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ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

PREPARED BY
FINANCE DEPARTMENT
JIM KOSTECKI, CHIEF FINANCIAL OFFICER

Workforce Connections

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FINANCIAL SECTION

PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

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 Workforce Connections (the Organization) as of and for the year ended June 30, 2019 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, 2019, 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 3-10 and 33-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic

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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 Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, 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.

Perry Bowle Taylor & Kern

December 20, 2019

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, 2019.

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 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 $5,323,657 (deficit net position). This deficit is primarily related to the net pension liability and a decrease in accounts receivable of $244,184 from the prior year. The decrease in net capital assets primarily relates to asset depreciation and disposition exceeding new additions during the year.

As of the close of the current fiscal year, the Organization's sole governmental fund (the general fund) reported an ending fund balance of $224,767, an increase of $65,758 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.

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).

(Continued)

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.

(Continued)

Government-wide financial analysis

Summary Statement of Net Position

	Governmental Activities	
	2019	2018
Assets		
Current, restricted and other	$ 2,895,460	$ 3,119,873
Capital, net of accumulated depreciation	289,117	343,371
Total assets	3,184,577	3,463,244
Deferred outflows of resources	718,455	985,298
Liabilities		
Current	2,560,537	2,784,410
Long-term	5,407,792	5,917,827
Total liabilities	7,968,329	8,702,237
Deferred inflows of resources	1,258,360	1,260,240
Net position		
Net investment in capital assets	222,180	293,992
Unrestricted	(5,545,837)	(5,532,985)
Total net position	$ (5,323,657)	$ (5,238,993)

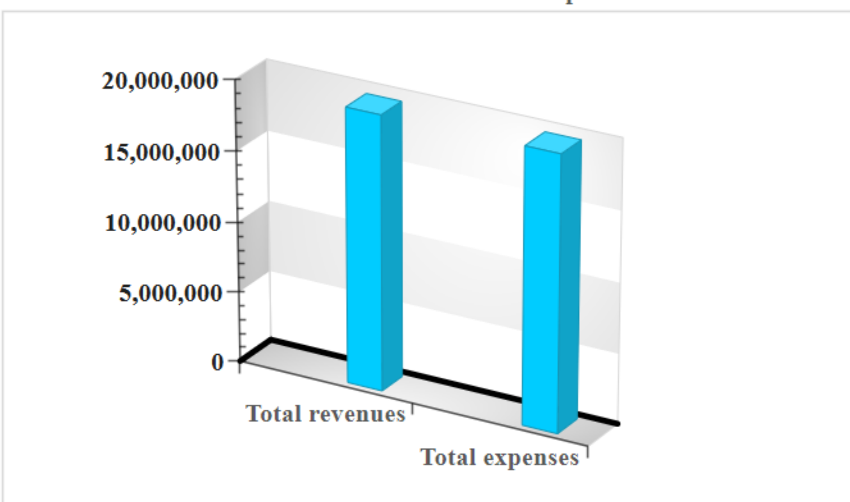
Historically, the largest portion of the Organization's net position reflected its investment in capital assets (furniture, equipment and software), less any related debt used to acquire these assets, which are used to provide services; consequently, these assets are not available for future spending.

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.

Summary Statement of Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues		
Program revenues		
Charges for services	$ 76,511	$ 73,373
Operating grants and contributions	19,375,395	20,658,895
Gain on disposal of capital assets	4,599	
Total revenues	19,456,505	20,732,268
Expenses		
Community support	19,537,922	20,851,717
Interest expense	3,247	3,319
Total expenses	19,541,169	20,855,036
Deficiency of revenues under expenses	(84,664)	(122,768)
Net position, beginning of year	(5,238,993)	(5,116,225)
Net position, end of year	$ (5,323,657)	$ (5,238,993)

