

workforceCONNECTIONS

**Budget & Finance Committee
Wednesday, March 7, 2012
10:00AM – 11:30AM**

7251 W. Lake Mead Blvd., Suite 200
Las Vegas, NV 89128

This meeting has been properly noticed and posted in the following locations:

City of North Las Vegas, 2200 Civic Center Dr., North Las Vegas, NV
City of Las Vegas, City Clerk's Office, 495 S. Main Street, Las Vegas, NV
Clark County, County Clerk's Office 500 S. Grand Central Parkway, Las Vegas, NV
Esmeralda County Courthouse, 233 Crook Street, Goldfield, NV
Henderson City Hall, 240 Water Street, Henderson, NV
City Hall, Boulder City, 401 California Ave., Boulder City, NV
workforceCONNECTIONS, 7251 W. Lake Mead Blvd., Suite 200, Las Vegas, NV
Nevada JobConnect, 3405 S. Maryland Pkwy., Las Vegas, NV
Lincoln County 181 Main Street Courthouse, Pioche, NV
Nye County School District, 484 S. West St., Pahrump, NV
Pahrump Chamber of Commerce, 1302 S. Highway 160, Pahrump, NV

**This Agenda is also available on the workforceCONNECTIONS internet website at
www.nvworkforceCONNECTIONS.org.**

COMMENTARY BY THE GENERAL PUBLIC

This Board complies with Nevada's Open Meeting Law, by taking Public Comment at the beginning of the meeting immediately after the Board approves the Agenda and before any other action is taken, and again before the adjournment of the meeting. The Board also has discretion to take Public Comment after any item on the agenda, after the item has been discussed by the Board, but before the Board takes action on the item.

Each person participating in Public Comment will be limited to three minutes of comment. If any member of the Board wishes to extend the length of a comment, then the Board member may do so through a majority vote of the Board.

The Board chair has the right to end any Public Comment which: (1) is not related to any matter within the authority of the Board; or (2) is willfully disruptive of the meeting by being irrelevant, repetitious, slanderous, offensive, inflammatory, irrational, making personal attacks, or interfering with the rights of other speakers. ***Members of the public: please comply with the requests of the Board chair and do not be disruptive, otherwise you may be removed.***

Auxiliary aids and services are available upon request to individuals with disabilities by notifying Dianne Tracy, in writing at 7251 W. Lake Mead, #200, Las Vegas, NV 89128; or by calling (702) 638-8750; or by fax (702) 638-8774. The TTY/TDD access number is (800) 326-6868 / Nevada Relay 711. A sign language interpreter may also be made available with twenty-four (24) hour advance notice.

An Equal Opportunity Employer/Program.

NOTE: MATTERS IN THIS AGENDA MAY BE TAKEN OUT OF ORDER.

Budget & Finance Committee Members: Councilwoman Gerri Schroder, Chair; Hannah Brown, Vice-Chair; and Bill Bruninga

All items listed on this Agenda are for action by the Budget & Finance Committee unless otherwise noted. Action may consist of any of the following: approve, deny, condition, hold or table. Public Hearings may be declared open by the Chairperson, as required for any of the items on this Agenda designated for discussion or possible action or to provide direction and recommendations to workforceCONNECTIONS.

AGENDA

1. Call to order, confirmation of posting and roll call.
2. **ACTION:** Approve the agenda with inclusions of any emergency items and deletion of any items.
3. **FIRST PUBLIC COMMENT SESSION:** Members of the public may now comment on any matter posted on this Agenda, which is before this Board for consideration and action today. Please clearly state and spell your name and state your address for the record. Each public comment will be limited to three (3) minutes.
4. **ACTION:** Approval of the Budget & Finance Committee meeting minutes of February 1, 2012..... 1
5. **INFORMATION:** Introduction of newly assigned Finance Manager.....6
6. **DISCUSSION and POSSIBLE ACTION:** PY2011 Revised Budget..... 7
7. **INFORMATION:** PY2011 Revised Budget Narrative..... 9
8. **INFORMATION:** Budget vs. Actual Finance Report (Workforce Connections Operations)..... 16
9. **INFORMATION:** PY2011 Awards & Expenditures – Monthly Update..... 18
10. **INFORMATION:** Program Year 2009 Audit Findings Status Update..... 23
11. **INFORMATION:** Financial Edge System Implementation Update 29
12. **DISCUSSION and POSSIBLE ACTION:** Review and Accept Workforce Connections' Annual Single Audit Report for the Period Ending June 30, 2011..... 32
13. **SECOND PUBLIC COMMENT SESSION:** Members of the public may now comment on any matter or topic, which is relevant to or within the authority or jurisdiction of the Board. You may comment now even if you commented earlier, however, please do not simply repeat the same comment you previously made. Please clearly state and spell your name and state address for the record. Each comment will be limited to three (3) minutes.
14. Adjournment

Agenda Item #4: ACTION: Approval of the Budget & Finance Committee meeting minutes of February 1, 2012

*workforce***CONNECTIONS**
BUDGET & FINANCE COMMITTEE
MINUTES

Wednesday, February 1, 2012
7251 W. Lake Mead Blvd., Suite 200 Conference Room
Las Vegas, NV 89128

Members Present

Councilwoman Gerri Schroder, Chair
Hannah Brown, Vice-Chair
Bill Bruninga (via telephone)

Members Absent

Debra Reed

Staff Present

MaryAnn Avendano
John Ball
Faith Cannella
Heather DeSart
Kelly Ford
Ardell Galbreth
Jeannie Kuennen
Sylvia Spencer
Dianne Tracy
Carol Turner

Others Present

Rhonda Dunaway – City of Henderson
Phil Stoeckinger – City of Las Vegas
Belinda Thompson, SNGTF
Tracey Torrence, SNRHA

(It should be noted that not all attendees may be listed above).

Agenda Item 1 - Call to order, confirmation of posting, and roll call.

The meeting was called to order at 10:05 a.m. Staff confirmed the meeting had been properly noted and posted in accordance with the Nevada Open Meeting Law.

Agenda Item 2 - Approval of Agenda with the inclusion of any Emergency Item and deletion of any Items.

A motion to approve the agenda as presented was made by Hanna Brown and seconded by Bill Bruninga. Motion carried.

Agenda Item 3 - FIRST PUBLIC COMMENT SESSION: Members of the public may now comment on any matter posted on this Agenda, which is before this board for consideration and action today. Please clearly state and spell your name and state your address for the record. Each public comment will be limited to three (3) minutes.

None.

Agenda Item 4 - Approval of the Budget & Finance Committee meeting minutes of January 18, 2012.

A motion to approve the meeting minutes of January 18, 2012 as presented was made by Hannah Brown and seconded by Bill Bruninga. Motion carried.

Agenda Item 5 – ACTION: Election of Chair and Vice Chair.

Ardell Galbreth stated in accordance with the *workforce***CONNECTIONS** By-Laws, elections would occur annually.

A motion to re-elect Councilwoman Gerri Schroder as Chair of the Budget & Finance Committee was made by Hannah Brown and seconded by Bill Bruninga. Motion carried.

Discussion ensued regarding the availability of Hannah Brown and Bill Bruninga as Vice Chair to the Budget & Finance Committee.

A motion to elect Hannah Brown as Vice Chair to the Budget & Finance Committee was made by Councilwoman Gerri Schroder and seconded by Bill Bruninga. Motion carried.

Agenda Item 6 – INFORMATION: Budget vs. Actual Finance Report (Workforce Connections Operations).

Carol Turner, Interim Finance Manager reported on the Budget vs. Actual Finance Report for WC operations through December 8, 2011. Carol addressed the three areas in yellow: Line item 6100 - Audit/Accounting Services at 76.60% of budget, line items 6130-6139 – Equipment/Capitalized Prof Fees at 81.41% of budget; and line item 6700 – Youth Program Activities at 62.14% of budget. Carol stated in the future, there would be budgets for the Youth Programs and the Adult & Dislocated Workers in essence departmentalizing these areas.

Agenda Item 7- INFORMATION: PY2011 Equipment Detail.

Carol presented and reviewed the itemized PY2011 Equipment Detail pages 7-8 of the agenda packet to include WC – Staff equipment; Fiscal software (Financial Edge); Data Center equipment; NVTrac; Networking Equipment; Suite 260 Expansion/Build-out. Also included was equipment under the RFL Graduate Advocate Initiative, Re-Entry, HRSA; and, SESP equipment.

Agenda Item 8 – DISCUSSION and POSSIBLE ACTION: PY2011 Revised Budget.

