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# ANNUAL FINANCIAL REPORT

# FOR THE YEAR ENDED
# JUNE 30, 2021

**PREPARED BY**
**FINANCE DEPARTMENT**
**JIM KOSTECKI, CHIEF FINANCIAL OFFICER**

# Workforce Connections

## ANNUAL FINANCIAL REPORT
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## FOR THE YEAR ENDED JUNE 30, 2021

# FINANCIAL SECTION

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# Independent Auditor's Report

Board of Directors
Workforce Connections
Las Vegas, Nevada

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities and the major fund of Workforce Connections (the "Organization"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Organization, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 11, and the pension plan information presented on pages 34 - 36, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplementary Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

BDO USA, LLP

March 3, 2022

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Workforce Connections (the Organization), we offer readers of the Annual Financial Report this narrative overview and analysis of the financial activities of the Organization as of and for the fiscal year ended June 30, 2021.

The Organization was established in 2000 under the provisions of the Workforce Investment Act of 1998 (the Act). The Organization's mission is "connecting employers to a ready workforce." On July 22, 2014, President Obama signed the Workforce Innovation and Opportunity Act (WIOA) (Pub. L. 113-128), comprehensive legislation that reformed and modernized the public workforce system. WIOA reaffirmed the role of the public workforce system, and brought together and enhanced several key employment, education, and training programs. The Organization is charged with implementing workforce development activities throughout Southern Nevada. Generally, these include increasing occupational skill attainment to improve the quality of the workforce, reducing welfare dependency and enhancing the productivity and competitiveness of the Southern Nevada economy. The Organization's service area is made up of the cities of Las Vegas, North Las Vegas, Henderson, and Boulder City and the counties of Clark, Lincoln, Nye, and Esmeralda. The Organization receives a significant amount of its funding from federal grants, either directly from the United States Department of Labor, Employment and Training Administration or passed through the State of Nevada, Department of Employment, Training and Rehabilitation.

## Financial Highlights

The government-wide liabilities and deferred inflows of resources of the Organization exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $4,189,987 (deficit net position). This deficit is due primarily to the net pension liability and related deferred outflows and inflows (collectively $4,935,763 as of June 30, 2021). The increase in current assets is due to an increase in accounts receivable of $708,766. The accounts receivable balance increase is related to the increased program funding received from the National Emergency Grant (NEG) at year-end and the associated reimbursement requests related to expenditures incurred in fulfillment of the related program activity. The increase in current liabilities is due to an increase in accounts payable of $643,387 related to the increase in expenditures at the end of the year. The increase in net capital assets primarily relates to new additions due to expansion of programs at new locations during the year.

As of the close of the current fiscal year, the Organization's general fund (its sole governmental fund) reported an ending fund balance of $300,727, a decrease of $18,295 in comparison with the prior year.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Organization's basic financial statements. The Organization's basic financial statements consist of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes 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 Organization's finances in a manner similar to a private-sector business. The government-wide financial statements present information for the Organization's activities, which consist solely of governmental activities.

> The statement of net position presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

(Continued)

The statement of activities presents information showing how the Organization's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., earned but unused compensated absences).

The government-wide financial statements can be found in the "Basic Financial Statements" section of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain accounting control over resources that have been segregated for specific activities or objectives. The Organization, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Organization does not currently maintain any proprietary or fiduciary funds. The Organization's sole fund, the general fund, is categorized as a governmental fund.

**Governmental Funds**

Governmental funds are used to account for the same functions, essentially as are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at fiscal year-end. Such information may be useful in evaluating the Organization's near-term financing requirements and performance.

Because the focus of fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Organization's near-term financing decisions. Reconciliations are provided for both the balance sheet and the statement of revenues, expenditures and changes in fund balances in the governmental fund financial statements to facilitate this comparison.

The governmental fund financial statements can be found in the "Basic Financial Statements" section of this report.

**Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found immediately following the "Basic Financial Statements" section of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to the Organization's multiple-employer cost-sharing defined benefit pension plan.

The required supplementary information can be found immediately following the notes to the basic financial statements in this report.

## Government-wide financial analysis

Summary Statement of Net Position

| | Governmental Activities | |
|---|---|---|
| | 2021 | 2020 |
| Assets | | |
| Current, restricted and other | $ 4,341,043 | $ 3,679,903 |
| Capital, net of accumulated depreciation | 495,236 | 247,198 |
| Total assets | 4,836,279 | 3,927,101 |
| Deferred outflows of resources | 535,715 | 686,566 |
| Liabilities | | |
| Current | 3,876,591 | 3,225,250 |
| Long-term | 3,951,656 | 4,109,585 |
| Total liabilities | 7,828,247 | 7,334,835 |
| Deferred inflows of resources | 1,733,734 | 2,127,020 |
| Net position | | |
| Net investment in capital assets | 477,352 | 203,957 |
| Restricted | 146,924 | 195,284 |
| Unrestricted | (4,814,263) | (5,247,429) |
| Total net position | $ (4,189,987) | $ (4,848,188) |

Historically, the largest portion of the Organization’s net position reflected its investment in capital assets (furniture, equipment and software), less any related debt used to acquire these assets, which are used to provide services; consequently, these assets are not available for future spending.

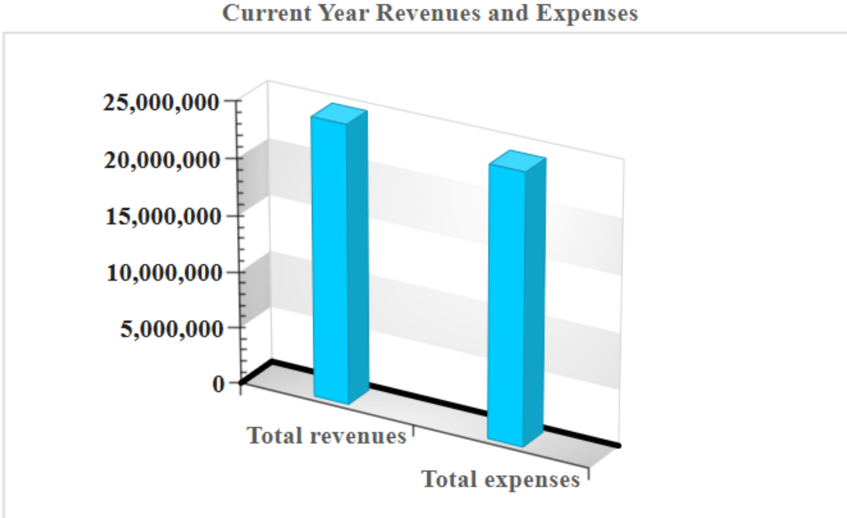
Although the Organization’s investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