Governmental Activities
Current Year Revenues and Expenses



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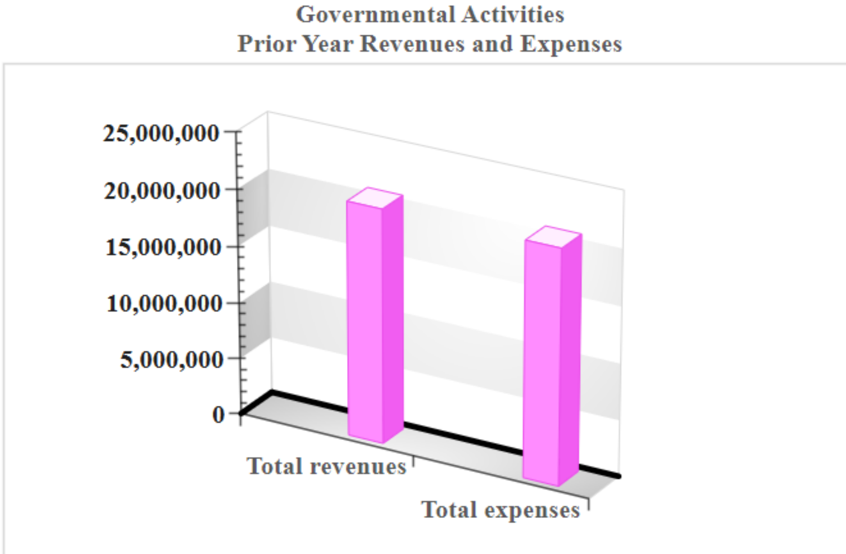

Community support expense decreased by approximately $1.31 million (6.3%). This change pertains primarily to a reduction in WIOA Youth program, Administrative, and other program expenditures. In fiscal year 2019, several programs were discontinued resulting in significant reductions in the related staffing and expenditures. Grant revenues decreased by $1.28 million (6.2%) accordingly.

<u>Fund Financial Analysis</u>

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.

(Continued)

Governmental Funds

Governmental Funds
Summary Balance Sheet

	2019	2018
Total assets	$ 2,785,304	$ 2,997,957
Total liabilities	2,560,537	2,838,948
Total fund balances	224,767	159,009

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

	2019	2018
Total revenues	$ 19,506,444	$ 20,733,162
Total expenditures	(19,551,825)	(20,733,428)
Total other financing sources	111,139	
Change in fund balance	65,758	(266)
Fund balance, beginning of year	159,009	159,275
Fund balance, end of year	$ 224,767	$ 159,009

As of the end of the current fiscal year, the Organization's sole governmental fund (the general fund) reported an ending fund balance of $224,767 an increase of $65,758 in comparison with the prior year.

Total revenues decreased $1,226,718 (5.9%) and total expenditures decrease $1,213,651 (5.9%) with most of these changes resulting from a decrease in WIOA – Youth, Administrative, and other program expenditures in fiscal year 2019 due to discontinued programs and their associated costs.

(Continued)

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 $289,117, compared to $343,371 in prior year (a decrease of 15.8%).

Capital Assets, Net of Accumulated Depreciation and Amortization

	Governmental Activities	
	2019	2018
Furniture, equipment and software	$ 289,117	$ 326,114
Leasehold improvements		17,257
	$ 289,117	$ 343,371

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

Furniture, equipment and software were purchased at a cost of $124,980.

Disposals of furniture, equipment, and software at cost value totaled $178,616.

Depreciation and amortization on disposal of capital assets totaled $146,568.

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	
	2019	2018
Compensated absences	$ 157,232	$ 149,415
Lease obligations	66,937	108,424
Net pension liability	5,183,623	5,385,046
	$ 5,407,792	$ 5,642,885

Long-term liabilities decreased $235,093 from the prior year. This decrease was primarily due to the following items:

Decreases in lease obligations due to scheduled payments.

Decreases is net pension liability due to the change in allocation by PERS from 0.04049% in prior year to 0.03801% in the current year.

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

(Continued)

Economic Factors

The following factors were considered in planning, preparing and budgeting for the 2019 fiscal year.

