

**WORKFORCE SNOHOMISH AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND
SINGLE AUDIT COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Workforce Snohomish
Everett, Washington

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Workforce Snohomish and Subsidiary (Workforce Snohomish), which comprises the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Workforce Snohomish as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Workforce Snohomish's 2016 consolidated financial statements, and our report dated October 25, 2016 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.


Other Matters

Other Information – Schedule of Expenditures of Federal Awards

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017 on our consideration of Workforce Snohomish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Workforce Snohomish's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Workforce Snohomish's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
October 17, 2017

**WORKFORCE SNOHOMISH AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 475,860	\$ 495,416
Accounts Receivable, Net	495,543	704,145
Current Portion of Private Grants Receivable, Net	97,703	102,589
Prepaid Expenses and Other Assets	11,918	3,117
Cash Held in Trust	135,123	105,599
Total Current Assets	1,216,147	1,410,866
NONCURRENT ASSETS		
Long-Term Private Grants Receivable, Net	-	97,703
Property and Equipment, Net	3,237	24,444
Security Deposits	12,902	8,202
Total Noncurrent Assets	16,139	130,349
Total Assets	\$ 1,232,286	\$ 1,541,215
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit Payable	\$ 93,563	\$ 90,136
Accounts Payable	440,650	701,674
Accrued Liabilities	153,473	181,819
Taxes Payable	29,040	36,221
Deferred Rent Payable	-	64,936
Refundable Advances	135,123	105,599
Total Current Liabilities	851,849	1,180,385
NET ASSETS		
Unrestricted Net Assets	163,887	75,390
Temporarily Restricted	216,550	285,440
Total Net Assets	380,437	360,830
Total Liabilities and Net Assets	\$ 1,232,286	\$ 1,541,215

See accompanying Notes to Consolidated Financial Statements.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE AND RECLASSIFICATIONS				
Grants and Contracts	\$ 5,532,390	\$ -	\$ 5,532,390	\$ 4,917,366
Public Support/Contributions	81,932	50,629	132,561	316,417
Program Income	312,126	-	312,126	312,347
Other Revenue	15,821	-	15,821	11,164
Interest Income	972	-	972	2,031
Net Assets Released from Restrictions	119,519	(119,519)	-	-
Total Revenue and Reclassifications	<u>6,062,760</u>	<u>(68,890)</u>	<u>5,993,870</u>	<u>5,559,325</u>
EXPENSES				
Program Services	5,519,543	-	5,519,543	5,230,415
Management and General	454,720	-	454,720	461,670
Total Expenses	<u>5,974,263</u>	<u>-</u>	<u>5,974,263</u>	<u>5,692,085</u>
CHANGE IN NET ASSETS	88,497	(68,890)	19,607	(132,760)
Net Assets - Beginning of Year	<u>75,390</u>	<u>285,440</u>	<u>360,830</u>	<u>493,590</u>
NET ASSETS - END OF YEAR	<u>\$ 163,887</u>	<u>\$ 216,550</u>	<u>\$ 380,437</u>	<u>\$ 360,830</u>

See accompanying Notes to Consolidated Financial Statements.

WORKFORCE SNOHOMISH AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	2017			2016 Total
	Program Services	Management and General	Total	
PAYROLL AND RELATED EXPENSES				
Salaries and Wages	\$ 1,474,488	\$ 295,228	\$ 1,769,716	\$ 1,499,802
Payroll Taxes	147,563	28,757	176,320	138,143
Employee Benefits	258,731	41,676	300,407	228,481
Total Payroll and Related Expenses	<u>1,880,782</u>	<u>365,661</u>	<u>2,246,443</u>	<u>1,866,426</u>
OTHER EXPENSES				
Subcontractor	3,090,835	6,107	3,096,942	3,318,764
Professional Services	63,928	17,776	81,704	55,138
Rent and Utilities	106,097	16,925	123,022	120,388
Communication and Outreach	49,958	1,123	51,081	6,273
Travel, Training, and Meetings	110,483	10,027	120,510	79,443
Small Equipment and Software	29,383	8,504	37,887	22,013
Supplies	30,062	6,072	36,134	15,536
Rental and Maintenance of Equipment	5,852	687	6,539	8,374
Telephone	26,388	3,660	30,048	10,107
Maintenance and Janitorial	42,737	7,361	50,098	44,041
Dues and Subscriptions	41,417	1,372	42,789	37,637
Insurance	19,638	2,813	22,451	23,666
Interest Expense	620	4,789	5,409	5,863
Other	510	1,489	1,999	4,183
Total Other Expenses	<u>3,617,908</u>	<u>88,705</u>	<u>3,706,613</u>	<u>3,751,426</u>
Total Expenses Before Depreciation and Amortization	5,498,690	454,366	5,953,056	5,617,852
Depreciation and Amortization	<u>20,853</u>	<u>354</u>	<u>21,207</u>	<u>74,233</u>
Total Expenses	<u>\$ 5,519,543</u>	<u>\$ 454,720</u>	<u>\$ 5,974,263</u>	<u>\$ 5,692,085</u>
Total Expenses, 2016	<u>\$ 5,230,415</u>	<u>\$ 461,670</u>	<u>\$ 5,692,085</u>	