(Continued)

Summary Statement of Changes in Net Position

| | Governmental Activities | |
|---|---|---|
| | 2021 | 2020 |
| Revenues | | |
| Program revenues | | |
| Charges for services | $ 11,101 | $ 40,430 |
| Operating grants and contributions | 24,693,157 | 20,140,934 |
| Total revenues | 24,704,258 | 20,181,364 |
| Expenses | | |
| Community support | 24,043,901 | 19,702,079 |
| Interest expense | 2,156 | 3,816 |
| Total expenses | 24,046,057 | 19,705,895 |
| Change in net position | 658,201 | 475,469 |
| Net position, beginning of year | (4,848,188) | (5,323,657) |
| Net position, end of year | $ (4,189,987) | $ (4,848,188) |

Governmental Activities
Current Year Revenues and Expenses

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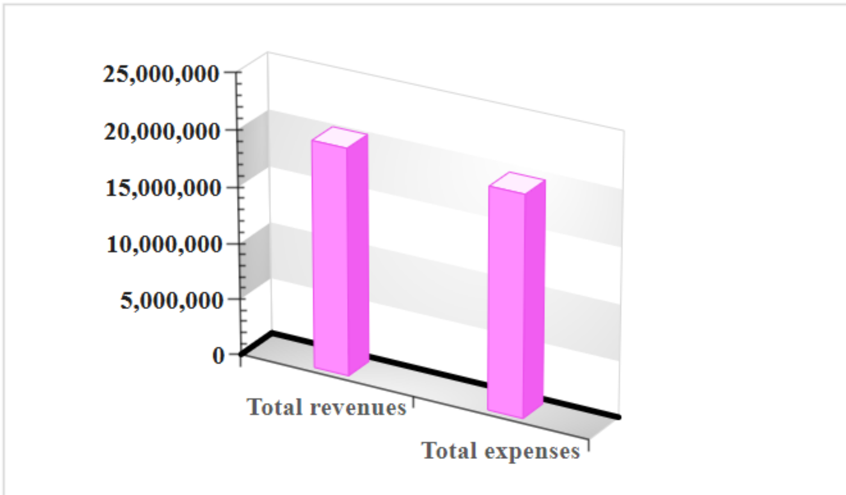
Governmental Activities
Prior Year Revenues and Expenses




Community support expense increased by approximately $4.34 million (22.0%). This change pertains to the receipt and expenditure of NEG funds due to the COVID pandemic. Total NEG grant funding awarded was $10,408,592, which is required to be expended by the end of fiscal year 2022.

**Fund Financial Analysis**

As previously noted, the Organization uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Organization's governmental fund financial statements provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Organization's financing requirements. The general fund is the chief operating fund of the Organization.

## Governmental Funds

Governmental Funds
Summary Balance Sheet

| | 2021 | 2020 |
|---|---|---|
| Total assets | $ 4,209,430 | $ 3,560,595 |
| Total liabilities | 3,876,591 | 3,225,250 |
| Total deferred inflows of resources | 32,112 | 16,323 |
| Total fund balance | 300,727 | 319,022 |

Governmental Funds
Summary Statement of Revenues, Expenditures and Changes in Fund Balance

| | 2021 | 2020 |
|---|---|---|
| Total revenues | $ 24,688,469 | $ 20,165,041 |
| Total expenditures | (24,706,764) | (20,070,786) |
| Change in fund balance | (18,295) | 94,255 |
| Fund balance, beginning of year | 319,022 | 224,767 |
| Fund balance, end of year | $ 300,727 | $ 319,022 |

As of the end of the current fiscal year, the Organization's sole governmental fund (the general fund) reported an ending fund balance of $300,727 a decrease of $18,295 in comparison with the prior year.

Total revenues increased $4,523,428 (22.4%) and total expenditures increased $4,635,978 (23.1%) with most of these changes resulting from the receipt of $10,408,592 of NEG funds in fiscal year 2021, and the related expenditures of those funds.

Capital Assets

At the end of the current fiscal year, the Organization's capital assets (furniture, equipment, software and leasehold improvements), net of accumulated depreciation and amortization was $495,236, compared to $247,198 in prior year (an increase of 100.3%).

(Continued)

Capital Assets, Net of Accumulated Depreciation and Amortization

| | Governmental Activities | |
|---|---|---|
| | 2021 | 2020 |
| Construction in progress | $ | $ 14,900 |
| Furniture, equipment and software | 403,113 | 225,602 |
| Leasehold improvements | 92,123 | 6,696 |
| | $ 495,236 | $ 247,198 |

Major capital asset events during the current fiscal year included, but were not limited to, the following:

Furniture and equipment were purchased at a cost of $280,702.

Leasehold improvements were constructed at a cost of $87,496.

Depreciation and amortization of capital assets totaled $120,160.

Additional detailed information regarding capital assets is included in notes 1 and 3 to the basic financial statements.

Summary of Long-term Liabilities Outstanding

| | Governmental Activities | |
|---|---|---|
| | 2021 | 2020 |
| Compensated absences | $ 196,028 | $ 205,343 |
| Capital lease obligations | 17,884 | 43,241 |
| Net pension liability | 3,737,744 | 3,861,001 |
| | $ 3,951,656 | $ 4,109,585 |

Long-term liabilities decreased $157,929 from the prior year. This decrease was primarily due to the following items:

Decreases in capital lease obligations due to scheduled payments.

Decreases is net pension liability due to the change in allocation by PERS from 0.02831% in prior year to 0.02684% in the current year.

Additional detailed information regarding debt is included in Notes 1 and 3 to the basic financial statements.

Economic Factors

The following factors were considered in planning, preparing and budgeting for the 2021 fiscal year.

In late January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 pandemic) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. Subsequently, Nevada Governor Steve Sisolak issued a Declaration of Emergency on March 12, 2020, and ordered a shutdown of all nonessential businesses for 30 days on March 18, 2020, with the majority of them extended through May 31, 2020. Nonessential businesses, including casinos, restaurants and retail stores, opened and remained at 50 percent capacity while requiring facial masks and social distancing. The government shutdown had and continued to have an immediate effect on unemployment throughout the local economy.

During 2021, capacity restrictions were lifted as more and more Nevadans received the COVID-19 vaccine. As of June 30, 2021, the state has allowed businesses to return to full capacity. Mask mandates for indoor use, regardless of vaccination status remained in effect until February 2022.