Carol presented the PY2011 Revised Budget stating this would typically be presented at the beginning of the year with a carry forward estimate that would occur November – December then presented as a May revision. As additional expenditures are incurred, a revised budget will be presented. Carol stated this new revised budget is to allocate \$250,000 for auditing/accounting services targeted from the pool of funds under strategic initiative and justification indicated in the PY2011 Revised Budget Narrative.

Discussion ensued regarding the increased amount with John Ball clarifying the increase is inclusive of salary/fringe for employee positions expensed under a CFO position and COO position in-house now transferred over to cover that incurred cost for auditing/accounting services.

Carol stated an additional \$110,000 will be transferred from the NVTrac and allocated to line items 6260 – Salaries; line items 6265 – Employee Fringe Benefits; and line item 6550 – Employer Payroll Taxes due to the hiring of a full-time employee to develop NVTrac software in lieu of a consultant.

A motion to approve the PY2011 Revised Budget was made by Hannah Brown and seconded by Bill Bruninga. Motion carried.

Agenda Item 9 – INFORMATION: PY2011 Revised Budget Narrative.

Presented on pages 10-15 of the agenda packet and reviewed by the Budget & Finance Committee.

Agenda Item 10 – INFORMATION: PY2011 Awards & Expenditures – Monthly Update.

Carol presented and summarized the PY11 Awards and Expenditures for Adult & Dislocated Workers and Youth through January 24, 2012, which included most of the invoices through December.

	Adult Expenditures	DW Expenditures
WIA PY11 Adult & Dislocated Worker Green Sector	58%	42%
WIA PY11 Adult & Dislocated Worker Health Sector	61%	39%
WIA PY11 Adult & Dislocated Worker Rural Services	56%	44%
WIA PY11 Internal Programs and To Be Allocated	0%	0%
Total PY11 Adult & Dislocated Worker	64%	36%

	Youth In-School	Youth Out-Of-School
WIA PY11 Youth General	48%	52%
WIA PY11 Youth Tri County	53%	47%
WIA PY11 Internal Programs and To Be Allocated	100%	0%
Total PY11 Youth	58%	42%
WIA PY10/PY11 Governor's Reserve Youth	94.14%	
WIA PY10 Internal Programs Ongoing	45.51%	
Direct Adult & Dislocated Worker Grants	41.75%	

Discussion ensued regarding the Southern Nevada Housing Authority (SNHA) and the technical assistance provided on the programmatic/fiscal side to increase spending. Ardell stated on the occasions that staff sent a Pink Paper indicating the deficiency issues to SNHA, corrective action by their staff was executed promptly.

Discussion ensued regarding the WIA PY2011 Internal Programs and To Be Allocated Amounts. John clarified these funds are termed in other jurisdictions as contingency funds, reserve funds, or operating reserve funds whereby the number is kept in the 15-18% bracket [2 months of a general operating fund] to enable flex during the year for unanticipated costs or unanticipated opportunities. Under WIA, these funds will need to be obligated. Ardell responded that the 'To Be Allocated Amounts' will be allocated to specific Strategic Initiatives by the next committee meeting.

Discussion ensued with the issue of the WIA federal funding and how you operate Summer Programs (15 months) when the end of the year falls in the middle of the program year and the amount of funding that is available. John stated to accommodate contract providers/funded partners is to extend time on contracts to operate through the summer. Ensure awareness by the provider that funds will be available August/September/October without having their summer program dependent upon a funding decision that WC makes in May or June when the providers are recruiting new people and the program is gearing up operationally. Ardell noted, "There is no hard and fast rule that staff starts a contract on July 1st. WC may enter into contracts that extend beyond one year maybe as many as two or three which is under consideration."

Hannah Brown asked how successful the Caliente Youth Program is for getting the youth into jobs and is there a specific percentage of youth that they try to employ or try to achieve. Sylvia stated the project has exceeded the goals for the PY2011 Internal Program Caliente Youth project. The total project for Pilot purposes was 34, with goals met and an area of challenge at approximately 10% recidivism related to drug abuse and removed from performance. There is a number expected for employment and/or completing proficiencies for a high school diploma. The profile on this project because this is re-entry, was identified with only youth returning to Clark County being served by this pilot program with 10% recidivism. Staff is now aware of what services need to be set in place to reduce the likelihood of this going forward.

Ardell reported the State Energy Sector Partnership (SESP) will be modified by the Department of Employment, Training, and Rehabilitation (DETR) within the next month or two to reduce the grant, as DETR will be assuming some of the responsibility for fulfilling the goals.

Agenda Item 11– INFORMATION: Audit Findings Status Report.

Carol presented the Audit Findings Status Report reiterating the report from two weeks prior at that last Budget & Finance Committee meeting that these are Audit Findings from the prior year June 30, 2011 and staff would expect to see most of these in the current year. This Audit was completed in April and findings were addressed in April. From July of last year through April staff has continued some of the same

practices. There will not be any significant change in this upcoming Audit, but staff expects to see change (anticipated PY2013 Audit) in the future years based on the actions taken by staff.

Carol reported on a new implementation process on cash management. Staff has implemented a new working capital balance draw process (an advance of funds) that allows weekly reimbursement of expenses. Additionally, staff is implementing program draw percentages based on prior month's cost allocation.

Agenda Item 12– INFORMATION: Financial Edge (FE) system Implementation Schedule Update.

Carol reported on the Financial Edge Implementation stating resources (Manpower temporary staffing) are data entering the prior six months data and reconciliations conducted on each month's data input; as of January 9, 2012, staff brought up the new FE system live and began cutting checks with success; and, February/March 2012 will be the cutoff for dual entry from QuickBooks to the new FE system.

Agenda Item 13– INFORMATION: Current PY2011 Audit Update.

MaryAnn Avendano stated an audit report is anticipated by weeks end with Ardell concurring. She further stated staff was able to mitigate one finding with regard to tracking of the CCRs and DUNs numbers on WCs contractors and contracts. An additional finding was gained with regard to eligibility on one of the direct programs, but measures have been set in place to alleviate this in the future. No ineligible participants or disallowed costs were incurred and staff will ensure that signatures are obtained; documents filled out, and placed in the file.

Agenda Item 14– INFORMATION: Chief Financial Officer & Finance Manager Recruitment.

Carol reported interviews will be conducted on Friday with two local candidates for the Finance Manager position. The CFO recruitment has been suspended until Spring 2012.

Agenda Item 15 - SECOND PUBLIC COMMENT SESSION: Members of the public may now comment on any matter or topic, which is relevant to or within the authority or jurisdiction of the Board. You may comment now even if you commented earlier; however, please do not simply repeat the same comment you previously made. Please clearly state and spell your name and state address for the record. Each comment will be limited to three (3) minutes.

Tracey Torrence, Southern Nevada Regional Housing Authority, I would just like to speak to the information indicating that we were a little sluggish or behind. What has happened at the Housing Authority is that we had gotten a new Procurement Director and that Director was terminated. What that does and how it affects us [Housing Authority], is when we send over requisitions for purchase orders those purchase orders were not put into place in a timely manner. Therefore, the invoices submitted were not paid and our bookkeeper cannot bill WC if the funds were not posted to the general ledger for the Housing Authority. Sometimes there is a 45-60 day turnaround. I can assure you [WC] that we are trying our best to push and stay on top of our finance department. Clients are being served we are just low on the draw down.

Jeannie Kuennen, *workforce*CONNECTIONS Program Coordinator-ADW, I just wanted to add on that we did a programmatic monitoring a couple weeks ago and we did see client services in the file, it is as Tracey had mentioned earlier, invoices not being paid on Housing Authority and then a delay in invoicing WC.

Agenda Item 16 - Adjournment: The meeting adjourned at 10:55 a.m.

Agenda Item #5: INFORMATION: Introduction of newly assigned Finance Manager.