See accompanying Notes to Consolidated Financial Statements.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 19,607	\$ (132,760)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	21,207	74,233
(Increase) Decrease in Assets:		
Accounts Receivable	208,602	(55,600)
Private Grants Receivable	102,589	(200,292)
Prepays	(8,801)	(3,117)
Cash Held in Trust	(29,524)	40,770
Security Deposits	(4,700)	4,200
Increase (Decrease) in Liabilities:		
Accounts Payable	(261,024)	36,234
Accrued Liabilities	(28,346)	40,287
Taxes Payable	(7,181)	3,452
Deferred Rent Payable	(64,936)	(8,320)
Refundable Advances	29,524	(40,770)
Net Cash Used by Operating Activities	<u>(22,983)</u>	<u>(241,683)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Line of Credit Activity	<u>3,427</u>	<u>(101,594)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19,556)	(343,277)
Cash and Cash Equivalents - Beginning of Year	<u>495,416</u>	<u>838,693</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 475,860</u>	<u>\$ 495,416</u>
SUPPLEMENTAL DISCLOSURE		
Cash Paid for Interest	<u>\$ 5,409</u>	<u>\$ 5,863</u>

See accompanying Notes to Consolidated Financial Statements.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

NOTE 1 NATURE OF THE ORGANIZATION

The consolidated financial statements of Workforce Snohomish include the activities of Workforce Snohomish and its subsidiary, Infralign.

On March 17, 2007, Snohomish County Workforce Development Council amended its articles of incorporation to change the name of the corporation to Workforce Development Council Snohomish County (the Council). On October 1, 2013, the Council started doing business as Workforce Snohomish. Workforce Snohomish is a nonprofit organization that began operations in 2000 and is funded primarily through federal grants. Workforce Snohomish oversees the implementation of Federal Workforce Innovation and Opportunity Act (WIOA) programs as the administrative entity over the WorkSource Snohomish County System. The Workforce Innovation and Opportunity Act is a federal law that consolidates federal employment and training programs into a single, universal Workforce Investment System. This includes programs administered by the Washington State Employment Security Department (ESD) for youth employment and training, adult employment and training, and dislocated worker services. This workforce development system is designed and overseen by a local business-led Workforce Investment Board; Workforce Snohomish is that board.

Workforce Snohomish's Board of Directors is appointed by the Snohomish County Executive and is certified by the Governor every two years. A majority of the Board of Workforce Snohomish is comprised of representatives of the local business community. Along with the County Executive, the Workforce Snohomish Board sets policy for the portion of the statewide workforce investment system within Snohomish County.

Workforce Snohomish is charged with:

- Designing a comprehensive delivery structure of employment and training services into a single integrated system to meet the needs of businesses and job seekers.
- Certifying and setting standards for workforce training providers.
- Overseeing the operation of the "one-stop" centers, affiliates, and self-service sites.
- Building strategic partnerships which facilitate coordinated resource sharing to address economic development, human capital development, and community competitiveness issues.