The restrictions implemented in response to COVID-19 contributed to a rise in unemployment rates. Unemployment rates for the United States, the State of Nevada, and the counties of Clark, Lincoln, Nye and Esmeralda were as follows:

Unemployment Rates *

| | October 2021 | October 2020 |
|---|---|---|
| United States | 4.3 % | 6.6 % |
| State of Nevada | 5.7 % | 12.4 % |
| Clark County | 6.6 % | 13.8 % |
| Lincoln County | 3.0 % | 4.7 % |
| Nye County | 5.2 % | 9.0 % |
| Esmeralda County | 3.7 % | 5.4 % |

* Source: State of Nevada, Department of Employment, Training and Rehabilitation, Research & Analysis Bureau.

Grant awards received for the fiscal year include WIOA Adult, Youth, Dislocated Workers, and NEG grants received from the United States Department of Labor, passed through the State of Nevada, Department of Employment, Training and Rehabilitation of $30,731,923. An additional award of $200,000 was passed through Clark County of the State of Nevada for the Coronavirus Relief Funds program, and $791,440 was passed through State of Nevada, Department of Health and Human Services for the Child Care and Development Block Grant.

Requests for Information

The accompanying financial report is designed to provide a general overview of the Organization's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Organization's Finance Department, 6330 West Charleston Boulevard, Suite 150, Las Vegas Nevada, 89146.

# BASIC FINANCIAL STATEMENTS

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

# WORKFORCE CONNECTIONS

## STATEMENT OF NET POSITION

### JUNE 30, 2021

| | Governmental Activities |
|---|---|
| ASSETS | |
| Cash, cash equivalents and investments, unrestricted | $ 153,803 |
| Cash, cash equivalents and investments, restricted | 370,721 |
| Federal grants receivable | 3,610,196 |
| Subrecipients receivable | 44,965 |
| Other receivable | 29,745 |
| Prepaid items | 74,165 |
| Refundable deposits | 57,448 |
| Capital assets, net of accumulated depreciation and amortization | |
| Furniture, equipment and software | 403,113 |
| Leasehold improvements | 92,123 |
| Total assets | 4,836,279 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Unamortized amounts related to pensions | 535,715 |
| LIABILITIES | |
| Accounts payable | 3,695,131 |
| Accrued salaries and wages | 99,461 |
| Unearned revenue | 81,999 |
| Long-term liabilities, due within one year | |
| Compensated absences | 196,028 |
| Capital lease obligations | 17,884 |
| Long-term liabilities, due in more than one year | |
| Net pension liability | 3,737,744 |
| Total liabilities | 7,828,247 |
| DEFERRED INFLOWS OF RESOURCES | |
| Unamortized amounts related to pensions | 1,733,734 |
| NET POSITION | |
| Net investment in capital assets | 477,352 |
| Restricted for | |
| Community support | 146,924 |
| Unrestricted | (4,814,263) |
| Total net position | $ (4,189,987) |

See notes to basic financial statements.

# WORKFORCE CONNECTIONS

## STATEMENT OF ACTIVITIES

## FOR THE YEAR ENDED JUNE 30, 2021

| | | Program Revenues | | | Net (Expenses) Revenues and Change in Net Position |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| FUNCTION/PROGRAM | | | | | |
| Governmental activities | | | | | |
| Community support | $ 24,043,901 | $ 11,101 | $ 24,693,157 | $ | $ 660,357 |
| Debt service | | | | | |
| Interest expense | 2,156 | | | | (2,156) |
| Total governmental activities | $ 24,046,057 | $ 11,101 | $ 24,693,157 | $ | |
| CHANGE IN NET POSITION | | | | | 658,201 |
| NET POSITION, BEGINNING OF YEAR | | | | | (4,848,188) |
| NET POSITION, END OF YEAR | | | | | $ (4,189,987) |

See notes to basic financial statements.

# FUND FINANCIAL STATEMENTS

# WORKFORCE CONNECTIONS

## GOVERNMENTAL FUNDS
## BALANCE SHEET
## JUNE 30, 2021

| | | General Fund |
|---|---|---|
| ASSETS | | |
| Cash, cash equivalents and investments, unrestricted | $ | 153,803 |
| Cash, cash equivalents and investments, restricted | | 370,721 |
| Receivables | | |
| Federal grants | | 3,610,196 |
| Subrecipients | | 44,965 |
| Other | | 29,745 |
| Total assets | $ | 4,209,430 |
| LIABILITIES | | |
| Accounts payable | $ | 3,695,131 |
| Accrued salaries and wages | | 99,461 |
| Unearned revenue, current | | 81,999 |
| Total liabilities | | 3,876,591 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue, grants | | 32,112 |
| FUND BALANCE | | |
| Restricted for | | |
| Community support | | 146,924 |
| Unassigned | | 153,803 |
| Total fund balance | | 300,727 |
| Total liabilities, deferred inflows of resources and fund balance | $ | 4,209,430 |

See notes to basic financial statements.

# WORKFORCE CONNECTIONS

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2021

| | | |
|---|---|---|
| FUND BALANCE, GOVERNMENTAL FUNDS | | $ 300,727 |
| Amounts reported in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds: | | |
| Capital assets | $ 3,095,054 | |
| Less accumulated depreciation | (2,599,818) | |
| | | 495,236 |
| Prepaid expenses and refundable deposits represent current fund expenditures that benefit future periods; and therefore, are not reported in governmental funds: | | |
| Prepaid items | 74,165 | |
| Refundable deposits | 57,448 | |
| | | 131,613 |
| Long-term liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds: | | |
| Compensated absences payable | (196,028) | |
| Net pension liability | (3,737,744) | |
| Deferred outflows related to pensions | 535,715 | |
| Deferred inflows related to pensions | (1,733,734) | |
| Capital lease obligations | (17,884) | |
| | | (5,149,675) |
| Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds: | | |
| | | 32,112 |
| NET POSITION, GOVERNMENTAL ACTIVITIES | | $ (4,189,987) |

See notes to basic financial statements.