James Kostecki

Agenda Item #6: DISCUSSION and POSSIBLE ACTION: PY2011 Revised Budget

workforceCONNECTIONS
PY2011 WIA Formula Budget
July 1, 2011 - June 30, 2012
(Revised March 1, 2012)

Revenue by Funding Stream	Approved	Revised	\$ Change	Available for LWB Operations		Service Providers	TOTAL
	Budget PY2011	Budget PY2011		10% Admin	16% Program		
Adult	5,660,975	5,660,975	-	566,098	905,756	4,189,121	5,660,975
Dislocated Worker	6,637,823	6,637,823	-	663,782	1,062,052	4,911,989	6,637,823
Youth	5,760,743	5,760,743	-	576,074	921,719	4,262,950	5,760,743
PY2010 Adult Budget Carry Forward	2,433,862	2,433,862	-	243,386	389,418	1,801,058	2,433,862
PY2010 Dislocated Worker Budget Carry Forward	443,620	443,620	-	44,362	70,979	328,279	443,620
PY2010 Youth Budget Carry Forward	2,905,927	2,905,927	-	290,593	464,948	2,150,386	2,905,927
Other Revenues (Interest)	1,250	1,250	-		1,250	-	1,250
Governor's Reserve - Strategic Initiative	75,000	75,000	-		75,000	-	75,000
Total Revenue by Funding Stream	\$ 23,919,200	\$ 23,919,200	\$ -	\$ 2,384,295	\$ 3,891,122	\$ 17,643,783	\$ 23,919,200
					\$ 6,275,417		

Notes:

1. PY2011 Revenues include additional DETR funding Adult \$478,408 and Dislocated Worker \$694,623.
2. Carry forward funds have been estimated for PY2010 in the amount of \$5,783,409. These fund estimates will be revised later this year when the A-133 audit is complete.
3. The Department of Labor allows local boards to expend up to 10% of their total allocation for administrative costs. WC also allocates 16% of the total allocation for program management and oversight.
4. WIA funds have a two year life at the local level and an additional year at the state level.

Service Providers/Contractors	Approved	Revised	\$ Change	Service Providers	TOTAL
	Budget PY2011	Budget PY2011			
Adult Services	5,990,179	5,990,179	-	5,136,759	5,136,759
Dislocated Worker Services	5,240,268	5,240,268	-	4,493,688	4,493,688
Strategic Initiative - Adult/Dislocated Worker				1,600,000	1,600,000
Youth Services	6,413,336	6,413,336	-	5,413,336	5,413,336
Strategic Initiative - Youth				1,000,000	1,000,000
Subtotal Service Provider/Contractors	\$ 17,643,783	\$ 17,643,783	\$ -	\$ 17,643,783	\$ 17,643,783

Administrative and Program Operating Expenditures - Board Staff

Expense Category	Approved	Revised	\$ Change	Admin	Program	Total
	Budget PY2011	Budget PY2011				
6260 Salaries	2,912,731	3,065,631	152,900	1,011,658	2,053,973	3,065,631
6265 Employee Fringe Benefits	1,019,456	1,072,971	53,515	354,080	718,891	1,072,971
6550 Employer Payroll Taxes	87,382	91,969	4,587	30,350	61,619	91,969
6100 Audit/Accounting Services	440,000	440,000	-	440,000	-	440,000
6120 Bank/Payroll Services	13,250	13,250	-	13,250	-	13,250
6130 Equipment/Furniture	200,000	200,000	-	58,000	144,000	200,000
6140 Equipment Repairs	5,000	5,000	-	1,400	3,600	5,000
6150 Legal Publication/Advertising	50,000	50,000	-	14,000	36,000	50,000
6160 Dues & Subscriptions	15,000	15,000	-	4,200	10,800	15,000
6170 Equipment Rental	20,000	20,000	-	5,600	14,400	20,000
6190 Insurance	45,000	45,000	-	12,600	32,400	45,000
6200 Janitorial & Maintenance	15,000	15,000	-	4,200	10,800	15,000
6210 Legal Fees	60,000	60,000	-	60,000	-	60,000
6230 License & Permits	5,000	5,000	-	1,400	3,600	5,000
6250 Office Supplies	25,000	25,000	-	7,000	18,000	25,000
6270 Postage & Delivery	5,000	5,000	-	1,400	3,600	5,000
6280 Printing & Reproduction	15,000	15,000	-	4,200	10,800	15,000
6285 Board Support & Travel	25,000	25,000	-	-	25,000	25,000
6290 Facility Rent/Lease	333,924	333,924	-	93,499	240,425	333,924
6300 Telephone	50,000	50,000	-	14,000	36,000	50,000
6305 Program Support Contracts	80,000	80,000	-	-	80,000	80,000
6306 Admin Support Contracts	55,000	80,000	25,000	80,000	-	80,000
6310 Travel - Staff	70,000	70,000	-	19,600	50,400	70,000
6320 Training & Seminars - Staff	65,000	65,000	-	18,200	46,800	65,000
6390 Utilities (included in Rent)	-	-	-	-	-	-
6440 Systems Communications Support	75,000	75,000	-	21,000	54,000	75,000
6500 Workforce Development Outreach	80,000	80,000	-	22,400	57,600	80,000
6700 Youth Program Activities	15,000	15,000	-	-	15,000	15,000
6720 Adult/DW Program Activities	15,000	15,000	-	-	15,000	15,000
6130-11 NVTrac - Data Tracking System	140,000	140,000	-	-	140,000	140,000
6850 Strategic Initiative	338,674	102,672	(236,002)	-	102,672	102,672
Subtotal Operating Expenditures	6,275,417	6,275,417	-	2,290,037	3,985,380	6,275,417
Total Expenditures	23,919,200	23,919,200		2,290,037	3,985,380	17,643,783
Fund Balance	\$ -	\$ -		\$ 94,258	\$ (94,258)	\$ -

Agenda Item #7: INFORMATION: PY2011 Revised Budget Narrative

**Workforce Connections
Program Year 2011
WIA Formula Budget Narrative**

Workforce Connections is responsible for providing management and oversight of the Workforce Investment Area's employment and training programs and services. The Board's staff provides direct support to the Workforce Investment Area by carrying out the Board's operations plans. Staff responsibilities include implementing Board policies and establishing techniques and methods to achieve the Board's mission. Staff administers and oversees all internal administrative service provisions, including program administration, management analysis and administration support for the Workforce Investment Board.

Revenues:

Workforce Investment Act (WIA) Program Year PY 2011 revised allotted funds were awarded in the amount of \$18,059,541. Allocated (revised) among the three funding streams: Adult - \$5,660,975; Dislocated Worker-\$6,637,823; and Youth - \$5,760,743.

Due to Congressional change in states WIA formula allocations, an additional 10% of adult and dislocated worker funds were reallocated for distribution to Local Workforce Investment Areas. As such, Workforce Connections received an additional \$478,408 in the adult category and \$694,623 in the dislocated worker category.

Because of Workforce Connections' exceptional program services delivery, all established performance measures were met or exceeded during PY2010. As such, an incentive award of \$75,000 was allocated to Workforce Connections in recognition of outstanding workforce development services oversight and delivery.

The overall funding for the PY 2011 was increased by \$1,385,123 (0.92%), compared to the Program Year 2010 WIA allocation which was \$16,749,418.

Other anticipated funding includes operating carry forward funds from Program Year 2010 WIA allocation of approximate \$5,783,409.

Total budgeted revenues for PY 2011 are \$23,919,200.

Expenditures – Service Providers/Contractors/Vendors:

On June 28th, 2011, the board of directors approved the Adult and Dislocated Worker PY2011 contracts. The approved board funding awards were: \$2,475,000 for Green Economy Sector contracts; \$2,475,000 for Healthcare Sector contracts; and \$2,450,000 for incumbent service providers' contracts. The Board of Directors also approved the Youth PY2011 contracts in the amount of \$2,000,000 for Year-Round services and \$250,000 for Youth Tri-County Coalition contracts.

Administrative and Program Operating Expenditures – Board Staff:

The Department of Labor allows local workforce investment boards to expend up to 10% of their total formula funding allocation for administrative services. For programmatic operations and oversight, over the last four years, the board of directors have allocated 16% of the total budget allocation. Such operational and management oversight include but not limited to:

- Providing technical assistance to contracted service providers
- Tracking and monitoring of participating clients and performance outcome
- Program oversight and monitoring of service provider contracts

Note: A number of these expense categories were initially decreased in comparison to the PY2010 budget allocation. Although such budget line decreases were appropriate at the time of recommendation, the economic and job training markets have driven staff to make some adjustments in a few budget line items. This overall budget line item reductions in the initial approved budget were due to the exhaustion of the American Reinvestment and Recovery Act (ARRA) funding that was received in PY 2009 with a carry forward allocation to the PY 2010.

6260 - Salaries: \$3,065,631 – an increase of \$152,900. Even though capacity has been added in the area Workforce Connections' staffing over the last couple of program years, management anticipates adding a few more positions during this program year in various areas to include but not limited to fiscal, adult and dislocated program staff, and contract administration. A decision was made to hire three new full-time employees for Adult/Dislocated Worker and Youth Programs, Paid Time Off (PTO) buybacks, and Executive Director's final check.