Workforce Snohomish is responsible for building a comprehensive network of service portals for the mandated programs identified in the Workforce Innovation and Opportunity Act and encouraging the voluntary participation of other nonmandated but logical partners to provide a customer focused employment and training assistance system. Workforce Snohomish sets standards for these portals and selects the agencies which will operate within them to meet customer needs. For the business customer, Workforce Snohomish is charged with identifying labor market trends, proposing strategies to meet "skills-gap" needs, and seeking responsive solutions.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)

On December 23, 2014, Workforce Snohomish created Infralign, a 100% wholly owned subsidiary C corporation. The purpose of Infralign is to create sustainable funding for the community. Infralign had total net assets (deficit) of \$1,756 and \$(4,430) at June 30, 2017 and 2016, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Principles of Consolidation

The consolidated financial statements present the accounts of Workforce Snohomish and Infralign. These accounts are consolidated as Workforce Snohomish retains a controlling and economic interest in the entity. All significant intercompany transactions and balances have been eliminated.

Summarized Information For 2016

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with Workforce Snohomish's consolidated financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Workforce Snohomish and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets are available without restriction for the support of Workforce Snohomish's operations.

Temporarily Restricted Net Assets – Net assets are restricted by the donor to be used for certain purposes by Workforce Snohomish. Temporarily restricted net assets as of June 30 were restricted as follows:

	2017	2016
Temporarily Restricted Net Assets Restricted for Time and Purpose	\$ 216,550	\$ 285,440
Temporarily Restricted Net Assets	\$ 216,550	\$ 285,440

Net assets released from restriction during the years ended June 30, 2017 and 2016 were for the satisfaction of program restrictions.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Permanently Restricted Net Assets – Net assets represent endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income may be used for current operations. Workforce Snohomish had no permanently restricted net assets as of June 30, 2017 or 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Workforce Snohomish considers all highly liquid investments with an original maturity of less than three months to be cash equivalents. Workforce Snohomish maintains these funds in accounts that, at times, may exceed federally insured limits.

Accounts Receivable

Accounts receivable represent revenue from grants and contracts for the current period that have been recorded, but not received. Workforce Snohomish uses the allowance method to account for uncollectible receivables. No allowance for uncollectible accounts is reported at June 30, 2017 or 2016 since management considers the balance in grants and accounts receivable to be fully collectible.

Private Grants Receivable

Private grants are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. The grants that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment in excess of \$5,000 are capitalized at cost. Purchased property and equipment is carried at cost. Donated property and equipment is recorded at market value when received. Depreciation is recorded using the straight-line method. The estimated useful lives of the furniture, equipment, and software are five to seven years. Leasehold improvements are depreciated over the lesser of the term of the lease or the life of the asset/improvement. A summary of property and equipment is as follows at June 30:

	2017	2016
Leasehold Improvements	\$ 353,511	\$ 353,511
Furniture	27,115	27,115
Equipment	-	7,121
Computer Software	10,593	10,593
Total Property and Equipment	391,219	398,340
Less: Accumulated Depreciation and Amortization	(387,982)	(373,896)
Total Property and Equipment, Net	\$ 3,237	\$ 24,444

Cash Held In Trust and Refundable Advances

Cash held in trust and refundable advances consists of matching funds held for grants where Workforce Snohomish is the fiscal agent. As of June 30, 2017 and 2016, cash held in trust and refundable advances totaled \$135,123 and \$105,599, respectively.

Deferred Rent

Rent expense is recorded on the straight-line method over the life of the leases. All leases have been renegotiated to eliminate any escalated annual rent increases and straight line the payment terms.

Accrued Vacation

Workforce Snohomish's employees earn 15 to 29 days of vacation per year based on their length of service. Unused vacation can be accrued up to 240 hours and is payable to terminating employees at 100% of the amount accrued. As of June 30, 2017 and 2016, accrued vacation of \$114,174 and \$97,350, respectively, was reported in accrued liabilities on the consolidated statement of financial position.

Revenue Recognition

Workforce Snohomish recognizes revenue from cost reimbursement grants and contracts when eligible costs are incurred; revenue from performance-based contracts is recognized when performance is completed. Workforce Snohomish receives reimbursement for indirect costs on certain grants based upon a provisional rate applied to direct payroll costs. Any adjustments that are necessary when final rates are determined are recorded in the period they become known. Direct and indirect costs reimbursed by United States government agencies are subject to review and audit by such agencies. Advances received but not yet earned under the various grants and contracts are reported as refundable advances.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

In-kind contributions are recorded at amounts which would otherwise have been paid for comparable goods and services. In-kind contributions for Workforce Snohomish consists of fair value of donated rent for office space in Monroe, Washington. The value of in-kind contributions included in the consolidated financial statements is \$75,240 and \$-0- for the years ended June 30, 2017 and 2016, respectively.