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 2019	November 2018
United States	3.3 %	3.5 %
State of Nevada	3.7 %	4.1 %
Clark County	4.0 %	4.4 %
Lincoln County	3.5 %	3.9 %
Nye County	4.8 %	5.4 %
Esmeralda County	4.5 %	3.2 %

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

Grant awards received for the fiscal year include WIOA 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 $19,451,902.

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, 2019

	Governmental Activities
ASSETS	
Cash, cash equivalents and investments, unrestricted	$ 321,211
Federal grants receivable	2,429,139
Subrecipients receivable	5,846
Other receivable	29,108
Prepaid items	51,708
Refundable deposits	58,448
Capital assets, net of accumulated depreciation and amortization	
Furniture, equipment and software	289,117
Total assets	3,184,577
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized amounts related to pensions	718,455
LIABILITIES	
Accounts payable	2,438,099
Accrued salaries and wages	79,807
Unearned revenue	42,631
Long-term liabilities, due within one year	
Compensated absences	157,232
Lease obligations	23,697
Long-term liabilities, due in more than one year	
Net pension liability	5,183,623
Lease obligations	43,240
Total liabilities	7,968,329
DEFERRED INFLOWS OF RESOURCES	
Unamortized amounts related to pensions	1,258,360
NET POSITION	
Net investment in capital assets	222,180
Unrestricted	(5,545,837)
Total net position	$ (5,323,657)

See notes to basic financial statements.

WORKFORCE CONNECTIONS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

		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	$ 19,537,922	$ 76,511	$ 19,375,395	$	$ (86,016)
Debt service					
Interest expense	3,247				(3,247)
Total governmental activities	$ 19,541,169	$ 76,511	$ 19,375,395	$	
GENERAL REVENUES					
Gain on disposal of capital assets					4,599
CHANGE IN NET POSITION					(84,664)
NET POSITION, BEGINNING OF YEAR					(5,238,993)
NET POSITION, END OF YEAR					$ (5,323,657)

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

WORKFORCE CONNECTIONS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund
ASSETS	
Cash, cash equivalents and investments	$ 321,211
Receivables	
Federal grants	2,429,139
Subrecipients	5,846
Other	29,108
Total assets	$ 2,785,304
LIABILITIES	
Accounts payable	$ 2,438,099
Accrued salaries and wages	79,807
Unearned revenue, current	42,631
Total liabilities	2,560,537
FUND BALANCES	
Unassigned	224,767
Total liabilities and fund balances	$ 2,785,304

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, 2019

FUND BALANCES, GOVERNMENTAL FUNDS		$ 224,767
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	$ 2,940,837	
Less accumulated depreciation	(2,651,720)	
		289,117
Prepaid expenses and refundable deposits represent current fund expenditures that benefit future periods; and therefore, are not reported in governmental funds:		
Prepaid items	51,708	
Refundable deposits	58,448	
		110,156
Long-term liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Compensated absences payable	(157,232)	
Net pension liability	(5,183,623)	
Deferred outflows related to pensions	718,455	
Deferred inflows related to pensions	(1,258,360)	
Lease obligations	(66,937)	
		(5,947,697)
NET POSITION, GOVERNMENTAL ACTIVITIES		$ (5,323,657)

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, 2019

	General Fund
REVENUES	
Intergovernmental grants	
Federal	$ 19,388,426
Other	41,507
Program income	76,511
Total revenues	19,506,444
EXPENDITURES	
Current	
Adult program	10,062,013
Youth activities program	6,842,825
Dislocated workers program	1,957,990
Administration	404,837
Other grants	39,954
Capital outlay	124,980
Total current	19,432,599
Debt service	
Principal payments	115,979
Interest expense	3,247
Total debt service	119,226
Total expenditures	19,551,825
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(45,381)
OTHER FINANCING SOURCES	
Proceeds from in-substance debt issuance	74,492
Proceeds from sale of capital assets	36,647
Total other financing sources	111,139
CHANGE IN FUND BALANCE	65,758
FUND BALANCE, BEGINNING OF YEAR	159,009
FUND BALANCE, END OF YEAR	$ 224,767

