PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

Annual Financial Report

Workforce Connections

July 1, 2015 - June 30, 2016

Las Vegas, Nevada

6330 West Charleston Boulevard, Suite 150
Las Vegas, Nevada 89146

Ardell Galbreth, Executive Director

Workforce Connections

Annual Financial Report
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For the Fiscal Year Ended June 30, 2016

P B T K
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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Directors
Workforce Connections
Las Vegas, Nevada

We have audited the accompanying financial statements of the Workforce Connections (the Organization) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the Organization's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the basic financial statements to enable the design of 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, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

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

Auditors' Responsibility. Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, proportionate share of the collective net pension liability information and proportionate share of statutorily required pension contribution information on pages 3-9 and 30-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an

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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 Reporting Required by *Government Auditing Standards.* In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2017, 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 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 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 the Organization's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
January 18, 2017

Management's Discussion and Analysis

Workforce Connections

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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, 2016.

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 reforms and modernizes the public workforce system. WIOA reaffirms the role of the public workforce system, and brings together and enhances 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 liabilities of the Organization exceeded its assets at the close of the most recent fiscal year by $4,481,445 (net position), a decrease of $547,978 from the prior year. The change is primarily due in part to an increase in net pension liability and related deferred items of $520,576 as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

- As of the close of the current fiscal year, the Organization's sole governmental fund (the general fund) reported an ending fund balance deficit of ($44,895), an increase of $45,184 in comparison with the prior year.

- During the year ended June 30, 2016, operating grants and contributions decreased $2,058,654 primarily due to releasing $2,547,456 less in WIOA funding to service providers as compared to the prior fiscal 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 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.

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 on pages 10-11 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. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances in the governmental fund financial statements provide a reconciliation to facilitate this comparison.

The fund financial statements can be found on pages 12-15 of this report.

Notes to 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 financial statements can be found on pages 16-29 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Organization, liabilities exceeded assets by $4,481,445 at the close of the most recent fiscal year.

Workforce Connections
Statement of Net Position

	June 30	
	2016	2015
Capital assets, net	$ 1,169,145	$ 1,771,783
Other assets	2,536,546	2,985,384
	3,705,691	4,757,167
Deferred Pension Outflows	1,118,696	769,372
Liabilities, due in more than one year	5,956,877	5,224,707
Other liabilities	2,521,397	2,943,073
	8,478,274	8,167,780
Deferred Pension Inflows	827,558	1,292,226
Net position:		
Invested in capital assets, net of related debt	786,492	1,253,129
Unrestricted	(5,267,937)	(5,186,596)
	$ (4,481,445)	$ (3,933,467)

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. However, this past year a net pension liability totaling ($5,711,894) was recorded as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, resulting in a net position deficit of $4,481,445.

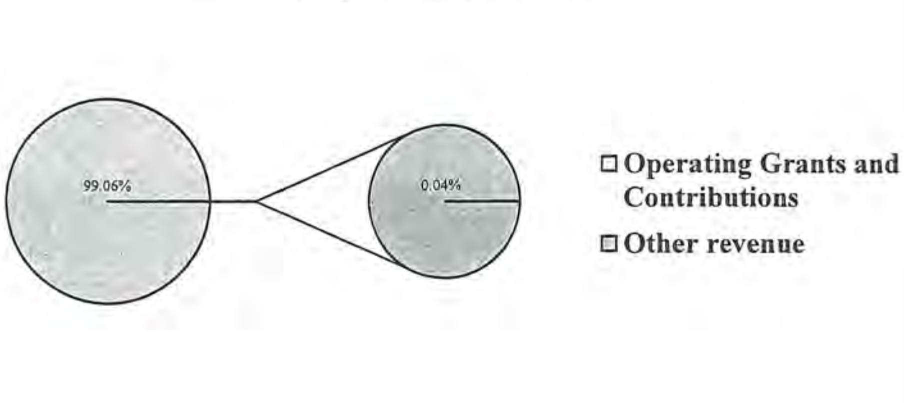
The Organization's capital assets were not acquired using debt, except for capital leases and a lease incentive obligation totaling $382,653. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