Federal Income Tax

The Internal Revenue Service has determined Workforce Snohomish is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal income tax in the accompanying financial statements. Infralign is taxed as a Subchapter C corporation and files a separate federal income tax return. Deferred income taxes, if any, are provided for the temporary differences between the financial reporting basis and the tax basis of Infralign's assets and liabilities. There were no significant deferred income taxes as of June 30, 2017 and 2016.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to programs and support services based on the activity in each respective function. Management and general expenses include those expenses which are not directly identifiable with any other specific function but provide for the overall support and direction of Workforce Snohomish.

Concentrations of Risk

Financial instruments which potentially subject Workforce Snohomish to concentrations of credit risk consist of short-term investments and cash. From time to time throughout the year, Workforce Snohomish cash and short-term investment balances may exceed the amount of FDIC and SIPC federally insured limits.

Workforce Snohomish's programs are funded primarily by the United States Department of Labor and other governmental sources. Workforce Snohomish's total revenue and receivables are 92% and 96%, respectively, from government grants.

WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

NOTE 3 PRIVATE GRANTS RECEIVABLE

Private grants receivable consists of the following at June 30:

	2017	2016
Receivable in Less than One Year	\$ 107,718	\$ 107,718
Receivable in More than One Year	-	107,718
Total Annual Fund Pledges	\$107,718	\$215,436
Less: Allowance for Doubtful Accounts	-	-
Less: Discounts to Net Present Value	(10,015)	(15,144)
Net Private Grants Receivable	\$ 97,703	\$ 200,292

NOTE 4 LINE OF CREDIT

During the years ended June 30, 2017 and 2016, Workforce Snohomish had a secured line of credit from a bank with a limit amount of \$150,000 and \$250,000, respectively. Interest is calculated at 1.5 percentage points over the Index (WSJ Prime Rate). The Index currently is 4.25% per annum (5.75% at June 30, 2017) is payable monthly with principal due in full on April 10, 2018. This note is secured by the following collateral; accounts including but not limited to specific grant contract and pledge account receivable. As of June 30, 2017 and 2016, the total outstanding balance on the line of credit was \$93,563 and \$90,136, respectively.

NOTE 5 RELATED PARTY TRANSACTIONS

Workforce Snohomish recognized grant and contract revenue totaling \$4,265,491 and \$3,890,543 during the years ended June 30, 2017 and 2016, respectively, and program income of \$300,315 and \$299,054 during the years ended June 30, 2017 and 2016, respectively, from the Washington State Employment Security Department (ESD). ESD was also a sub recipient of which \$773,332 and \$335,521 in federal funds passed through from Workforce Snohomish during the years ended June 30, 2017 and 2016, respectively. Amounts due from the ESD as of June 30, 2017 and 2016 were \$196,254 and \$361,043, respectively. Amounts due to the ESD as of June 30, 2017 and 2016 were \$61,249 and \$84,546, respectively

Workforce Snohomish recognized grant and contract revenue totaling \$289,676 and \$220,916 during the years ended June 30, 2017 and 2016, respectively, from Edmonds Community College (EDCC). EDCC was also a sub recipient of which \$26,382 and \$16,363 in federal funds passed through from Workforce Snohomish during the years ended June 30, 2017 and 2016, respectively. Amounts due from EDCC as of June 30, 2017 and 2016 were \$23,390 and \$35,541, respectively. Amounts due to EDCC as of June 30, 2017 and 2016 were \$1,263 and \$4,083, respectively.