# WORKFORCE CONNECTIONS

## GOVERNMENTAL FUNDS
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED JUNE 30, 2021

| | General Fund |
|---|---|
| REVENUES | |
| Intergovernmental grants | |
| Federal | $ 24,677,368 |
| Program income | 11,101 |
| Total revenues | 24,688,469 |
| EXPENDITURES | |
| Current - community support | |
| Adult program | 10,170,636 |
| Youth activities program | 5,747,331 |
| Dislocated workers program | 7,914,150 |
| Administration | 21,305 |
| Other grants | 457,631 |
| Total current - community support | 24,311,053 |
| Capital outlay - community support | |
| Administration | 368,198 |
| Debt service | |
| Principal payments | 25,357 |
| Interest expense | 2,156 |
| Total debt service | 27,513 |
| Total expenditures | 24,706,764 |
| CHANGE IN FUND BALANCE | (18,295) |
| FUND BALANCE, BEGINNING OF YEAR | 319,022 |
| FUND BALANCE, END OF YEAR | $ 300,727 |

See notes to basic financial statements.

# WORKFORCE CONNECTIONS

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Governmental Activities For the Year Ended June 30, 2021

| | | |
|---|---|---|
| CHANGE IN FUND BALANCE, GOVERNMENTAL FUNDS | | $ (18,295) |
| Amounts reported in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives: | | |
| Expenditures for capital assets | $ 368,198 | |
| Less current year depreciation | (120,160) | |
| | | 248,038 |
| Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds: | | |
| Change in unavailable revenue | 15,789 | |
| | | 15,789 |
| Debt (including capital leases) proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued | | |
| Debt principal repayments | 25,357 | |
| | | 25,357 |
| Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds: | | |
| Change in net pension liability and related deferred outflows and inflows of resources | 365,692 | |
| Change in compensated absences payable | 9,315 | |
| | | 375,007 |
| Some expenditures reported in governmental funds benefit a future period; and therefore, are not reported in the statement of activities: | | |
| Change in prepaid items | 12,305 | |
| | | 12,305 |
| CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES | | $ 658,201 |

See notes to basic financial statements.

# NOTES TO BASIC FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies

### Reporting Entity

Workforce Connections (the Organization) was established in 2000, under the provisions of the Workforce Investment Act of 1998. This was replaced by the Workforce Innovation and Opportunity Act (the Act) in 2014. The Organization's mission is "connecting employers to a ready workforce." The Organization is charged with implementing workforce investment activities throughout Southern Nevada. Generally, these include increasing occupational skill attainment to improve the quality of the workforce, reducing welfare dependency and enhancing the productivity and competitiveness of the Southern Nevada economy. The Organization's service area is made up of the cities of Las Vegas, North Las Vegas, Henderson, and Boulder City and the counties of Clark, Lincoln, Nye, and Esmeralda. The Local Elected Official Consortium, which is comprised of an elected official from each of the above, is responsible for appointing members from the public and private sectors to the Organization's governing body. The Organization's governing body is comprised of 23 members. The Act requires that a majority of governing body members must be representatives from the private sector. Members representing businesses must be individuals who are owners, chief executive officers, chief operating officers or other individuals with optimum policy-making or hiring authority. Private sector members are appointed from among individuals nominated by local business organizations and business trade associations. Public sector members represent the required partners in the One-Stop system. Additionally, two representatives each are appointed from economic development, education, organized labor and community-based organizations. The governing body elects a chair from among the private sector representatives.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the entity's governing body, and either the ability of the primary government to impose its will on the entity or the possibility that the entity will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other entities in which the economic resources received or held by that entity are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that entity and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

The Organization examined its position relative to the cities of Las Vegas, North Las Vegas, Henderson, and Boulder City and the counties of Clark, Lincoln, Nye, and Esmeralda and determined that there are no requirements of GASB Statement No. 14, as amended, that would cause the basic financial statements of the Organization to be included in any of the entities' basic financial statements. Additionally, no other entities were determined to be component units of the Organization.

### Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. The government-wide financial statements present information for the Organization's activities, which consist solely of governmental activities that are accounted for in a single governmental fund, the general fund.

(Continued)

Included in the statement of net position are capital assets, prepaid items, refundable deposits and long-term liabilities including lease obligations, pension obligations and compensated absences. Net position is classified in three categories 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Other revenues, not restricted for use by a particular function or segment, are reported as general revenues.

Fund financial statements are provided for the Organization's sole governmental fund, the general fund. Fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance. Schedules are presented to reconcile the fund financial statements to the government-wide financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

The fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available when they are collected within 60 days of year end. The primary revenue sources, which have been treated as susceptible to accrual by the Organization, are interest, cost reimbursements and intergovernmental revenues (federal grants). All other revenue sources are considered to be measurable and available only when cash is received by the Organization. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, expenditures related to long-term debt, compensated absences, pension obligations, and claims and judgments, if any, are recorded only when payment is due.

The Organization classifies and reports the following as a major governmental fund:

*General Fund.* The general fund is the general operating fund of the Organization. It is used to account for all of the Organization's financial resources.

The Organization has no proprietary or fiduciary fund types.

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**Assets and Liabilities**

Cash, Cash Equivalents and Investments

The Organization’s cash on deposit with financial institutions is often in excess of federally-insured limits, and the risk of losses related to such concentrations may increase as a result of current economic instability including, but not limited to, weakness in the commercial and investment banking systems. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, is not subject to estimation at this time.

The Organization’s restricted cash must be used on eligible grant expenditures, as set forth in the applicable agreements.

Receivables, Unearned Revenues and Unavailable Revenues

Receivables that are not collected within 60 days of year end are treated as unavailable revenue in the fund financial statements rather than current revenue since the asset is not available to satisfy current obligations. Unearned revenues also arise when the Organization receives resources before it has a legal claim to them such as when grant funds are received prior to being earned, which are reported as unearned revenues in the statement of net position.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are recorded as expenditures when consumed, rather than when purchased.

Capital Assets

Capital assets are reported only in the government-wide financial statements. These assets include furniture, equipment and software. All purchased capital assets are valued at cost where historical records are available and, if no historical records exist, at estimated cost. Donated capital assets, if any, are valued at their estimated acquisition value on the date received. The Organization had a capitalization threshold of $5,000 for the current fiscal year.

The cost of normal maintenance and repairs that do not significantly add to the functionality of an asset or materially extend an asset’s life are not capitalized.

Capital assets are depreciated or amortized using the straight-line method over estimated useful lives of 5-15 years, which for leasehold improvements are limited to the lease term, excluding contingent renewal option periods (Note 3).

Long-term Liabilities

In the government-wide financial statements, long-term liabilities, including debt and capital lease obligations, are reported as liabilities in the statement of net position. Long-term liabilities are not due and payable in the current period; and therefore, are not reported as liabilities in the fund financial statements.