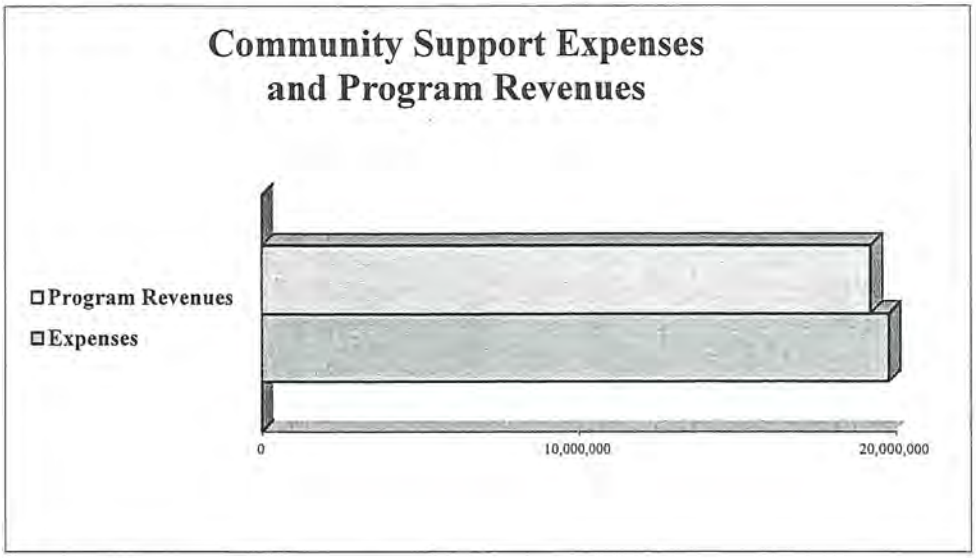
Workforce Connections
Statement of Activities

	Year Ended June 30 2016	2015
Revenues:		
Operating grants and contributions	$ 19,220,206	$ 21,278,860
Charges for services	7,772	86,086
	19,227,978	21,364,946
Expenses:		
Community support	19,769,384	21,869,650
Interest expense	6,572	7,965
	19,775,956	21,877,615
Change in net position	(547,978)	(512,669)
Net position, beginning of year	(3,933,467)	(3,420,798)
Net position, end of year	$ (4,481,445)	$ (3,933,467)

Operating grants and community support expense decreased by approximately $2.1 million (10%). The decrease can be primarily attributed to the release of $2,547,456 less in WIOA funding to service providers as compared to the prior fiscal year.

Revenues by Source





Fund Financial Analysis

As noted above, the Organization uses fund accounting to help ensure and demonstrate compliance with finance-related legal requirements. The focus of the Organization's governmental fund financial statements is to 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.

Workforce Connections
Fund Balance, General Fund

	June 30	
	2016	2015
Federal grants receivable	$ 2,074,837	$ 2,473,279
Other assets	343,150	417,630
	2,417,987	2,890,909
Accounts payable and accrued expenses	2,092,845	2,647,779
Unearned revenue	108,293	2,139
	2,201,138	2,649,918
Unavailable revenue	261,744	331,070
Fund balance, unassigned	$ (44,895)	$ (90,079)

Workforce Connections
Changes in Fund Balance, General Fund

	Year Ended June 30	
	2016	2015
Revenues:		
Federal grants	$ 19,032,698	$ 20,934,973
Other grants	256,834	120,977
Program income	7,772	86,086
	19,297,304	21,142,036
Expenditures:		
Federal grants	18,859,285	21,181,276
Other grants	256,834	120,977
Debt service:		
Principal	129,429	42,336
Interest	6,572	7,965
	19,252,120	21,352,554
Change in fund balance	45,184	(210,518)
Fund balance, beginning of year	(90,079)	120,439
Fund balance, end of year	$ (44,895)	$ (90,079)

- As of the end of the current fiscal year, the Organization's sole governmental fund (the general fund) reported an ending fund balance deficit of ($44,895), a fund balance increase of $45,184 in comparison with the prior year.