Workforce Snohomish incurred rent expense totaling \$509,453 and \$509,151 during the years ended June 30, 2017 and 2016, respectively, from the city of Everett (Everett). Amounts payable to Everett as of June 30, 2017 and 2016 were \$42,467 and \$42,429, respectively.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Workforce Snohomish recognized grant and contract revenue totaling \$18,826 and \$40,578 during the years ended June 30, 2017 and 2016, respectively, from Everett Community College (EVCC). EVCC is also a subrecipient of \$57,715 in federal funds and \$155,264 in nonfederal funds passed through from Workforce Snohomish for the year ended June 30, 2017. EVCC was also a subrecipient of \$40,578 in federal funds passed through from Workforce Snohomish for the year ended June 30, 2016. Amounts due from EVCC as of June 30, 2017 and 2016 were \$6,526 and \$-0-, respectively. Amounts due to EVCC as of June 30, 2017 and 2016 were \$85,225 and \$8,134, respectively

Workforce Snohomish recognized grant and contract revenue totaling \$308,180 from Chicago Cook County WDC for Walmart foundation during the year ended June 30, 2017. Amounts due from Chicago Cook County WDC as of June 30, 2017 were \$102,739.

Workforce Snohomish recognized grant revenue totaling \$72,371 during the year ended June 30, 2016 from Snohomish County (SC). Amounts due from and payable to SC as of June 30, 2016 were \$11,753.

Workforce Snohomish passed federal funds through to Tulalip Tribes in the amount of \$39,178 during the year ended June 30, 2017. Amounts due to Tulalip Tribes as of June 30, 2017 were \$100.

Workforce Snohomish passed federal funds through to Economic Alliance Snohomish County in the amount of \$22,200 during the year ended June 30, 2017. Amounts due to Economic Alliance Snohomish County as of June 30, 2017 were \$240.

Workforce Snohomish entered into transactions with the employers of several of its Board members in the normal course of performing its functions. The following payments were made to such related parties during the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Subrecipients	\$ 1,184,321	\$ 505,473
Vendors	546,609	537,933

Workforce Snohomish maintains bank accounts and corporate credit cards at two financial institutions where several Board members are employed.

Workforce Snohomish received rent from four companies where Board members are employed. Workforce Snohomish received \$7,467 and \$7,846 in rent, utility, and maintenance payments from Washington State Department of Social and Health Services; \$257,095 and \$299,054 from Washington State Employment Security Department; \$-0- and \$7,873 from Refugee and Immigrant Services, \$1,000 and \$1,101 from United Way of Snohomish County during the years ended June 30, 2017 and 2016, respectively.

WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

NOTE 6 OPERATING LEASES

Workforce Snohomish leases facilities and equipment under various operating lease agreements expiring September 2013 through April 2020.

Workforce Snohomish entered into an agreement with St. Vincent De Paul to lease a new WorkSource space effective July 2011 through July 2016. The annual lease payments were \$1 per year in exchange for the tenant improvements for this site totaling \$353,511 that were paid by Workforce Snohomish. Workforce Snohomish is negotiating a new lease for an additional five years and is currently operating under a month-to-month Memorandum of Understanding. At June 30, 2017, Workforce Snohomish is still operating under a month-to-month agreement.

Effective October 1, 2013, Workforce Snohomish changed its administrative office location upon the lease term expiration. The current office space lease expires on April 30, 2020. The lease contains a one-time renewal option to extend the contract for an additional five years if completed within six months of the end of the lease term. This lease was re-negotiated in October 2016. The new lease term is from October 1, 2016 to April 30, 2020. The base rent for the entire premises is \$8,992 per month. The only change and the reason for the re-negotiated lease is to eliminate any escalated annual rent increases and straight line the payment terms.

Workforce Snohomish also became the primary leaseholder for the space at the Everett Transit Station that houses WorkSource Everett, WorkSource Youth Center, and the Veterans Serve Center. The leases for the WorkSource Youth Center and the Veterans Serve Center are with the City of Everett and are on a month-to-month term which can be terminated upon 30 days' notice.

The terms and conditions for rental of the space at Everett Station that houses operations of WorkSource Everett were represented by two separate leases. Workforce Snohomish requested a consolidation of these two leases into one lease that would straight line the rental rate. The city of Everett agreed to these terms. Terms for the new lease area are from October 1, 2016 through April 30, 2020.

Cancellation of one Workforce Snohomish space lease can occur anytime or in the event of a reduction of federal funding to support the premises with a 60-day notice. Other nonoperating WorkSource space leases include two month-to-month leases which can be cancelled with a 30-day notice and a one-year lease for Workforce Snohomish rooms.

