamook	112,380	2,655
Umpqua Training and Employment, Inc.	Douglas	105,395	5,071
South Coast Business Employment Corporation	Coos, Curry	84,405	3,277
Mid-Columbia Council of Governments	Hood River, Sherman, Wasco, Wheeler, Gilliam	51,255	6,796
Central Oregon Intergovernmental Council	Crook, Deschutes, Jefferson, Klamath, Lake	294,555	22,331
Community Action Program of East Central Oregon	Morrow, Umatilla	84,970	5,280
Training and Employment Consortium	Baker, Harney, Malheur, Union, Wallowa, Grant	<u>95,980</u>	<u>32,962</u>
Total		<u>828,940</u>	<u>78,372</u>

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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 Consortiums' 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.

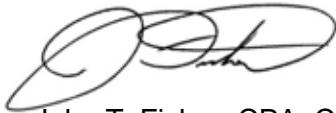
- The Consortium was in compliance with legal requirements of ORS 294 pertaining to the investment of public funds.
- The Consortium was in compliance with the appropriate laws, rules, and regulations pertaining to programs funded wholly or in part by other governmental agencies. Separate reports related 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



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

SINGLE AUDIT SECTION

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



John T. Fisher, CPA, CGFM
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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.

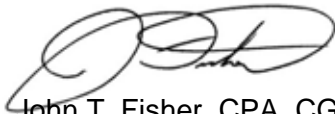
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did 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
Total U.S Department of Labor			42,007,499	15,413,600	13,794,449
<u>U.S. Department of Transportation, Federal Highway Administration</u>					
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
Total U.S Department of Transportation			95,788	82,987	78,078
<u>U.S. Department of Education</u>					
Passed-through State of Oregon, Department of Community Colleges and Workforce Development:					
Carl D. Perkins	84.048	PY09	20,000	6,077	-
<u>U.S Department of Health and Human Services</u>					
Passed Through The Job Council					
Temporary Assistance for Needy Families	93.558	PY09	66,887	64,799	64,529
Total federal awards			\$ 42,190,174	\$ 15,567,462	\$ 13,937,056

* WIA cluster consists of 17.258, 17.259, 17.260

See notes to the Schedule of Expenditures of Federal Awards.

THE OREGON CONSORTIUM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Organization of Schedule

All identified federal awards expended by The Oregon Consortium are included in the schedule. Grants are organized by federal department or agency and identified by the 2011 Catalog of Federal Domestic Assistance (CFDA) number.

2. Summary of Significant Accounting Policies

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting.

3. Insurance Coverage

Insurance in effect during the year ended June 30, 2011, is disclosed in the statistical section of this comprehensive annual financial report on pages 34 - 35.

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>
-----------------------	---

17.258 17.259 17.260	<u>WIA Cluster:</u> WIA Adult Programs WIA Youth Programs WIA Dislocated Worker Programs/Rapid Response
17.275	<u>Other Federal Program:</u> State Energy Sector Partnership

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.