- Total revenues decreased $1,844,732 (9%) and total expenditures decreased $2,186,134 (10%) with most of these decreases attributable to the release of $2,547,456 less in WIOA funding to service providers as compared to the prior fiscal year.

Capital Assets

At the end of the current fiscal year, the Organization's investment in capital assets (furniture, equipment and software), net of accumulated depreciation and amortization was $1,169,145, a decrease of $602,638 (34%) from the prior year.

Major capital asset events during the current fiscal year included the following:

- Furniture, equipment and software were purchased at a cost of $19,950.

- Depreciation, amortization and gain/loss on disposal of capital assets totaled $622,588.

- Capital assets with a cost of $23,021 were disposed of during the fiscal year.

Workforce Connections
Capital Assets

	June 30	
	2016	2015
Computers	$ 313,175	$ 332,997
Furniture and other equipment	787,881	771,131
Software	566,353	566,353
Leasehold improvements	1,727,585	1,727,585
	3,394,994	3,398,066
Less accumulated depreciation and amortization	(2,225,849)	(1,626,283)
	$ 1,169,145	$ 1,771,783

Additional information on the Organization's capital assets can be found on page 23 of this report.

Economic Factors

The following factors were considered in planning, preparing and budgeting for the 2017 fiscal year.

- Unemployment rates for the United States, the State of Nevada, and the counties of Clark, Lincoln, Nye and Esmeralda.

	Unemployment Rates[1]	
	November 2016	June 2015
United States	4.4%	5.5%
State of Nevada	5.0%	7.0%
Clark County	5.1%	7.1%
Lincoln County	4.9%	6.0%
Nye County	6.6%	8.6%
Esmeralda County	3.7%	4.3%

- Grant awards received for the fiscal year include WIA Adult, Youth and Dislocated Workers grants received from the United States Department of Labor, passed through the State of Nevada, Department of Employment, Training and Rehabilitation of $18,149,449.

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.

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

Basic Financial Statements

Government-Wide Financial Statements

Workforce Connections

Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Cash	$ 293,598
Receivables:	
Federal grants	2,074,837
Subrecipients	39,641
Other	9,911
Prepaid items	60,111
Refundable deposits	58,448
Capital assets, net of accumulated depreciation and amortization	1,169,145
Total assets	3,705,691
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,118,696
LIABILITIES	
Accounts payable	1,999,892
Accrued expenses	92,953
Unearned revenue	108,293
Long-term liabilities, due within one year:	
Lease obligations	137,670
Compensated absences	182,589
Long-term liabilities, due in more than one year:	
Lease obligations	244,983
Net pension liability	5,711,894
Total liabilities	8,478,274
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	827,558
NET POSITION	
Net investment in capital assets	786,492
Unrestricted	(5,267,937)
Total net position	$ (4,481,445)

See notes to basic financial statements.

Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Governmental Activities				
		Program Revenues			Net (Expenses) Revenues and Change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/program:					
Community support	$ 19,769,384	$ 7,772	$ 19,220,206	$ -	$ (541,406)
Interest expense	6,572				(6,572)
Total function/program	$ 19,775,956	$ 7,772	$ 19,220,206	$ -	
Change in net position					(547,978)
Net position, beginning of year					(3,933,467)
Net position, end of year					$ (4,481,445)

See notes to basic financial statements.

Fund Financial Statements

Workforce Connections

Balance Sheet
June 30, 2016

	General Fund
ASSETS	
Cash	$ 293,598
Receivables:	
Federal grants	2,074,837
Subrecipients	39,641
Other	9,911
Total assets	$ 2,417,987
LIABILITIES	
Accounts payable	$ 1,999,892
Accrued expenses	92,953
Unearned revenue	108,293
Total liabilities	2,201,138
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	261,744
FUND BALANCE	
Unassigned	(44,895)
Total liabilities, deferred inflows of resources and fund balance	$ 2,417,987

See notes to basic financial statements.