The lease for WorkSource Mountlake Terrace expired in December 2015. Workforce Snohomish did not renew this lease as the location was closed and operations relocated to the city of Lynnwood. Workforce Snohomish entered into two (2) leases with Ingraham Construction, LLC (landlord) on June 29, 2017 for two office spaces adjacent to the Lynnwood WorkSource Center. The office suites are being leased for a period of two years to provided expanded space and resources to assist in serving the high number of clients expected due to the ongoing aerospace industry layoffs. The lease for Suite B costs \$2,090 per month and the lease for Suite H is \$2,610 per month.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

NOTE 6 OPERATING LEASES (CONTINUED)

The future minimum rental payments under these operating leases for each of the next three years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 538,615
2019	538,615
2020	401,846
Total	<u>\$ 1,479,076</u>

Rent expense for Workforce Snohomish long-term facility and equipment operating leases were \$617,022, and \$677,097, respectively, for the years ended June 30, 2017 and 2016. Rent expense is included as Rent and Utilities and Subcontractor expenses on the statements of functional expenses.

Workforce Snohomish subleased 274 square feet of the WorkSource space at Everett Station to the Washington State Department of Social and Health Services. This agreement ended on April 30, 2016. Effective May 1, 2016, a new sublease agreement was entered into and ends on April 30, 2021. The total amount of future rent to be received through April 2021 is \$28,622.

Workforce Snohomish subleased 12,176 square feet of the WorkSource space at Everett Station to Washington State Employment Security Department. Rental receipts for the sublease were \$241,393 and \$249,183 for the years ended June 30, 2017 and 2016, respectively. The agreement began May 1, 2015 and ends April 30, 2020. The total amount of future rent to be received through April 2020 is \$723,428.

The future amount of rental receipts under these subleases for each of the next four years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 256,632
2019	263,491
2020	225,705
2021	6,222
Total	<u>\$ 752,050</u>

WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

NOTE 7 PENSION PLAN

Workforce Snohomish sponsors a defined contribution pension plan (the Plan) covering all employees over the age of 21 beginning on the first day of employment. Under the provisions of the Plan, employees can elect to have a portion of their salaries withheld and contributed to the Plan. Workforce Snohomish makes a base contribution amounting to 5% of each employee's base compensation to the Plan. In addition, the Plan allows Workforce Snohomish to make discretionary contributions. No discretionary contributions were made for the years ended June 30, 2017 and 2016. Plan contributions and costs expensed by Workforce Snohomish totaled \$86,576 and \$74,354 for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 17, 2017, which is the date the consolidated financial statements were available to be issued.



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

Board of Directors
Workforce Snohomish
Everett, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Workforce Snohomish, which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Workforce Snohomish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Snohomish's internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Snohomish's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Snohomish’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
October 17, 2017



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

Board of Directors
Workforce Snohomish
Everett, Washington

Report on Compliance for Each Major Federal Program

We have audited Workforce Snohomish's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Workforce Snohomish's major federal programs for the year ended June 30, 2017. Workforce Snohomish's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Workforce Snohomish complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Bellevue, Washington
October 17, 2017

WORKFORCE SNOHOMISH AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
U.S. Department of Labor:				
Direct Programs:				
Homeless Veterans Reintegration Project	17.805	HV25992HVP	\$ -	\$ 4,964
Homeless Veterans Reintegration Project	17.805	HV-25992HV6	-	200,000
Total Direct Programs & CFDA # 17.805			-	204,964
Pass-Through Programs from:				
Washington State Employment Security Department:				
Workforce Investment Opportunity Act (WIOA) Cluster:				
WIOA Adult Program	17.258 **	6104-1106	56,267	213,292
WIOA Adult Program	17.258 **	6104-7106	83,870	130,411
WIOA Adult Program	17.258 **	6104-1107	389,202	750,824
WIA Youth Activities	17.259 **	6104-7005	91,279	293,749
WIOA Youth Activities	17.259 **	6104-7006	440,603	974,576
WIOA Dislocated Workers	17.278**	6104-1206	2,141	88,244
WIOA Dislocated Workers	17.278**	6104-7206	70,033	163,116
WIOA Dislocated Workers	17.278**	6104-1207	277,514	709,142
WIOA Rapid Response Additional Assistance	17.278**	6104-7505-12	202,110	244,732
WIOA Rapid Response Initiative	17.278**	6104-7506-11	-	13,610
WIOA Rapid Response Additional Assistance Boeing	17.278**	6104-7505-14	-	632
WIOA Govenors Discretionary 5% -Upskill/Backfill	17.258/17.259/17.278 **	6104-7626-11	-	20,213
WIOA Govenors Discretionary 5% -YouthWorks	17.258/17.259/17.278 **	6104-7625-04	55,657	64,641
WIOA Cluster Administration	17.258/17.259/17.278 **	6104-7305	1,822	2,561
WIOA Cluster Administration	17.258/17.259/17.278 **	6104-1306	-	19,203
WIOA Cluster Administration	17.258/17.259/17.278 **	6104-7306	2,429	143,525
WIOA Cluster Administration	17.258/17.259/17.278 **	6104-1307	1,856	114,767
Total Workforce Investment Act (WIA) Cluster			1,674,783	3,947,238