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, 2019

CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS		$ 65,758
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	$ 124,980	
Less current year depreciation	(147,186)	
Disposition of capital assets	(32,048)	
		(54,254)
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds. Some revenues reported in the governmental funds result from interfund transactions; and therefore, are not reported in the statement of activities:		
Change in unavailable revenue	(54,538)	
		(54,538)
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		
Debt issuance proceeds	(74,492)	
Debt principal repayments	115,979	
		41,487
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	(63,540)	
Change in compensated absences payable	(7,817)	
		(71,357)
Some expenditures reported in governmental funds benefit a future period or result from interfund transactions; and therefore, are not reported in the statement of activities:		
Change in prepaid items	(11,760)	
		(11,760)
CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES		$ (84,664)

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 (the Act). This was replaced by the Workforce Innovcation and Opportunity 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: Omnibu*s, 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.

(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.

(Continued)

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.

Receivables, Unearned Revenues and Unavailable Revenues

Receivables, primarily from grantors 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.

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 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.

(Continued)

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, 2017, the Organization implemented the provisions of GASB Statement No. 75, A*ccounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 75). This statement requires governments to report a total OPEB liability, along with other deferred amounts related to OPEB.

In accordance with Nevada Revised Statutes (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 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. This amount is 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.

(Continued)

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.

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.

(Continued)

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 compensated absences, pension and other postemployment benefits, collectability of receivables, fair value of investments and useful lives of capital assets.

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 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020. 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 August 2018, the GASB issued Statement No. 90, *Major Equity Interests*, effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve consistency in the measurement and comparability of the financial statement presentation of major equity interests in legally separate organizations and to improve the relevance of financial statement information for certain components units. 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 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, 2019. 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.

(Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for periods beginning after December 15, 2019. 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 January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Management has completed its assessment of this statement and determined that it will not have a material effect on financial position or changes therein.

Note 3. Detailed Notes on all Funds

Cash, Cash Equivalents and Investments

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, 2019, the carrying amount of deposits was $321,211 and the bank balance was $351,971. As of the year-end, the Organization's bank balance was either insured by the Federal Depository Insurance Corporation (FDIC) 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, 2019, the Organization did not have any cash equivalents or investments measured and reported at fair value.

(Continued)

Capital Assets

For the year ended June 30, 2019, capital asset activity was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities				
Capital assets being depreciated or amortized				
Furniture, equipment and software	$ 1,266,888	$ 124,980	$ (178,616)	$ 1,213,252
Leasehold improvements	1,727,585			1,727,585
Total capital assets being depreciated or amortized	2,994,473	124,980	(178,616)	2,940,837
Accumulated depreciation and amortization				
Furniture, equipment and software	(940,774)	(129,929)	146,568	(924,135)
Leasehold improvements	(1,710,328)	(17,257)		(1,727,585)
Total accumulated depreciation and amortization	(2,651,102)	(147,186)	146,568	(2,651,720)
Total governmental activities	$ 343,371	$ (22,206)	$ (32,048)	$ 289,117

For the year ended June 30, 2019, depreciation, amortization and gain/loss on disposal of assets were charged to governmental activities as follows:

Community support	
Adult program	$ 75,417
Youth activities program	26,104
Dislocated workers program	29,899
Administration	15,766
Total depreciation expense, governmental activities	$ 147,186

Long-term Liabilities

Long-term liabilities activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Governmental activities					
Lease obligations	$ 108,424	$ 74,492	$ (115,979)	$ 66,937	$ 23,697
Compensated absences	149,415	264,218	(256,401)	157,232	157,232
Net pension liability	5,385,046	173,727	(375,150)	5,183,623	
Total governmental activities	$ 5,642,885	$ 512,437	$ (747,530)	$ 5,407,792	$ 180,929

Compensated absences, postemployment benefits other than pensions and the net pension liability are liquidated by the general fund.

(Continued)

Capital Leases - 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%. 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%. Concurrent with the acquisition of the new capital leases in March 2019, the Organization terminated the capital lease agreements entered into in September 2014, resulting in $36,648 of equipment disposals. Accumulated amortization was $80,160 at June 30, 2019 and amortization expense was $20,286 for the year then ended, for a net capital asset value of $66,937.