6265 - Employee Fringe Benefits: \$1,072,971 – an increase of \$53,515. Employee benefits include medical, dental and life insurance, as well as other benefits like employer paid Public Employees Retirement System (PERS) contributions. A rate of 35% of the total salaries has typically been used to calculate the fringe benefits. This increase is due to an addition in staff salaries.

- 6550 - Employer Payroll Taxes: \$91,969 – an increase of \$4,587.** The employer payroll tax average rate is 3% of the total salaries. As indicated in budget line items 6260 and 6265, this increase is due to an addition in staff salaries and associated benefits.
- 6100 - Audit/Accounting Services: \$440,000.** This line item includes the cost of the A-133 audit as well as extended accounting and financial consulting and technical support which were not budgeted in the prior program year. Because of the agency's significant fiscal challenges, this additional increase is due to the anticipation of accounting and auditing consultants to assist staff throughout the program year.
- 6120 Bank/Payroll Services: \$13,250.** This was a prior year (PY2010) decrease of \$4,000; however with a noted U.S. Department of Labor (DOL) finding, an interest bearing account must be established which will be an additional cost of banking operations. This line item is for various banking services which include wire transfers and ACH payments and payroll services provided. We believe actual expenditures for PY2011 will result in more additional costs than those reflected in the previous program year.
- 6130 Equipment/Furniture: \$200,000.** With a classification change in this line item during the previous program year, this line item held steady with no increase in the initial budget allocation. Due to the increased operations requirement, this line item includes the costs for additional equipment/furniture, e.g., computers, servers, furniture, etc., for administrative and programmatic support staff.
- 6140 Equipment Repairs: \$5,000.** This line item is for normal wear and tear or unanticipated equipment repair or breakdowns. There is a prior year decrease on this line due to the actual expenditures for PY2010 being lower than the budgeted amount. We do not anticipate expenditures increasing this program year and have reduced the budget line to reflect a more accurate expectation of expenses based on prior years' history.
- 6150 Legal Publication/Advertising: \$50,000.** This line item represents legal publication, i.e., job postings, Request for Proposals and controlled advertisements.
- 6160 Dues and Subscriptions: \$15,000.** This line item serves to establish memberships in trade and technical associations that benefit Workforce Connections' outreach and oversight initiatives, and offers valued key contacts for workforce/economic development and technical information support.

- 6170 Equipment Rental: \$20,000.** This line item is allocated for continuing existing leases on copiers and postage meter equipment, and any rental equipment needed in daily operations.
- 6190 Insurance: \$45,000.** Allocated costs for Board liability insurance such as workers' compensation, general business liability and Board directors and officers' omission and errors liability. This line also provides insurance for our green training vehicle.
- 6200 Janitorial and Maintenance: \$15,000.** This line item is allocated for any janitorial services or repairs needed to Workforce Connections' administration offices. This budget line element also provides funds for repairs to our green training vehicle.
- 6210 Legal Counsel Fees: \$60,000.** This budget allocation is for legal services in areas such as board and official open meetings preparation, i.e., review of agendas and contract agreements, and review of RFPs and policies.
- 6230 License and Permits: \$5,000.** This line item is allocated for software licenses and permits associated with new computers or purchased upgrades for current software.
- 6250 Office Supplies: \$25,000.** This line item is allocated for various office supplies needed for every day operations.
- 6270 Postage and Delivery: \$5,000.** Postage and mail delivery costs include such activities as routine postage, courier delivery service, and Federal Express delivery. Staff's progressive use of electronic mail has led to a reduction in postage and delivery expenditures.
- 6280 Printing and Reproduction: \$15,000.** This item includes local office copier costs on leased copy equipment and other ancillary copying and printing costs associated with Board administration and daily operations.
- 6285 Board Support and Travel: \$25,000.** This budget allocation is primarily used for Board members' travel to grant, and support business activities tied to WIA requirements. This allocation also includes costs associated with facility costs tied to board and committee meetings
- 6290 Facility Rent/Lease: \$333,924.** The allocation has increased due to Workforce Connections' anticipation of acquiring additional office space for operational staff in support of the Board's capacity building in critical administrative and programmatic functions.

- 6300 Telephone: \$50,000.** This budget item is designated for all activities related to telephone services, i.e., local and long distance phone charges and wireless communication
- 6305 Program Support Contracts: \$80,000.** This line item represents the agency's programmatic progress in supporting awarded contracts and workforce development initiatives in the form of professional agreements and temporary staffing with focus on WIA grant performance and system data support activities.
- 6306 Admin Support Contracts: \$80,000 – an increase of \$25,000.** This item is for administrative support contracts, including professional agreements and temporary staffing with focus on WIA grant fiscal management and personnel management. This increase will fund the contractor hired to assist in the Executive Director search.
- 6310 Travel (Staff): \$70,000.** Local and out-of-town staff travel for grant related matters such as WIA State and USDOL sponsored training and conferences. This line item also covers travel for staff training on an array of programmatic and fiscal activities, as well as local and rural areas site reviews and monitoring visits to ensure compliance with WIA initiatives and work plans.
- 6320 Training and Seminars (Staff): \$65,000.** This item is designated for staff training/seminars for both local and out-of-town locations. For example, financial management, program and systems management and oversight training and seminars/conferences which focus on grant support activities.
- 6390 Utilities: \$0.** This budget line has been reduced to zero because the cost of utilities is included in the monthly lease agreement.
- 6440 Systems Communications Support: \$75,000.** This allocation is to support systems such as data backup, T-1 lines and web hosting for internal e-mail support.
- 6500 Workforce Development Outreach Initiatives: \$80,000.** This line item represents business/employer outreach initiative to attract businesses and establish partnerships for workforce development and employer services initiatives.
- 6700 Youth Program Activities: \$15,000 –** This budget line is for youth program activities outside of daily operations such as service provider trainings and various youth conferences and summits.
- 6720 Adult/DW Program Activities: \$15,000 -** This budget line is for adult and dislocated worker program activities outside of daily operations such as service provider trainings and various employability conferences.

6130-11 NVTrac - : \$140,000. This budget line is for contractual expenditures related to the completion of the NVTrac data tracking system. This system will replace NJCOS which is the current system used to track participant data and serve as a reporting tool.

6850 Strategic Initiatives: \$102,672 – a decrease of \$238,002 – This item was created to utilize and tract strategic projects in support of workforce initiatives with detailed tactics and strategies in response to unanticipated high demand workforce needs. This decrease will fund the Executive Director search, three new full-time employees for Adult/Dislocated Worker and Youth Programs, Paid Time Off (PTO) buybacks, and Executive Director's final check.

Agenda Item #8: INFORMATION: Budget vs. Actual Finance Report (Workforce Connections Operations)

Workforce CONNECTIONS

JANUARY YTD 2012

For the Period : July 1 '2011 through June 30' 2012 (Formula W1)