WORKFORCE SNOHOMISH AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
National Emergency Grant - Jobs Driven	17.277	6104-7564-02	\$ -	\$ 8,888
National Emergency Grant - Jobs Driven 2	17.277	6104-7564-04	26,297	48,150
National Emergency Grant - Sector Partnership	17.277	6104-7575-02	151,301	324,439
National Dislocated Worker Grant - Boeing	17.277	DW306481760A53	-	2,446
Total CFDA #17.277			<u>177,598</u>	<u>383,923</u>
Disability Employment Initiative	17.207	K4266	-	192,337
Disability Employment Initiative - TTW EN	17.207	K3200	-	31
Total CFDA #17.207			<u>-</u>	<u>192,368</u>
Total Washington State Employment Security Department			1,852,381	4,523,529
Pass-Through Program from:				
Everett Community College:				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	16170234SA	-	18,826
South Seattle College:				
Partnership for Advanced Technology Apprenticeship in Manufacturing & Marine Engineers	17.268	C700015	-	84,960
Total U.S. Department of Labor			1,852,381	4,832,279

WORKFORCE SNOHOMISH AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
U.S. Department of Health & Human Services:				
Pass-Through Program from:				
Edmonds Community College:				
Affordable Care Act (ACA) Health Professional Opportunity Grants	93.093	90FX0032-01-00	\$ -	\$ 75,955
Affordable Care Act (ACA) Health Professional Opportunity Grants	93.093	90FX0032-01-00	-	213,721
Total Edmonds Community College			<u>-</u>	<u>289,676</u>
Total U.S. Department of Health & Human Services			-	289,676
U.S. Department of Transportation:				
Direct Program:				
Puget Sound Ladders to Opportunity Initiative	20.514	WA-64-7001-00	<u>179,838</u>	<u>180,406</u>
Total U.S. Department of Transportation			<u>179,838</u>	<u>180,406</u>
Total Expenditures of Federal Awards			<u>\$ 2,032,219</u>	<u>\$ 5,302,361</u>

WORKFORCE SNOHOMISH AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported in accordance with auditing standards generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COSTS

The accompanying schedule of expenditures of federal awards includes indirect costs, calculated at 9.75% of salary and fringe expenditures.

NOTE 4 MAJOR PROGRAMS

The Workforce Investment Opportunity Act (WIOA) funds under three separate CFDA numbers (17.258, 17.259, and 17.278) within the Workforce Investment Act Cluster. Each CFDA number targets a specific population, i.e., adult, youth, and dislocated workers. Amounts followed by an * are available to all WIOA programs. It is not possible to identify amounts used by each CFDA number, therefore, the total amount is shown as CFDA number 17.278.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control over Financial Reporting:

- Material Weakness(es) Identified Yes X No
- Significant Deficiency(ies) Identified that is not Yes X None reported
 Considered to be a Material Weakness
- Noncompliance Material to Financial Yes X No
 Statements Noted

Federal Awards

Internal Control over Major Programs:

- Material Weakness(es) Identified Yes X No
- Significant Deficiency(ies) Identified Yes X None reported

Type of Auditors' Report Issued on Compliance for the Major Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258/17.259/17.278	WIOA Cluster

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$750,000/\$187,500

Auditee Qualified as Low-Risk Auditee? X Yes No

**WORKFORCE SNOHOMISH AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Awards Findings

No matters were reported.

**WORKFORCE SNOHOMISH AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

Section I – Financial Statement Findings

No matters were reported.

Section II – Federal Award Findings

No matters were reported.