Workforce Connections

Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

Fund balance		$ (44,895)
Amounts reported in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	$ 3,394,994	
Less accumulated depreciation and amortization	(2,225,849)	
		1,169,145
Long-term liabilities, including debt obligations, are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Lease obligations	(382,653)	
Compensated absences	(182,589)	
Net pension liability	(5,711,894)	
Deferred outflows of resources related to pensions	1,118,696	
Deferred inflows of resources related to pensions	(827,558)	
		(5,985,998)
Unavailable revenue amounts that are not available to fund current expenditures are not reported in governmental funds.		261,744
Prepaid items and refundable deposits represent current fund expenditures that benefit future periods; and therefore, are not reported in governmental funds.		
Prepaid items	60,111	
Refundable deposits	58,448	
		118,559
Net position		$ (4,481,445)

See notes to basic financial statements.

Workforce Connections

Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Year Ended June 30, 2016

	General Fund
Revenues	
Intergovernmental:	
Grants:	
Federal grants:	$ 19,032,698
Other grants	256,834
Program income	7,772
Total revenues	19,297,304
Expenditures	
Federal grants:	
Adult program	8,718,112
Youth activities program	5,451,598
Dislocated workers program	2,920,955
Other programs	504,848
Administration	1,243,822
Capital outlay	19,950
Other grants	256,834
Debt service:	
Principal	129,429
Interest	6,572
Total expenditures	19,252,120
Change in fund balance	45,184
Fund balance, beginning of year	(90,079)
Fund balance, end of year	$ (44,895)

See notes to basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities For the Fiscal Year Ended June 30, 2016

Change in fund balance		$ 45,184
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	$ 19,950	
Less depreciation, amortization and gain/loss on disposal of capital assets	(622,588)	
		(602,638)
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		(69,326)
Debt 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:		
Repayment of lease obligations		136,001
Some expeditures reported in governmental funds benefit future periods; and therefore, are not reported in the statement of activities:		
Change in prepaid items		24,084
Some expenditures 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 long-term compensated absences	(25,435)	
Change in net pension liability and related deferred outflows and inflow of resources	(55,848)	
		(81,283)
Change in net position		$ (547,978)

See notes to basic financial statements.

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The Reporting Entity

Workforce Connections (the Organization) was established in 2000, under the provisions of the Workforce Investment Act of 1998 (the Act). The Organization's mission is "to develop a world class workforce through innovative market driven strategies that are relevant to Southern Nevada's employers and job seekers." 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 32 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, and 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.

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 fund balance presented in the fund financial statements to net position presented in 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.

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. 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.

Assets, Liabilities, and Net Position or Fund Balance

Deposits 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.

Receivables

Receivables, comprised primarily of receivables from grantors that are not expected to be 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.

Prepaid Items

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

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 fair 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, comprised of furniture, equipment and software, 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).

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)

Effective July 1, 2008, the Organization implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of the statement, the Organization elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2009.

In accordance with NRS, the Organization provides other postemployment benefits to retirees by participating in the State of Nevada's Public Employee Benefit Plan (PEBP), an agent, multiple-employer, defined benefit plan administered by a nine-member governing Organization. PEBP provides medical, prescription, dental and vision benefits to eligible retirees. Eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the Nevada State Legislature amended the eligibility and subsidy requirements. As a result of this amendment, the number of retirees for whom the Organization is obligated to provide postemployment benefits is limited to eligible employees who retired from Organization service prior to September 1, 2008.

The Organization does not have any eligible employees who retired from Organization service prior to September 1, 2008. 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) Comprehensive Annual 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 Inflows and Outflows of Resources

Deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statement of net position reports 1) the changes in proportion and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) contributions made subsequent to the measurement date, which will be recognized in the subsequent year.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide statement of net position reports 1) the differences between expected and actual experience, changes in proportion, and changes of assumptions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on investments, which will be amortized over five years.

Long-term Obligations

In the government-wide financial statements, long-term liabilities, including debt 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.

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.