Compensated Absences

It is the Organization's policy to permit employees to accumulate earned vacation benefits that would be paid to them upon separation from Organization service if not previously taken. Accrued compensated absences are reported in the government-wide financial statements and also in the fund financial statements to the extent that payment is due, for example, as a result of employee resignations and retirements prior to year end. Expenditures for compensated absences are recognized by the general fund, when paid.

Postemployment Benefits Other Than Pensions (OPEB)

The Organization does not have any eligible employees who retired from service prior to September 1, 2008, who would potentially be eligible for benefits under the Public Employer Benefit Plan (PEBP) program. Furthermore, the Organization does not provide any other postemployment benefits (either directly or indirectly) and currently does not have any plans to offer such benefits in the future.

**Multiple-Employer Cost-Sharing Defined Benefit Pension Plan**

The Organization uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Annual Comprehensive Financial Report, for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to PERS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so, will not be recognized as an outflow of resources (expense/expenditure) until then. The Organization reports deferred outflows of resources related to pensions for 1) the changes in proportion and differences between actual pension contributions and the Organization's proportionate share of pension contributions, 2) changes in assumptions and 3) the difference between projected and actual investment earnings on plan investments. These amounts are deferred and amortized over the average expected remaining service life of all employees that are provided with pension benefits. Deferred amounts related to pensions also include pension contributions made by the Organization subsequent to the pension plan's actuarial valuation measurement date, which are deferred for one year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so, will not be recognized as an inflow of resources (revenue) until that time. Under a modified accrual basis of accounting, the governmental funds report unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under full accrual accounting, the statement of net position also reports deferred inflows related to pensions for 1) the differences between expected and actual experience and 2) changes in proportion and differences between actual contributions and the Organization's proportionate share of contributions, which are deferred and amortized over the average expected remaining service life of all employees that are provided with pension benefits.

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**Net Position**

Government-wide net position is classified and reported as follows:

Net investment in capital assets is the value of capital assets, net of related depreciation and amortization, less any outstanding debt used to acquire, construct or improve the capital assets.

Restricted net position has constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unrestricted net position is the classification for the residual balance that is not reported as net investment in capital assets or restricted.

**Fund Balance**

Governmental fund balances are classified and reported as follows:

Nonspendable fund balances include items that are not in a spendable form (for example, prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Organization's governing body, the Organization's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

Assigned fund balances include amounts that are constrained by the Organization's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent is expressed by the Organization's governing body or appropriately authorized officials. Constraints imposed on the use of assigned fund balances can be removed or changed without formal action of the Organization's governing body.

Unassigned fund balance is the classification used by the general fund for the residual balance that is not reported as assigned, committed, restricted or nonspendable.

**Prioritization and Use of Available Resources**

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the Organization's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the Organization's policy to use committed resources first, assigned second, and unassigned last.

**Use of Estimates**

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect certain reported amounts and disclosures, some of which may require revision in future periods. Significant estimates include the net pension liability, expense, and related deferred outflows and inflows.

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**Note 2. Stewardship and Accountability**

**Budgetary Information**

The Organization was not required to legally adopt an annual budget, therefore, budgetary comparison schedules are not presented in the required supplementary information section.

**New Accounting Pronouncements**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which was effective immediately. The objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. For the statements below that were impacted by this Statement, the postponed dates are reflected.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for reporting periods beginning after June 15, 2021, except requirements in paragraph 4 and paragraph 5, which are effective upon issuance. The objectives of this statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has not yet completed its assessment of this statement.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for reporting periods beginning after June 15, 2022. The objectives of this statement are to define subscription-based information technology arrangements (SBITAs); establish that a SBITA results in a right-to-use subscription asset and a corresponding liability; provide the capitalization criteria for outlays other than subscription payments; and require note disclosures regarding a SBITA. Management has not yet completed its assessment of this statement.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for reporting periods beginning after June 15, 2022. The objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements, and provide guidance for accounting and financial reporting for availability payment arrangements. Management has not yet completed its assessment of this statement.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for reporting periods beginning after June 15, 2020. Certain requirements of this statement will become effective for reporting periods beginning after December 31, 2021 and June 15, 2021. The objective of this statement is to address the accounting and financial reporting implications that result from the replacement of an interbank offered rate and the removal of the London Interbank Offered Rate as an appropriate benchmark interest rate. Management has not yet completed its assessment of this statement.

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In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for reporting periods beginning after June 15, 2020. Certain requirements of this statement will become effective for reporting periods beginning after December 31, 2021 and June 15, 2021. The objective of this statement is to address the accounting and financial reporting implications that result from the replacement of an interbank offered rate and the removal of the London Interbank Offered Rate as an appropriate benchmark interest rate. Management has not yet completed its assessment of this statement.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, effective for reporting periods beginning June 15, 2021, except the requirements related to the effective date of Statement No. 87, *Leases*, Implementation Guide 2019-3, *Leases*, reissuance recoveries, and terminology used to refer to derivative instruments, which are effective upon issuance. The objectives of this statement are to address a variety of topics and includes specific provisions about the following: (1) the effective date of Statement No. 87, and Implementation Guide No. 2019-3 for interim financial reports, (2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit plan; (3) the applicability of Statements No. 73 and No. 74, (4) the applicability of certain requirements of Statement No. 84 to postemployment benefit arrangements; (5) measurement of liabilities related to asset impairment obligations in a government acquisition; (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; (8) terminology used to refer to derivative instruments. Management has not yet completed its assessment of this statement.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. This statement addresses the method to be used for reporting conduit debt obligations by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has not yet completed its assessment of this statement.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2020. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management has completed its assessment of this statement and determined that it will not have a material effect on financial position or changes therein.

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by requiring recognition, for leases that previously were classified as operating leases, of certain lease assets, liabilities and inflows or outflows of resources based on the payment provisions of the contract. Management has not yet completed its assessment of this statement.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, effective for fiscal years ending after December 15, 2021. This statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement will not affect the Organization's financial position, result of operations or cash flows.

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**Note 3. Detailed Notes on all Funds**

**Cash, and Cash Equivalents**

The NRS governs the Organization's deposit policies. Organization monies must be deposited in federally insured banks and savings and loan associations. At June 30, 2021, the carrying amount of deposits was $524,524 and the bank balance was $866,360. Although these balances may at times exceed the federal insured deposit limit, the Company believes such risk is mitigated by the quality of the institutions holding such deposits or fully collateralized in accordance with the NRS 356.

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1. Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2. Inputs are other observable inputs.

Level 3. Inputs are unobservable.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is deemed significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2021, the Organization did not have any cash equivalents or investments measured and reported at fair value.