Line Item Number	Operating Expenses	ACTUAL EXPENSES				% OF PROGRAM YEAR CONCLUDED			
		Admin		Program		BUDGET AUTHORITY REMAINING		% Expended from Budget	
		Total	Admin	Program	Total	Admin	Program	Admin	Total
6260	Salaries - Operations	1,011,858	2,053,973	3,065,631	605,137	1,070,282	1,675,419	406,521	983,691
6265	Employee Fringe Benefits - Ops	354,080	718,891	1,072,971	165,816	300,713	466,529	188,264	418,178
6550	Employer Payroll Taxes - Ops	30,350	61,619	91,969	12,270	21,486	33,756	18,080	40,133
6100	Audit/Accounting Services	440,000	0	440,000	240,969	0	240,969	198,031	0
6120&6125	Bank/Payroll Services	13,250	0	13,250	2,554	0	2,554	10,696	0
6130-6139	Equipment/Furniture/Capitalized Prof Fees	56,000	144,000	200,000	29,427	60,662	90,089	26,573	83,338
6130-11	NV Trac Data Tracking Systems	0	140,000	140,000	0	113,677	113,677	0	26,323
6140	Equipment Repairs	1,400	3,600	5,000	0	0	0	1,400	3,600
6150	Legal Publication/Advertising	14,000	36,000	50,000	3,917	9,976	13,893	10,083	26,024
6160	Dues & Subscriptions	4,200	10,800	15,000	2,573	4,593	7,166	1,627	6,207
6170	Equipment Rental	5,600	14,400	20,000	4,304	7,538	11,842	1,296	6,882
6190	Insurance	12,600	32,400	45,000	1,771	3,650	5,421	10,829	28,750
6200	Janitorial & Maintenance	4,200	10,800	15,000	893	1,749	2,642	3,307	9,051
6210	Legal Fees	60,000	0	60,000	16,809	0	16,809	43,191	0
6230	License & Permits	1,400	3,600	5,000	869	1,125	1,994	531	2,475
6250	Office Supplies	7,000	18,000	25,000	3,956	7,630	11,586	3,044	10,370
6270	Postage & Delivery	1,400	3,600	5,000	681	1,398	2,079	719	2,202
6280	Printing & Reproduction	4,200	10,800	15,000	2,674	5,009	7,684	1,528	5,791
6285	Board Support & Travel	0	25,000	25,000	0	2,585	2,585	0	22,415
6290	Facility Rent/Lease	93,499	240,425	333,924	73,132	124,749	197,881	20,367	115,676
6300	Telephone	14,000	36,000	50,000	7,605	14,042	21,647	6,395	21,958
6305	Program Support Contracts	0	80,000	80,000	0	42,988	42,988	0	37,012
6306	Admin Support Contracts	80,000	0	80,000	33,634	0	33,634	46,366	0
6310	Travel - Staff	19,600	50,400	70,000	5,555	10,758	16,313	14,045	39,642
6320	Training & Seminars - Staff	18,200	46,800	65,000	5,188	12,260	17,448	13,012	34,540
6440	Systems Communication Support	21,000	54,000	75,000	13,183	25,630	38,813	7,817	28,370
6500	Workforce Development Outreach	22,400	57,600	80,000	10,816	20,313	31,129	11,584	37,287
6700	Youth Program Activities	0	15,000	15,000	0	10,488	10,488	0	4,512
6720	Adult/DW Program Activities	0	15,000	15,000	0	6,107	6,107	0	8,993
6850	Strategic Initiative (Operations)	0	102,672	102,672	0	0	0	0	102,672
Total		2,290,037	3,985,380	6,275,417	1,243,732	1,879,411	3,123,142	1,046,305	2,105,989
									3,152,275
									54.31%



Agenda Item #9: INFORMATION: PY2011 Awards & Expenditures – Monthly Update

workforce CONNECTIONS
Awards and Expenditures
Program Year 2011 Adult/Dislocated Worker Programs
As of February 29, 2012

% of Program Year Completed **58.33%**

WIA PY11 Adult and Dislocated Worker Green Sector

Provider	Contract Award	Adult Expenditures	DW Expenditures	Total Invoiced	% Spent	Remaining Balance
Bridge Counseling Associates	\$ 500,000.00	\$ 107,894.83	\$ 101,180.31	\$ 209,075.14	41.82%	290,924.86
GNJ Family Life Center	\$ 600,000.00	\$ 206,609.23	\$ 120,190.36	\$ 326,799.59	54.47%	273,200.41
Goodwill of Southern Nevada	\$ 600,000.00	\$ 184,775.24	\$ 85,067.31	\$ 269,842.55	44.97%	330,157.45
Latin Chamber Foundation	\$ 600,000.00	\$ 125,044.48	\$ 110,953.89	\$ 235,998.37	39.33%	364,001.63
Nevada Partners, Inc	\$ 600,000.00	\$ 186,400.05	\$ 171,259.81	\$ 357,659.86	59.61%	242,340.14
So. NV Regional Housing Authority	\$ 175,000.00	\$ 19,695.36	\$ 19,595.02	\$ 39,290.38	22.45%	135,709.62
Total	\$ 3,075,000.00	\$ 830,419.19	\$ 608,246.70	\$ 1,438,665.89	46.79%	1,636,334.11
		58%	42%			

WIA PY11 Adult and Dislocated Worker Health Sector

Provider	Contract Award	Adult Expenditures	DW Expenditures	Total Invoiced	% Spent	Remaining Balance
CCSD - Desert Rose	\$ 500,000.00	\$ 6,393.00	\$ -	\$ 6,393.00	1.28%	493,607.00
Foundation for an Independent Tomorrow	\$ 600,000.00	\$ 202,899.51	\$ 202,913.74	\$ 405,813.25	67.64%	194,186.75
Latin Chamber Foundation	\$ 600,000.00	\$ 139,393.73	\$ 87,322.22	\$ 226,715.95	37.79%	373,284.05
Nevada Hospital Association	\$ 600,000.00	\$ 22,250.42	\$ 144.52	\$ 22,394.94	3.73%	577,605.06
Nevada Partners, Inc	\$ 600,000.00	\$ 130,268.65	\$ 74,911.33	\$ 205,179.98	34.20%	394,820.02
So. NV Medical Industry Coalition	\$ 600,000.00	\$ 305,192.41	\$ 79,221.78	\$ 384,414.19	64.07%	215,585.81
So. NV Regional Housing Authority	\$ 175,000.00	\$ 30,421.44	\$ 35,002.59	\$ 65,424.03	37.39%	109,575.97
Total	\$ 3,675,000.00	\$ 836,819.16	\$ 479,516.18	\$ 1,250,911.31	34.04%	2,249,088.69
		67%	38%			

WIA PY11 Adult and Dislocated Worker Rural Services

Provider	Contract Award	Adult Expenditures	DW Expenditures	Total Invoiced	% Spent	Remaining Balance
Nye Communities Coalition	\$ 750,000.00	\$ 197,312.45	\$ 152,047.59	\$ 349,360.04	46.58%	400,639.96
Total	\$ 750,000.00	\$ 197,312.45	\$ 152,047.59	\$ 349,360.04	46.58%	400,639.96
		56%	44%			

WIA PY11 Internal Programs and To Be Allocated Amounts

Contract	Contract Award	Adult Expenditures	DW Expenditures	Total Invoiced	% Spent	Remaining Balance
Pride	\$ 500,000.00	\$ 445,797.53	\$ -	\$ 445,797.53	89.16%	54,202.47
Strategic Initiative	\$ 1,600,000.00	\$ -	\$ -	\$ -	0.00%	1,600,000.00
To be allocated	\$ 1,630,447.00	\$ -	\$ -	\$ -	0.00%	1,630,447.00
Total	\$ 3,730,447.00	\$ 445,797.53	\$ -	\$ 445,797.53	11.95%	\$ 3,284,649.47
		0%	0%			
Total PY11 Adult/DW	11,230,447.00	2,310,348.33	1,239,810.47	3,484,734.77	31.03%	7,570,712.23
		66%	36%			

workforce CONNECTIONS
Awards and Expenditures
Program Year 2011 WIA Formula
As of February 29, 2012

WIA PY11 Youth General	% of Program Year Completed (15 Month Contracts)				46.67%
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Provider	Contract Award	Youth In-School Expenditures	Youth Out-Of-School Expenditures	Total Invoiced	% Spent	Remaining Balance
CCSD - Desert Rose	\$ 362,000.00	\$ 17,780.00	\$ -	\$ 17,780.00	4.91%	344,220.00
HELP of Southern Nevada	\$ 713,000.00	\$ 96,831.22	\$ 168,063.13	\$ 264,894.35	37.15%	448,105.65
Nevada Partners	\$ 500,000.00	\$ 94,326.41	\$ 94,443.21	\$ 188,769.62	37.75%	311,230.38
Nye Communities Coalition (Year Round)	\$ 300,000.00	\$ 40,520.03	\$ 23,250.18	\$ 63,770.21	21.26%	236,229.79
Nye Communities Coalition (Summer)	\$ 48,514.00	\$ 34,427.16	\$ 14,019.15	\$ 48,446.31	99.86%	67.69
So. NV Children First	\$ 125,000.00	\$ 16,979.33	\$ 22,919.11	\$ 39,898.44	31.92%	85,101.56
Total	\$ 2,048,514.00	\$ 300,864.15	\$ 322,694.78	\$ 623,558.93	30.44%	1,424,955.07
		48%	52%			

WIA PY11 Youth Tri County

Provider	Contract Award	Youth In-School Expenditures	Youth Out-Of-School Expenditures	Total Invoiced	% Spent	Remaining Balance
Lincoln County School District (Tri-County)	\$ 100,000.00	\$ 6,982.93	\$ 11,582.93	\$ 18,565.86	18.57%	81,434.14
Nye Communities Coalition (Tri-County)	\$ 150,000.00	\$ 19,546.37	\$ 9,384.97	\$ 28,931.34	19.29%	121,068.66
Total	\$ 250,000.00	\$ 26,529.30	\$ 20,967.90	\$ 47,497.20	19.00%	\$ 202,502.80
		56%	44%			