Note 2. Stewardship, Compliance and Accountability

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016. This statement addresses the usefulness of information reported for postemployment benefit plans other than pensions. Management completed its assessment of this statement and determined that it will not have a material effect on the Organization's financial position or changes therein.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This statement addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Management completed its assessment of this statement and determined that it will not have a material effect on the Organization's financial position or changes therein.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for periods beginning after December 15, 2015. This statement addresses the need for financial statements prepared by state and local governments in conformity with generally accepted accounting principles to provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. Management completed its assessment of this statement and determined that it will not have a material effect on the Organization's financial position or changes therein.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for periods beginning after December 15, 2015. This Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Management has completed its assessment of this statement and determined that it will not have a material effect on the Organization's financial position or changes therein.

In June 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, effective for periods beginning after June 15, 2016. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. Management has completed its assessment of this statement and determined that it will not have a material effect on the Organization's financial position or changes therein.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Management has completed its assessment of this statement and determined that it will not have a material effect on the Organization's financial position or changes therein.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for periods beginning after June 15, 2016. This Statement addresses issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has not yet completed its assessment of this statement.

Note 3. Detailed Notes on All Funds

Cash

At June 30, 2016, the carrying amount of deposits was $293,598 and the bank balance was $461,126. The Federal Depository Insurance Corporation (FDIC) at year end covered $250,000 of the bank balance.

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, 2016, the Organization did not have any cash equivalents or investments measured and reported at fair value.

Capital Assets

Changes in capital assets for the year ended June 30, 2016, were as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets being depreciated for amortized:				
Furniture, equipment and software	$ 1,670,481	$ 19,950	$ (23,022)	$ 1,667,409
Leasehold improvements	1,727,585			1,727,585
Less accumulated depreciation and amortization for:				
Furniture, equipment and software	(941,103)	(275,965)	21,916	(1,195,152)
Leasehold improvements	(685,180)	(345,517)		(1,030,697)
Total capital assets, net	$ 1,771,783	$ (601,532)	$ (1,106)	$ 1,169,145

Depreciation, amortization and gain/loss on disposal of assets were charged to governmental activities as follows:

Adult program	$ 327,680
Youth activities	78,444
Dislocated workers	95,133
Administration	121,331
	$ 622,588

Long-term Liabilities

Long-term liabilities for the year ended June 30, 2016, were as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
Lease obligations	$ 518,654		$ (136,001)	$ 382,653	$ 137,670
Compensated absences	157,154	$ 351,128	(325,693)	182,589	182,589
Net Pension liability	4,842,055	1,639,211	(769,372)	5,711,894	
	$ 5,517,863	$ 1,990,339	$(1,231,066)	$ 6,277,136	$ 320,259

Compensated absences are liquidated by the general fund.

The lease obligations consist of rent smoothing and a lease incentive obligation associated with the office space lease located at 6330 West Charleston Boulevard in Las Vegas, Nevada. The office lease was entered into in January 2013, and the related obligations are amortized on a straight-line basis over the 72-month term of the lease.

Operating and Capital 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, 2019. Rental expense was $225,746 for the year ended June 30, 2016.

As of June 30, 2016, approximate future minimum lease payments exclusive of any effect for rent smoothing and lease incentive obligations are as follows were as follows:

Years ending June 30,	
2017	314,787
2018	314,787
2019	165,013

The Organization has three equipment capital leases. In September 2014, the Organization acquired $109,253 of equipment as a result of entering into two 5-year capital lease agreements with interest rates ranging from 5% to 6%. In June 2012, the Organization acquired $6,499 of equipment as a result of entering into a 5-year capital lease agreement with an interest rate of 38%. Accumulated amortization was $28,324 at June 30, 2016, and amortization expense was $17,911 for the year then ended, for a net value of $87,428.

As of June 30, 2016, approximate future minimum capital lease payments were as follows:

Years ending June 30,	Principal	Interest
2017	$ 19,580	$ 4,903
2018	18,240	3,548
2019	19,276	2,267
2020	30,103	724
	$ 87,199	$ 11,442

Note 4. Other Information

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.

The United States is recovering from a widespread recession, which was accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends, high unemployment and weakness in the commercial and investment banking systems, all of which are likely to continue to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the Nevada economy and the Organization's operations cannot be predicted at this time but may be substantial.

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.