**Capital Assets**

For the year ended June 30, 2021, capital asset activity was as follows:

| | Balance July 1, 2020 | Increases | Decreases | Transfers* | Balance June 30, 2021 |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Capital assets not being depreciated or amortized | | | | | |
| Construction in progress | $ 14,900 | $ | $ | $ (14,900) | $ |
| Capital assets being depreciated or amortized | | | | | |
| Furniture, equipment and software | 1,163,009 | 280,702 | (182,479) | | 1,261,232 |
| Leasehold improvements | 1,731,426 | 87,496 | | 14,900 | 1,833,822 |
| Total capital assets being depreciated or amortized | 2,894,435 | 368,198 | (182,479) | 14,900 | 3,095,054 |

(Continued)

| | Balance July 1, 2020 | Increases | Decreases | Transfers* | Balance June 30, 2021 |
|---|---|---|---|---|---|
| Accumulated depreciation and amortization | | | | | |
| Furniture, equipment and software | (937,407) | (103,191) | 182,479 | | (858,119) |
| Leasehold improvements | (1,724,730) | (16,969) | | | (1,741,699) |
| Total accumulated depreciation and amortization | (2,662,137) | (120,160) | 182,479 | | (2,599,818) |
| Total capital assets being depreciated or amortized, net | 232,298 | 248,038 | | 14,900 | 495,236 |
| Total governmental activities | $ 247,198 | $ 248,038 | $ | $ | $ 495,236 |

For the year ended June 30, 2021, depreciation, amortization and gain/loss on disposal of assets were charged to governmental activities as follows:

| | |
|---|---|
| Community support | |
| Adult program | $ 59,132 |
| Youth activities program | 21,993 |
| Dislocated workers program | 31,885 |
| Administration | 7,150 |
| Total depreciation expense, governmental activities | $ 120,160 |

## Long-term Liabilities

Long-term liabilities activity for the year ended June 30, 2021, was as follows:

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Capital lease obligations | $ 43,241 | $ | $ (25,357) | $ 17,884 | $ 17,884 |
| Compensated absences | 205,343 | 253,763 | (263,078) | 196,028 | 196,028 |
| Net pension liability | 3,861,001 | | (123,257) | 3,737,744 | |
| Total governmental activities | $ 4,109,585 | $ 253,763 | $ (411,692) | $ 3,951,656 | $ 213,912 |

Compensated absences and the net pension liability are liquidated by the general fund.

## Capital Leases Obligations - Governmental Activities

In March 2019, the Organization acquired $74,492 of equipment as a result of entering into four 3-year capital lease agreements with an interest rate of 6.79%. Accumulated amortization was $57,938 at June 30, 2021 and amortization expense was $24,831 for the year then ended, for a net capital asset value of $16,554.

(Continued)

At June 30, 2021, future minimum capital lease payments were as follows:

| For the Year Ended June 30, | | |
|---|---|---|
| 2022 | $ | 18,342 |
| Total future minimum capital lease payments | | 18,342 |
| Less portion of payment representing interest | | (458) |
| Present value of total future minimum capital lease payments | $ | 17,884 |

## Note 4. Other Information

### Operating Lease Commitments

The Organization leases office space, storage facilities and equipment under non-cancelable operating leases, which expire at various times through the fiscal year ending June 30, 2024. The Organization's office lease is scheduled to expire on December 31, 2023 with the option to extend an additional 5 years thereafter. On an annual basis, the monthly rent shall increase 2.5% to correspond with the economic value. Rental expense was $390,459 for the year ended June 30, 2021.

At June 30, 2021, approximate future minimum lease payments were as follows:

| For the Year Ended June 30, | | |
|---|---|---|
| 2022 | $ | 402,399 |
| 2023 | | 412,459 |
| 2024 | | 208,776 |
| | $ | 1,023,634 |

### Other Commitments

The Organization has an agreement with two library districts that allows it to operate programs within designated space at certain libraries throughout southern Nevada. The agreements are on a month-to-month basis and do not require the Organization to provide consideration in exchange for use of the designated space.

### Litigation

In the ordinary course of its operations, claims may be filed against the Organization. Although probable losses associated with such claims cannot be estimated, it is the opinion of management that these claims will not have any material adverse effect on the Organization's financial position or changes therein.

The Organization does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters, but rather, records such as period costs when the services are rendered.

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**Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization maintains a risk management program to assess coverage of potential risks of loss. Under this program, the Organization participates in workers' compensation and unemployment programs provided by the State of Nevada. For all other risks, the Organization purchases insurance coverage subject to nominal deductibles. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

Vulnerability from concentrations of risk arise because an entity is exposed to risk of loss greater than it would have been had it mitigated its risk through diversification. The Organization receives substantially all of its funding from federal grants, either directly from the United States Department of Labor, Employment and Training Administration or passed through the State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit.

**COVID-19 and CARES Act**

In late January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 pandemic) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. Subsequently, Nevada Governor Steve Sisolak issued a Declaration of Emergency on March 12, 2020, and ordered a shutdown of all nonessential businesses for 30 days on March 18, 2020, with the majority of them extended through May 31, 2020. Nonessential businesses, including casinos, restaurants and retail stores, opened and remained at 50 percent capacity while requiring facial masks and social distancing. The government shutdown had and continued to have an immediate effect on unemployment throughout the local economy.

During 2021, capacity restrictions were lifted as more and more Nevadans received the COVID-19 vaccine. As of June 30, 2021, the state has allowed businesses to return to full capacity. Mask mandates for indoor use, regardless of vaccination status remained in effect until February 2022.

The Organization received funds from the Coronavirus Aid, Relief and Economic Security (CARES) Act in fiscal year 2021, which was passed down through Clark County. The Organization did not receive funds from the American Rescue Plan.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. The Organization actively monitors the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity for fiscal year 2022. Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 pandemic at this time, if the pandemic continues, it may have an adverse effect on the Organization's results of future operations, financial position, and liquidity in fiscal year 2022.

**Multiple-Employer Cost-Sharing Defined Benefit Pension Plan**

The Organization's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The Organization does not exercise any control over PERS.

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The Organization's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees Retirement Board (the PERS Board) whose seven members are appointed by the governor. The Organization does not exercise any control over PERS.

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, this multiplier is 2.5% for all years of service. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579, which for members entering the system before January 1, 2010, is equal to the lesser of:

1) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or

2) The average percentage increase in the Consumer Price Index (or other PERS Board approved index) for the three preceding years.