WIA PY11 Internal Programs and To Be Allocated Amounts

Provider	Contract Award	Youth In-School Expenditures	Youth Out-Of-School Expenditures	Total Invoiced	% Spent	Remaining Balance
RFL Graduate Advocate Initiative	\$ 900,000.00	\$ 252,555.38	\$ -	\$ 252,555.38	28.06%	647,444.62
Youth Green - TBD	\$ 500,000.00	\$ -	\$ -	\$ -	0.00%	500,000.00
Youth HealthCare - TBD	\$ 500,000.00	\$ -	\$ -	\$ -	0.00%	500,000.00
Strategic Initiative	\$ 1,000,000.00	\$ -	\$ -	\$ -	0.00%	1,000,000.00
To be allocated	\$ 1,214,822.00	\$ -	\$ -	\$ -	0.00%	1,214,822.00
Total	\$ 4,114,822.00	\$ 252,555.38	\$ -	\$ 252,555.38	6.14%	3,862,266.62
		100%	0%			
Total Youth	6,413,336.00	579,948.83	343,662.68	923,611.51	14.40%	5,489,724.49
		63%	37%			

workforce CONNECTIONS
Awards and Expenditures
As of February 29, 2012

WIA PY10/PY11 Governor's Reserve Youth

Provider	Contract Award	Total Invoiced	% Spent	Remaining Balance
Clark County - Summer Business Institute	\$ 299,028.00	\$ 260,471.92	87.11%	38,556.08
Nevada Public Education Foundation	\$ 645,000.00	\$ 644,999.30	100.00%	0.70
Total	\$ 944,028.00	\$ 905,471.22	95.92%	\$ 38,556.78

WIA PY10 Internal Programs Ongoing

	Contract Award	Total Invoiced	% Spent	Remaining Balance
Caliente	\$ 246,206.00	\$ 166,934.96	67.80%	79,271.04
Total	\$ 246,206.00	\$ 166,934.96	67.80%	\$ 79,271.04

Direct A/DW Grants

Provider	Contract Award	Total Invoiced	% Spent	Remaining Balance
Department of Justice - Get Out	\$ 692,096.00	\$ 443,866.38	64.13%	248,229.62
Health Resources and Services Admin. (HRSA)	\$ 140,509.00	\$ 103,129.02	73.40%	37,379.98
Layoff Aversion	\$ 210,000.00	\$ 56,169.60	26.75%	153,830.40
State Energy Sector Partnership (SESP)	\$ 4,050,000.00	\$ 1,571,381.79	38.80%	2,478,618.21
Youth Build PY09 - CCSD - Desert Rose	\$ 161,559.99	\$ 161,559.11	100.00%	0.88
Youth Build PY09 - GNJ Family Life Center	\$ 711,000.00	\$ 552,338.93	77.68%	158,661.07
Youth Build PY09 - WC	\$ 227,440.01	\$ 222,651.62	97.89%	4,788.39
Youth Build PY11 - CCSD Desert Rose	\$ 158,584.00	\$ -	0.00%	158,584.00
Youth Build PY11 - WC	\$ 941,416.00	\$ 200,792.16	21.33%	740,623.84
Total	\$ 7,292,605.00	\$ 3,311,888.61	45.41%	\$ 3,980,716.39

Reported By: Sylvia Spencer
Prepared By: Valerie Sims

Program: July 1, 2011 to June 30, 2012

General overview/synopsis: The goal for the re-entry youth participants released from the Caliente Youth Center are to provide them with case management, counseling, job development, workshop facilitation, referral services, supportive services and soft skills training.

Month: January 2012

Program Statistics Snap-shot:

#Enrolled in Post-Secondary School: 2

#Enrolled in High School/Adult High School: 6

#Employed: 10

#Active Participants: 33

#Active CYC bound: 2

#Pending registration: 0

Agenda Item #10: INFORMATION: Program Year 2009 Audit Findings Status Update

workforce CONNECTIONS

Audit Findings for PY2009
(Year Ended June 30, 2010)

Monthly Status Report
March 2012

Finding	Type	Description	Target Date	Audit				
				PY2009 ended 6/30/2010 (4/29/2011)	PY2008 ended 6/30/2009 (06/08/2010)	PY2007 ended 6/30/2008 (09/22/2009)	PY2006 ended 6/30/2007 (07/22/2008)	
10-1	Financial Reporting	Lack of Policy and Procedures and GAAP adherence - improved from last year but still lacks effective policy and procedures	March / April 2012	X	X	X	X	
		Status: A schedule of monthly financial reviews was developed and implemented; responsibilities were assigned to staff members; and the Financial Manager has final review and approval. A new financial system will be implemented beginning September 2011. The system will improve the entry and reporting of financial data as well as assist in the implementation of more control and						
		Action: Sept 2011 - Completed configuration of the new financial system, began staff training, and determine original staff assignments.						
		Action: Nov 2011 - Completed coding of July through October transactions.						
		Action: Mar 2012 - Continue to reconcile Quickbooks with the new financial system, review staff assignments and make changes as needed.						
10-2	Financial Reporting	Lack of insufficient skills and knowledge to perform governmental accounting utilizing GAAP - improved from last year but still needs improvement	February 2012	X	X	X	X	
		Status: The new CFO will provide the expertise necessary to provide the skills and knowledge that have been needed. In addition, we are in the process of configuring the new financial system.						
		Action: Aug 2011 - Finalized the job description, including CFO Committee suggestions.						
		Update: Sept 2011 - The job announcement was issued 9/2/2011 for the CFO vacancy. The deadline for applications is 9/30/2011.						
		Action: Oct 2011 - Reviewed applications and scheduled telephone interviews with candidates and CFOs for November 10, 2011.						
10-2	Financial Reporting	Action: Nov 2011 - Held telephone interview with four CFO candidates.						
		Action: Jan 2012 - Postpone CFO Search until Spring, begin search for new Finance						
		Action: Mar 2012 - New Financial Manager hired February 27, 2012.						

workforce CONNECTIONS

Audit Findings for PY2009
(Year Ended June 30, 2010)

Monthly Status Report
March 2012

Finding	Type	Description	Target Date	Audit				
				PY2009 ended	PY2008 ended	PY2007 ended	PY2006 ended	
				6/30/2010	6/30/2009	6/30/2008	6/30/2007	
				(4/29/2011)	(06/08/2010)	(09/22/2009)	(07/22/2008)	
10-3	Federal Grants	SEFA schedules did not agree with supporting records or documentation Status: With the assistance of the auditors, the SEFA was updated in April 2011. The SEFA will be finalized for year end when the final invoices are due on August 31. The report is now 100% Action: Sept 2011 - Complete the preliminary PY10 SEFA for the year ending Action: Nov 2011 - Finalize PY10 SEFA for the final audit - file to auditors on Dec 2. Action: Mar 2012 - Continue to Update and Reconcile PY11 SEFA to the new FE Financial System. Action: Ongoing - Update and reconcile the PY11 SEFA each month through year end.	October 2011	X	X	X	X	
10-4	Federal Grants	Grant funds expended for purposes other than the purpose specified in drawdown. Status: The SEFA has been kept up-to-date since April 2011. This results in improved drawdown calculations and reduces discrepancies. Action: Sept 2011 - An ending fund balance worksheet was developed to ensure that balances reflected on the drawdown documents are accurate. Action: Mar 2012 - Continue to update the PY11 SEFA worksheet ensuring that discrepancies between the drawdown requests and the actual expenditures are identified in a timely manner. Action: Ongoing - the SEFA must be kept up-to-date monthly to ensure accuracy.	May 2011	X	X			
10-5	Federal Grants	Funding federal grants in advance - excessive time elapsed between receipt of funds and disbursement of funds Status: It currently takes DETR one to three weeks to process a drawdown request. Because Workforce Connections does not have cash available to pay expenditures and then request reimbursements, cash management can be very difficult. Action: Aug 2011 - The Deputy Director discussed with DETR the delays in the drawdown review and payment process. WC is now seeing a reduction in the wait time now one to two weeks on average instead of three. Action: Dec 2011 - Review the split between programs for the operations drawdowns. Action: Mar 2012 - Continued the implementation of a new working capital balance draw process that allows weekly reimbursement of expenses. Implement program draw percentages based on prior month's cost allocation. Action: Ongoing - The Finance Manager, CFO, and Deputy Director will continue to work with DETR to review the drawdown payment process.	March 2012	X				

workforce CONNECTIONS

Audit Findings for PY2009
(Year Ended June 30, 2010)