Contingent Liabilities

In the ordinary course of its operations, claims are 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 services are rendered.

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.

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. 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, there is a 2.5% 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, the post-retirement increases are the same as above, except that the increases do not exceed 4% per year.

Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with 20 years of service, or at any age with 25 years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 60 with 10 years of service, or age 50 with 20 years of service, or at any age with 30 years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as police/fire accredited 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. Both regular and police/fire members become fully vested as to benefits upon completion of 5 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 alternative contribution plans. Contributions are shared equally by employer and employee in which employees can take a reduced salary and have contributions made by the employer or can make contributions by a payroll deduction matched by the employer.

PERS's 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.

For the year ended June 30, 2016, the required employer/employee matching rate was 14.5% and 20.75% for regular and police/fire members, respectively. The EPC rate was 25.75% for regular and 40.5% for police/fire members.

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PER's website, www.nvpers.org under publications.

PERS collective net pension liability was measured as of June 30, 2015, 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.

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience review completed in 2013), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%, including inflation
Discount rate	8.00%
Productivity pay increase	0.75%
Consumer price index	3.50%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases

At June 30, 2015, assumed mortality rates and projected life expectancies for selected ages were as follows:

	Regular Members			
	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.10%	0.05%	41.1	44.4
50	0.17%	0.12%	31.6	34.7
60	0.55%	0.42%	22.4	25.4
70	1.82%	1.39%	14.3	17.0
80	5.65%	3.79%	7.7	10.1

	Police/Fire Members			
	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.10%	0.06%	40.2	42.5
50	0.19%	0.15%	30.7	32.8
60	0.63%	0.54%	21.5	23.6
70	2.02%	1.72%	13.5	15.5
80	6.41%	4.63%	7.1	9.0

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

- For non-disabled male regular members – RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA
- For non-disabled female regular members – RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year

- For all non-disabled police/fire members – RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year
- For all disabled regular members and all disabled police/fire members – RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

PERS's policies which 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, 2015:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 3.5%.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015. 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, PERS's fiduciary net position at June 30, 2015, 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 (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

The Organization's proportionate share of the net pension liability at year end, calculated using the discount rate of 8.00%, 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 (7.00%) or 1% higher (9.00%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	$ 8,703,783	$ 5,711,894	$ 3,223,930

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual 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 Comprehensive Annual 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 net pension liability was $5,711,894, which represents 0.04984% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2015, 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 combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2015.

For the year ended June 30, 2016, the Organization's pension expense was $683,139 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		$ 429,633
Net difference between projected and actual earnings on investments		309,394
Changes in proportion and differences between actual contributions and proportionate share of contributions	$ 375,951	88,531
Contributions subsequent to measurement date	742,745	

At June 30, 2015, the average expected remaining service life was 6.70 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $742,745 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	
2017	$ (140,326)
2018	(140,326)
2019	(140,326)
2020	26,365
2021	(43,391)
Thereafter	(13,604)

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

Net pension liability, beginning of year	$ 4,842,055
Pension expense	683,139
Employer contributions	(769,372)
Changes in net deferred outflows and inflows	956,072
Net pension liability, end of year	$ 5,711,894

At June 30, 2016, $56,366 payable to PERS, equal to the June 2016 required contribution, was included in accounts payable.

Subsequent Events

Management performed a search for, and determined there were no events subsequent to June 30, 2016, requiring accounting recognition or disclosure through January 18, 2017, the date the accompanying financial statements were available for issuance.

Required Supplementary Information

Workforce Connections

Required Supplementary Information

Proportionate Share of the Collective
Net Pension Liability Information
Multiple-Employer Cost-Sharing Defined Benefit Pension Plan
For Fiscal Year Ended June 30, 2015 and Prior Nine Fiscal Years*

For the Year Ended June 30	Proportion of the collective net pension liability	Proportionate share of the collective net pension liability (asset)	Covered-employee payroll	Proportionate share of the collective net pension liability as a percentage of covered-employee payroll	PERS fiduciary net position as a percentage of the total pension liability
2015	0.04984%	$ 4,842,055	$ 3,271,664	148.00000%	75.12612%
2014	0.04646%	$ 6,109,415	$ 3,061,518	199.55506%	76.31210%