In any event, a member's benefit must be increased by the percentages in paragraph 1, above, if the benefit of a member has not been increased at a rate greater than or equal to the average of the Consumer Price Index (All Items) (or other PERS Board approved index) for the period between retirement and the date of increase.

For members entering the system on or after January 1, 2010 and before July 1, 2015, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

For members with an effective date of membership on or after July 1, 2015, the post-retirement increases are 2% per year following the third anniversary of the commencement of benefits, 2.5% per year following the sixth anniversary, the lesser of 3% or the CPI for the preceding calendar year following the ninth anniversary.

(Continued)

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, at age 55 with 30 years of service, or at any age with 33 1/3 years of service.

The normal ceiling limitation on the monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the Employer Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan. The Organization did not elect the EPC plan prior to July 1, 1983.

The PERS basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

Effective July 1, 2020 and 2019, the required employer/employee match rates increased to 15.25% for regular members. The EPC rates also increased to 29.25% for regular members.

PERS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplemental information. This report is available at www.nvpers.org, under publications.

PERS collective net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

(Continued)

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience review completed in October 2017), applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial valuation date | June 30, 2020 |
| Inflation rate | 2.75% |
| Payroll growth | 5.00%, including inflation |
| Investment rate of return | 7.50% |
| Discount rate | 7.50% |
| Productivity pay increase | 0.50% |
| Consumer price index | 2.75% |
| Actuarial cost method | Entry age normal and level percentage of payroll |
| Projected salary increases | Regular: 4.25% to 9.15%, depending on service<br>Rates include inflation and productivity increases |

At June 30, 2020, assumed healthy retiree mortality rates and projected life expectancies for selected ages were as follows:

| | Mortality Rates | | Expected Years of Life Remaining | |
|---|---|---|---|---|
| Age | Males | Females | Males | Females |
| 40 | 0.20 % | 0.14 % | 40.4 | 43.6 |
| 50 | 0.49 % | 0.38 % | 31.4 | 34.5 |
| 60 | 0.90 % | 0.59 % | 23.2 | 25.9 |
| 70 | 1.81 % | 1.26 % | 15.6 | 17.7 |
| 80 | 4.55 % | 3.42 % | 9.1 | 10.5 |

These mortality rates and projected life expectancies are based on the following:

| | |
|---|---|
| Healthy | Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries.<br>For ages less than 50 (the RP-2014 Healthy Annuitant Mortality Tables have rates only for ages 50 and later), mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50 to the mortality rate at age 50 from the Employee mortality tables listed above. The mortality rates are then projected to 2020 with Scale MP-2016. |
| Disabled | Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. |
| Pre-Retirement | Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. |

The RP-2014 Headcount-Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement.

The policies of PERS that determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS. The following target asset allocation policy was adopted as of June 30, 2020:

| Asset Class | Target Allocation | Long-term Geometric Expected Real Rate of Return * |
|---|---|---|
| Domestic equity | 42 % | 5.50 % |
| International equity | 18 % | 5.50 % |
| Domestic fixed income | 28 % | 0.75 % |
| Private markets | 12 % | 6.65 % |

* As of June 30, 2020, the PERS long-term inflation assumption was 2.75%.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified by NRS. Based on that assumption, the PERS fiduciary net position at June 30, 2020, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

The Organization's proportionate share of the net pension liability at June 30, 2020, calculated using the discount rate of 7.50%, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate was as follows:

| | 1% Decrease in Discount Rate | Discount Rate | 1% Increase in Discount Rate |
|---|---|---|---|
| Net pension liability | $ 5,829,437 | $ 3,737,744 | $ 1,998,657 |

Detailed information about PERS fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Annual Comprehensive Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Organization's proportionate share (amount) of the collective PERS net pension liability was $3,737,744 which represents 0.02684% of the collective PERS net pension liability compared to 0.02831% for the year ended June 30, 2019. Contributions for employer pay dates within the fiscal year ending June 30, 2020, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their employer contributions relative to the total employer contributions for all employers for the period ended June 30, 2020.

For the period ended June 30, 2020, the Organization's PERS pension income was $88,352 and its reported deferred outflows and inflows of resources related to pensions were as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 116,129 | $ 48,263 |
| Changes of assumptions | 104,989 | |
| Net difference between projected and actual earnings on investments | | 141,197 |
| Changes in proportion and differences between actual contributions and proportionate share of contributions | 37,256 | 1,544,274 |
| Contributions made subsequent to the measurement date | 277,341 | |
| | $ 535,715 | $ 1,733,734 |

At June 30, 2020, the average expected remaining service life was 6.13 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $277,341 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For the Year Ended June 30, | |
|---|---|
| 2022 | $ (2,754,280) |
| 2023 | 1,370,394 |
| 2024 | 1,582,639 |
| 2025 | 1,107,274 |
| 2026 | 158,149 |
| Thereafter | 11,185 |

Changes in the Organization's net pension liability were as follows:

| | |
|---|---|
| Net pension liability, beginning of year | $ 3,861,001 |
| Pension income | (88,352) |
| Employer contributions | (279,660) |
| Change in net deferred inflows and outflows of resources | 244,755 |
| Net pension liability, end of year | $ 3,737,744 |

At June 30, 2021, $42,867 is payable to PERS for the June 2021 required contribution and is included in accounts payable.

**Subsequent Events**

Management performed a search for, and determined there were no events subsequent to June 30, 2021, requiring accounting recognition or disclosure through March 3, 2022, the date the accompanying financial statements were available for issuance.

# REQUIRED SUPPLEMENTARY INFORMATION

# WORKFORCE CONNECTIONS

## MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
## PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY INFORMATION
## FOR THE MEASUREMENT YEAR ENDED JUNE 30, 2020 AND LAST NINE FISCAL YEARS[1]

| For the Year Ended June 30, | Proportion of the Collective Net Pension Liability | Proportion of the Collective Net Pension Liability | Covered Payroll | Proportion of the Collective Net Pension Liability as a Percentage of Covered Employee Payroll | Pension Plan Fiduciary Net Position as a Percentage of Total Pension Liability |
|---|---|---|---|---|---|
| 2014 | 0.04646 % | $ 4,842,055 | $ 3,061,518 | 158.15863 % | 76.31210 % |
| 2015 | 0.04984 % | 5,711,894 | 3,271,664 | 174.58682 % | 75.12611 % |
| 2016 | 0.04380 % | 5,894,431 | 2,936,553 | 200.72619 % | 72.22995 % |
| 2017 | 0.04049 % | 5,385,046 | 2,566,571 | 209.81481 % | 74.41654 % |
| 2018 | 0.03801 % | 5,183,623 | 2,490,164 | 208.16392 % | 75.23537 % |
| 2019 | 0.02831 % | 3,861,001 | 1,925,821 | 200.48597 % | 76.45733 % |
| 2020 | 0.02684 % | 3,737,744 | 1,899,763 | 196.74791 % | 77.03999 % |

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2014. As becomes available this schedule will ultimately present information for the ten most resent fiscal years.