Monthly Status Report
March 2012

Finding	Type	Description	Target Date	Audit				
				PY2009 ended	PY2008 ended	PY2007 ended	PY2006 ended	
				(4/29/2011)	(06/08/2010)	(09/22/2009)	(07/22/2008)	
		Funding federal grants in advance - excessive time elapsed between receipt of funds and disbursement of funds (continued) Status: The updated monthly SEFA process has corrected the delayed payment processing for subrecipients. After a preliminary review, the drawdowns are requested from DETR. While waiting for payment, the documents are reviewed by program staff for allowable costs and then by finance staff for accuracy of the calculations and account coding. Action: Feb 2012 - Continue to update the PY11 SEFA worksheet as drawdowns occur. Action: Ongoing - continue to review the process to ensure that documents are processed and paid in a timely manner.	August 2011					
10-6	Federal Grants	Request of funds should be complete and accurate - Improved from last year but still needs improvement Status: New forms were developed that ensures two fiscal staff reviews of the drawdown calculations and a new spreadsheet was developed to increase the accuracy of the ending balance Action: Dec 2011 - Sample provider requests to determine the impact of the new form on accuracy and whether program and financial reviews and approvals are taking place. Action: Ongoing - continue to evaluate the drawdown process and make improvements as necessary.	August 2011	X	X	X	X	
10-7	Federal Grants	ARRA - timely reporting of quarterly reports Status: All of the ARRA funds have been expended and there are no more reports due. The June 30, 2011 report was submitted within the 10 day deadline. Action: Aug 2011 - Two ARRA reports were due for June 30, 2011. Both were Action: Oct 2011 - One final ARRA report was submitted on time for the Youthbuild Action: Mar 2012 - Compare final ARRA audit reconciliation with quarterly reports and adjust as necessary. Action: Ongoing - ARRA accounts need to be reconciled and the bank account closed.	July 2011	X				
10-8	Federal Grants	Verification of CCR Registration, including DUNS number for sub-recipients - not obtained on sub-awards. Status: A monitoring report was developed that tracks the CCR registration number, expiration date, and the DUNS numbers. This worksheet is updated monthly. This information will be attached to every new contract effective July 2011. Action: Mar 2012 - CCR registrations updated through 2/29/2012. Action: Ongoing - monthly follow-up is needed to ensure all registrations are current.	July 2011	X	X			

workforce CONNECTIONS

Audit Findings for PY2009
(Year Ended June 30, 2010)

Monthly Status Report
March 2012

Finding	Type	Description	Target Date	Audit					
				PY2009	PY2008	PY2007	PY2006		
				ended	ended	ended	ended		
				(4/29/2011)	(06/08/2010)	(09/22/2009)	(07/22/2008)		
10-9	Federal Grants	Sub-recipients awards did not contain the required information	July 2011	X	X		X		
		Status: A contract template was developed for July 2011 contracts that ensures all data elements will be collected from each service provider. Regarding the failure to identify ARRA funding, there will be no more ARRA contracts issued since all funds have been expended.							
		Action: Sept 2011 - A contract checklist was developed for PY11 contracts to ensure all data elements are collected. The contracts will be processed this month.							
		Action: Mar 2012 - Review recently executed contracts to ensure new check lists are complete and all data elements are collected.							
		Action: Ongoing - Ensure all future contracts contain data.							
10-10	Federal Grants	Monitoring of sub-recipients were not performed	August 2011	X	X				
		Status: The Department of Labor requires annual financial reviews of subrecipients. Our policy will be updated to require an annual review of all recipients. A monitoring spreadsheet has been developed to track all findings from PY10. The outstanding findings are followed up on and payments will be held for those subrecipients with outstanding findings.							
		Action: Aug 2011 - the Board approved the policy change from semi-annual reviews to annual reviews on 8/23/2011.							
		Action: Oct 2011 - Three providers have outstanding monitoring findings. Two providers are scheduled to complete their projects by 10/31/2011 and have been notified that the questionable costs will be unallowable if they are not successful. A third provider has been placed into high risk status and a plan of action has been notified that the questionable costs are determined to be unallowable and that sanctions are pending. A second provider placed into high risk status in September has decided not to contract with WC for PY2011. Their letter of intent was extended through Jan 2012 to allow transition of clients to the new service provider.							
		Action: Dec 2011 - One provider has been removed from Pink Paper status by submitting late invoices, a quarterly report, and updating their cost allocation model. Three providers received Pink Papers regarding their late October 31 prior year close out documents and one for late invoices.							
		Action: Feb/Mar 2012 - Begin the annual fiscal monitoring of all service provider contracts.							
		Action: Ongoing - Schedule monitoring visits for PY11 and late invoices.							

workforce CONNECTIONS

Audit Findings for PY2009
(Year Ended June 30, 2010)

Monthly Status Report
March 2012

Finding	Type	Description	Target Date	Audit			
				PY2009 ended 6/30/2010 (4/29/2011)	PY2008 ended 6/30/2009 (06/08/2010)	PY2007 ended 6/30/2008 (09/22/2009)	PY2006 ended 6/30/2007 (07/22/2008)
10-11	Federal Grants	<p>Financial reporting of Form ETA 9130 -- timely submissions</p> <p>Status: A spreadsheet was developed for monitoring all report due dates and two fiscal staff are required to monitor the spreadsheet to ensure every report is submitted in advance of its deadline.</p> <p>Action: Aug 2011 - One quarterly report was late for the June 30, 2011 reporting period due to a miscommunication regarding the report timeline. In the future, all notice of awards (NOA) will be reviewed for their reporting deadlines by the Financial Manager. The deadlines will be entered on the calendar with reminders to the assigned staff member and the Financial Manager. The Financial Manager will physically review the submitted reports prior to the deadline and update the status on the report tracking</p> <p>Action: Nov 2011 - Quarterly direct grant reports are submitted in a timely manner.</p> <p>Action: Jan/Feb 2012 - Quarterly direct grant reports were completed with deadlines.</p> <p>Action: Ongoing - weekly monitoring must continue to take place to ensure reports meet all deadlines.</p>	July 2011	X			
	Other	<p>Audit not completed by due date (within 9 months).</p> <p>Status: In August, Percy Bowler was selected for the PY10 audit for the year ending 06/30/2011. The final audit must be complete by March 31, 2012.</p> <p>Action: Nov 2011 - Preliminary field work was rescheduled to begin November 15.</p> <p>Action: Nov 2011 - A list of schedules and required documentation to be collected prior to the audit was provided by PBTK.</p> <p>Action: Nov 2011 - Discuss with PBTK outstanding requests to ensure the timely completion of the audit.</p> <p>Action: Feb 2012 - Exit interview held with Executive and Deputy Directors.</p> <p>Action: Feb 2012 - Final Audit completed.</p> <p>Action: Feb 2012 - Request for Proposal for Audit Services for the June 30, 2012 audit was issued.</p> <p>Action: All months - The Finance Manager will track all auditor's requests for data or documentation. Requests will be responded to within two days or email will be sent with projected completion date (Ardell/CFO will be copied on all emails and responses).</p>	February 2012	X	X	X	X

Agenda Item #11: INFORMATION: Financial Edge System Implementation Update

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Financial Edge (FE) System Implementation Schedule

Monthly Status Report February 2012

Type	Description	Target Date
Implementation	Configuration of New Financial Edge Software	September 2011
	Status: Continue to work on the configuration and implementation of the new financial system.	
	Action: Sept 2011 - The test environment has been configured and now is available for staff training.	
	Action: Sept 2011 - The Financial Manager completed the configuration of the new financial system.	
Training	Staff Training in the Finance Department	September 2011
	Status: Staff will begin training in a temporary test environment of the new Financial Edge software system.	
	Action: Sept 2011 - The Financial Manager will prepare training plans for each of the staff including deadlines and progress reports.	
	Action: Sept 2011 - Staff will work with online training tools including webinars provided by the vendor.	
	Action: Sept 2011 - Staff will review online user guides and training manual.	
	Action: Sept 2011 - Staff will subscribe to Financial Edge's how-to emails that provide tips and tricks on using their software.	
	Action: Sept 2011 - Staff will practice entry and processing in the test environment of the new system.	
	Action: Oct 2011 - Staff will continue practice during the first week of October in the test environment of the new system.	
Implementation	Begin Startup of Financial Edge Software	January 2012
	Status: Begin the dual entry of documents into the live version of Financial Edge.	
	Action: Oct 2011 - Coding the July Quickbooks entries began in October however input was delayed.	
	Action: Nov 2011 - Coded the Quickbooks entries for August through October, however input entry was delayed.	
	Action: Jan 2012 - Staff input, proof, reconcile to QuickBooks, and then close the month of <u>July</u> in the new system.	