* 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 the information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

Workforce Connections

Required Supplementary Information

Proportionate Share of Statutorily Required Pension Contribution Information Multiple-Employer Cost-Sharing Defined Benefit Pension Plan For Fiscal Year Ended June 30, 2016 and Prior Nine Fiscal Years*

For the Year Ended June 30	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	$ 742,745	$ 742,745	$ -0-	$ 2,936,553	25.29309%
2015	$ 769,372	$ 769,372	$ -0-	$ 3,271,664	23.51623%

* 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 the information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

Note 1. Multiple-Employer Cost Sharing Defined Pension Plan

For the year ended June 30, 2016, 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, 2015.

Additional information related to the multi-employer cost-sharing defined benefit pension plan can be found in Note 4 to the Organization's basic financial statements.

PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

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

Board of Directors
Workforce 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 the Workforce Connections (the Organization) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 18, 2017.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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 Organization's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the Organization's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the Organization, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. 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*.

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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 Organization'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 Organization internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
January 18, 2017

Single Audit
and
Accompanying Information

P B T K
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Workforce Connections
Las Vegas, Nevada

We have audited the compliance of the Workforce Connections (the Organization) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2016. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The Organization's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

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

Opinion on Major Federal Program. 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 the Organization's major federal program for the year ended June 30, 2016.

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. We have audited the financial statements of the Organization as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements. We issued our report thereon dated January 18, 2017, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
January 18, 2017

Workforce Connections

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number(s)	Expenditures Passed Through to Subrecipients (Cash Basis)	Other Expenditures (Accrual Basis)	Total Expenditures
United States Department of Labor, Employment and Training Administration					
YouthBuild	17.274		$ 36,999	$ 425,521	$ 462,520
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit					
WIA/WIOA National Emergency Grants	17.277	PY13-NEG-02	64,761	42,328	107,089
WIA/WIOA Cluster *					
WIA/WIOA Adult Program	17.258	PY14-A-02, PY15-A-02	6,262,026	3,235,109	9,497,135
WIA/WIOA Youth Activities	17.259	PY14-Y-02, PY15-Y-02	4,606,257	1,179,467	5,785,724
WIA/WIOA Dislocated Workers	17.278	PY14-DW-02, PY15-DW-02	2,115,042	1,003,333	3,118,375
Subtotal WIA/WIOA Cluster			12,983,325	5,417,909	18,401,234
Total Expenditures			$ 13,085,085	$ 5,885,758	$ 18,970,843

* A "major" program

Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

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, 2016. 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 Fiscal Year Ended June 30, 2016

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, WIA/WIOA Cluster.
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

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.

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2016

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 Fiscal Year Ended June 30, 2015

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.

Workforce Connections

Schedule of Prior Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) and/or findings required by 2 CFR 200.516(a)

2015-001

Federal Program:	United States Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers, CFDA # 17.258, 17.259, 17.278.
Criteria and specific requirement:	Governmental subrecipients of States will use the same State policies and procedures used for procurements from non-Federal funds. They also must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.
Condition and context:	The two sole source contracts were executed with the Academy of Human Development and Las Vegas Clark County Urban League to provide basic computer training after they were reviewed internally by management in the prior year and remained active during the current year. These contracts were noted as findings by Nevada Department of Training and Rehabilitation Workplace Investment Support Services (DETR-WISS) department as part of their annual review in the current and prior years. DETR-WISS alleges that Workforce did not follow the proper Request for Proposal (RFP) process in awarding these contracts. DETR-WISS forwarded the finding to the United States Department of Labor (DOL) for a ruling on the matter and the resolution remains pending. As previously reported, questioned costs as of June 30, 2014 was $345,745.
Current status:	This matter is considered closed.
Reason this finding is no longer valid or does not warrant further action:	On February 11, 2016, Workforce received a letter from DETR-WISS stating that the finding would be closed without requiring repayment of the questioned costs if Workforce agreed to abide by certain conditions going forward, which Workforce accepted.