# WORKFORCE CONNECTIONS

## MULTIPLE-EMPLOYER COST-SHARING DEFINED BENEFIT PENSION PLAN
## STATUTORILY REQUIRED CONTRIBUTION INFORMATION
## FOR THE YEAR ENDED JUNE 30, 2021 AND LAST NINE FISCAL YEARS[1]

| For the Year Ended June 30, | Statutorily Required Contribution | Contributions in relation to the Statutorily Required Contribution | Contribution (Deficiency) Excess | Covered Payroll | Contributions as a Percentage of Covered Employee Payroll |
|---|---|---|---|---|---|
| 2015 | $ 769,372 | $ 769,372 | $ | $ 3,271,664 | 23.51623 % |
| 2016 | 742,745 | 742,745 | | 2,936,553 | 25.29309 % |
| 2017 | 726,848 | 726,848 | | 2,566,571 | 28.31981 % |
| 2018 | 705,240 | 705,240 | | 2,490,164 | 28.32103 % |
| 2019 | 545,154 | 545,154 | | 1,925,821 | 28.30762 % |
| 2020 | 559,322 | 559,322 | | 1,899,763 | 29.44167 % |
| 2021 | 554,682 | 554,682 | | 1,900,281 | 29.18947 % |

1. Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As becomes available this schedule will ultimately present information for the ten most resent fiscal years.

## Note 1. Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2021, there were no changes in the pension benefit plan terms or the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2020.

The actuarial valuation report dated June 30, 2014, was the first valuation of the multiple-employer cost-sharing defined benefit pension plan. As additional actuarial valuations are obtained, these schedules will ultimately present information from the ten most recent valuations.

Additional pension plan information can be found in Notes 1 and 4 to the basic financial statements.

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# Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Workforce Connections
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Workforce Connections (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2022.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 or significant deficiencies may exist that have not been identified.

## Compliance and Other Matters

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

**Purpose of this Report**

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

BDO USA, LLP

March 3, 2022

# SINGLE AUDIT INFORMATION

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# Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Workforce Connections
Las Vegas, Nevada

## Report on Compliance

### *Opinion on Compliance for Each Major Federal Program*

We have audited Workforce Connections' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### *Basis for Opinion*

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

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

### *Responsibilities of Management for Compliance*

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

***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

BDO USA, LLP

March 3, 2022

# WORKFORCE CONNECTIONS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED JUNE 30, 2021

| Federal Grantor/Pass-through Entity/Cluster or Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures Passed-Through to Subrecipients (Cash Basis) | Other Expenditures (Accrual Basis) | Total Federal Expenditures |
|---|---|---|---|---|---|
| United States Department of Labor, Employment and Training Administration | | | | | |
| Passed-through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit | | | | | |
| National Dislocated Worker Grant * | 17.277 | PY20-NEG-02<br>PY20-ER-NEG-02 | $ 3,871,705 | $ | $ 3,871,705 |
| WIOA Cluster * | | | | | |
| Passed-through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit | | | | | |
| WIOA Adult Program | 17.258 | PY19-A-02-WIOA<br>PY20-A-02-WIOA | 8,002,508 | 2,200,820 | 10,203,328 |
| WIOA Youth Activities | 17.259 | PY19-Y-02-WIOA<br>PY20-Y-02-WIOA | 4,648,854 | 1,123,678 | 5,772,532 |
| WIOA Dislocated Worker Formula Grants | 17.278 | PY19-DW-02-WIOA<br>PY20-DW-02-WIOA<br>PY18-RR-DW-02 | 3,427,243 | 1,064,526 | 4,491,769 |
| Subtotal WIOA Cluster * | | | 16,078,605 | 4,389,024 | 20,467,629 |
| Total United States Department of Labor, Employment and Training Administration | | | 19,950,310 | 4,389,024 | 24,339,334 |
| United States Department of Treasury | | | | | |
| Passed-through Clark County, Nevada | | | | | |
| Coronavirus Relief Fund | 21.019 | N/A | 106,283 | | 106,283 |
| Total United States Department of Treasury | | | 106,283 | | 106,283 |
| United States Department of Health and Human Services | | | | | |
| Passed-through State of Nevada, Department of Health and Human Services | | | | | |
| Child Care and Development Block Grant | 93.575 | CC2107 | 232,967 | | 232,967 |
| Total United States Department of Health and Human Services | | | 232,967 | | 232,967 |
| Total federal expenditures | | | $ 20,289,560 | $ 4,389,024 | $ 24,678,584 |

* A major program

# WORKFORCE CONNECTIONS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## FOR THE YEAR ENDED JUNE 30, 2021

### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Workforce Connections (the Organization) under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the 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 position, or cash flows of the Organization.

### Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash and accrual basis of accounting as noted therein. 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, if any, 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 Cost Rate

The Organization has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

# WORKFORCE CONNECTIONS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## FOR THE YEAR ENDED JUNE 30, 2021

**Section I - Summary of Auditors' Results**

| | |
|---|---|
| Financial Statements | |
| Type of auditors' report issued | Unmodified |
| Internal control over financial reporting | |
| Material weaknesses identified | No |
| Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements | No |
| | |
| Federal Awards | |
| Internal control over major programs | |
| Material weaknesses identified | No |
| Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Audit findings required to be reported in accordance with 2 CFR 200.516(a) | No |
| | |
| Identification of major programs | |
| CFDA number | 17.258, 17.259, 17.278 |
| Name of federal program or cluster | United States Department of Labor, Employment and Training Administration, WIOA Cluster |
| CFDA number | 17.277 |
| Name of federal program or cluster | United States Department of Labor, Employment and Training Administration, National Dislocated Worker Grant |
| | |
| Dollar threshold used to distinguish between Type A and Type B programs | $750,000 |
| Auditee qualified as low-risk auditee | Yes |

(Continued)

**Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards***

None reported

(Continued)

**Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)**

None reported

# WORKFORCE CONNECTIONS

## SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

## FOR THE YEAR ENDED JUNE 30, 2021

**Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards***

None reported

(Continued)

**Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)**

None reported