At June 30, 2019, future minimum capital lease payments were as follows:

For the Year Ended June 30,	
2020	$ 27,513
2021	27,513
2022	18,342
Total future minimum capital lease payments	73,368
Less portion of payment representing interest	(6,431)
Present value of total future minimum capital lease payments	$ 66,937

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. In 2018, the Organization extended its office space lease for 5 years to 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 $352,305 for the year ended June 30, 2019.

At June 30, 2019, approximate future minimum lease payments exclusive of any effect for rent smoothing and lease incentive obligations were as follows:

For the Year Ended June 30,	
2020	$ 401,334
2021	397,674
2022	397,674
2023	397,674
2024	198,837
	$ 1,793,193

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.

(Continued)

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.

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.

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, 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.

(Continued)

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.

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.

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 twenty years of service, or at any age with twenty-five years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at age 50 with twenty years of service, or at any age with thirty years of service. Police/fire members entering the system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with twenty years of service, or at any age with 33 1/3 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 five years of service.

(Continued)

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.

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 fiscal year ended June 30, 2019, the required employer/employee matching rate was 14.5% for regular and 20.75% for police/fire members. The EPC rate was 28% for regular and 40.50% 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, 2018, 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 2017), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2018
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 Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases

(Continued)

At June 30, 2018, 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. 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. 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, 2018:

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 2.75%.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018 and 2017. 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, 2018, 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, 2018.

(Continued)

The Organization's proportionate share of the net pension liability at June 30, 2018, 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	$ 7,904,816	$ 5,183,623	$ 2,922,471

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 PERS net pension liability was $5,183,623 which represents 0.03801% of the collective PERS net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2018, 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, 2018.

For the period ended June 30, 2019, the Organization's PERS pension expense was $173,727 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	$ 162,388	$ 240,609
Changes of assumptions	273,144	
Net difference between projected and actual earnings on investments		24,679
Changes in proportion and differences between actual contributions and proportionate share of contributions	172,734	993,072
Contributions made subsequent to the measurement date	272,577	

At June 30, 2018, the average expected remaining service life was 6.22 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $272,577 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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,	
2020	$ 453,067
2021	120,668
2022	(310,608)
2023	168,100
2024	192,733
Thereafter	26,134

(Continued)

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

Net pension liability, beginning of year	$	5,385,046
Pension expense		173,727
Employer contributions		(352,613)
Change in net deferred inflows and outflows of resources		(22,537)
Net pension liability, end of year	$	5,183,623

At June 30, 2019, $41,051 is payable to PERS for the June 2019 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, 2019, requiring accounting recognition or disclosure through December 20, 2019, 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, 2018 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 %

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, 2019 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 %

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, 2019, there were no changes in the pension benefit plan terms to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2018.

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.

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 Workforce Connections (the Organization) as of and for the year ended June 30, 2019, 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 December 20, 2019.

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

December 20, 2019

SINGLE AUDIT INFORMATION

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 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, 2019. 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, 2019.

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, 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements. We issued our report thereon dated December 20, 2019, 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.

December 20, 2019

WORKFORCE CONNECTIONS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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					
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	PY17-A-02-WIOA PY18-A-02-WIOA	$ 7,592,165	$ 2,967,819	$ 10,559,984
WIOA Youth Activities	17.259	PY17-Y-02-WIOA PY18-Y-02-WIOA	5,910,934	860,510	6,771,444
WIOA Dislocated Worker Formula Grants	17.278	PY17-DW-02-WIOA PY18-DW-02-WIOA	1,391,312	683,155	2,074,467
Total United States Department of Labor, Employment and Training Administration			14,894,411	4,511,484	19,405,895
Total federal expenditures			$ 14,894,411	$ 4,511,484	$ 19,405,895

* A major program

WORKFORCE CONNECTIONS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. 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, 2019

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
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, 2019

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)

WORKFORCE CONNECTIONS

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

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

None reported