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Financial Edge (FE) System Implementation Schedule

Monthly Status Report February 2012

Type	Description	Target Date
Implementation	Complete Startup of Financial Edge Software	March 2012
	Status: Complete the dual entry of documents into the live version of Financial Edge.	
	Action: Feb/Mar 2012 - Continue to reconcile to QuickBooks the months of August through December in the new system.	
	Action: Mar 2012 - Develop new financial reports in QuickBooks.	
Implementation	Implementation of the WebPortal and Web Invoicing Modules	July 2012
	Status: Implement Financial Edge's WebPortal Module that allows for the online requisitioning of supplies and materials.	
	Action: Feb 2012 - The Financial Manager will complete the configuration of the new financial module.	
	Status: Implement the Web Invoicing module that allows online approval routing of employee reimbursements.	
	Action: Feb 2012 - IT will install the new financial module.	
	Action: Jul 2012 - Financial Manager will begin the configuration of the new financial module.	
Implementation	Implementation of PaperSave software	March 2012
	Status: Begin to install and implement the third party PaperSave software that allows Finance staff to scan invoices and document backup.	
	Action: Mar 2012 - Financial Manager will work with third party vendor to configure new module.	
	Action: Mar/Apr 2012 - Implementation schedule will be developed.	

Agenda Item #12: DISCUSSION and POSSIBLE ACTION: Review and Accept Workforce Connections' Annual Single Audit Report for the Period Ending June 30, 2011

Annual Financial Report

***workforce* CONNECTIONS**

July 1, 2010 - June 30, 2011

Las Vegas, Nevada

7251 West Lake Mead, Suite 200
Las Vegas, Nevada 89128

John Ball, Executive Director

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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 governmental activities and the major fund of *workforce* CONNECTIONS (the Organization) as of and for the year ended June 30, 2011, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and *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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Organization, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2012, 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


February 24, 2012

Management's Discussion and Analysis

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Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

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, 2011.

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 nation's 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 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.

Financial Highlights

- The assets of the Organization exceeded its liabilities at the close of the most recent fiscal year by \$835,141 (net assets), an increase of \$598,767 from the prior year. Primarily due to an increase in operating grants and contributions of \$833,040 (4%), which was offset by an increase in expenses of \$378,106 (2%).
- 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 \$314,111, a fund balance decrease of \$316,809 in comparison with the prior year. Primarily due to an increase of \$307,551 in receivables that were not collected within 60 days of year end; and therefore, were not available to fund current expenditures, which is to be expected under various grant awards that allow a 60 day close out period and in accordance with accounting principles generally accepted in the United States is reported as deferred revenue.
- The Organization's investment in capital assets, net of accumulated depreciation and amortization, increased by \$615,744 (166%) during the current fiscal year, primarily due to significant organizational growth to ensure oversight and delivery of quality employment and training services to fulfill southern Nevada's workforce needs. This include workforce initiatives to develop industry and regional sectors to target specific opportunities in southern Nevada's high growth industries and to provide program services directly rather than through outsourcing to service providers.
- During the year ended June 30, 2011, the Organization received six new grants of which four were from new grantors. As a result of these new grants, the Organization was able to implement several new initiatives and expand others, including, but not limited to, the following:
 - The State Energy Sector Partnership (SESP) Initiative provides support that enhances Nevada's green economy, including upgrading and "greenifying" the skills of our existing workforce, assisting job seekers in finding jobs within the new and emerging green economy, and preparing youth for employment opportunities in the green economy by supporting green career pathways.
 - The Nevada Health Care Education and Training Assessment Initiative assists in defining and addressing workforce challenges, identifying the need for skilled workers and aligning such skills with workforce

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Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2011

demands, promoting collaboration among competitors and stakeholders, encouraging solutions that address health care challenges, and helping to ensure the long-term competitiveness of health care regional sectors and their important contributions to Nevada's economic vitality and health.

- The Re-entry Job Readiness Initiative helps ex-offenders in southern Nevada make a successful transition back into our community. The only program of its kind in Nevada, the re-entry program recognizes the unique challenges ex-offenders face in today's job market
- The Graduate Advocate Initiative helps to increase southern Nevada's high school graduation rate through by partnering with the Clark County School District, United Way of Southern Nevada and the Nevada Public Education Foundation through one-on-one student mentoring.
- The Youth Career Readiness Initiative provides southern Nevada's youth access to education and training, mentoring, job shadowing, career exploration, and other supportive services.
- The YouthBuild Initiative is a comprehensive youth and community development program that simultaneously addresses several core issues (*i.e.*, education, housing, jobs, and leadership development) facing low-income communities while uniquely addressing the status of unemployed young men and women who have dropped out of school and have no apparent path to a productive future.

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 more 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 Organization does not currently maintain any business or fiduciary type funds.

The statement of net assets presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 vacation leave).

The government-wide financial statements can be found on pages 11-12 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

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**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Organization does not currently maintain any proprietary or fiduciary funds. Accordingly, 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 between governmental funds and governmental activities.

The fund financial statements can be found on pages 13-17 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 17-26 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the Organization, assets exceeded liabilities by \$835,141 at the close of the most recent fiscal year.

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Net Assets

	June 30	
	2011	2010
Capital assets, net	\$ 987,331	\$ 371,587
Other assets	<u>4,221,602</u>	<u>4,220,031</u>
	<u>5,208,933</u>	<u>4,591,618</u>
Liabilities, due in more than one year	13,795	35,648
Other liabilities	<u>4,359,997</u>	<u>4,319,596</u>
	<u>4,373,792</u>	<u>4,355,244</u>
Net assets:		
Invested in capital assets, net of related debt	987,331	371,587
Unrestricted	<u>(152,190)</u>	<u>(135,213)</u>
	<u>\$ 835,141</u>	<u>\$ 236,374</u>

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Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011

By far, the largest portion of the Organization's net assets (\$987,331) reflects 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.

Because the Organization has not issued debt to acquire capital assets, unrestricted net assets reports a negative balance representing the amount that non-capital liabilities exceed non-capital assets. Although the Organization's investment in its capital assets was not acquired using debt, it should be noted that the resources needed to repay the Organization's non-capital liabilities must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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Changes in Net Assets

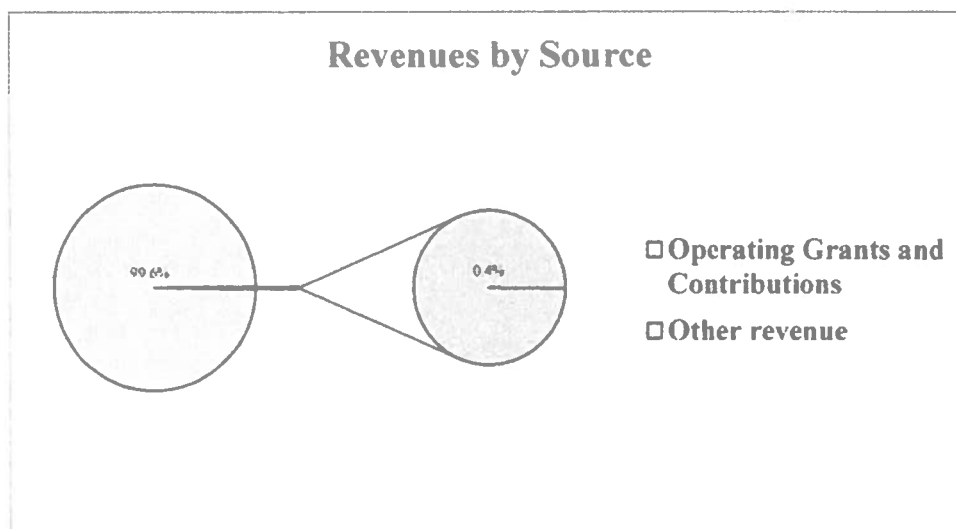
	Year Ended June 30	
	2011	2010
Revenues:		
Operating grants and contributions	\$ 23,818,602	\$ 22,985,562
Other	<u>88,586</u>	<u>19,871</u>
	23,907,188	23,005,433
Expenses:		
Community support	<u>23,308,421</u>	<u>22,930,447</u>
Change in net assets	598,767	75,291
Net assets, beginning of year	<u>236,374</u>	<u>161,083</u>
Net assets, end of year	<u>\$ 835,141</u>	<u>\$ 236,374</u>

- Operating grants and contributions increased \$833,040 (4%). This increase can be primarily attributed to:
 - The receipt of four grants totaling \$1,002,605, of which \$348,183 was earned in the current year, from three new grantors, the United States Department of Justice, the United States Department of Health and Human Services, the United States Department of the Interior and United Way of Southern Nevada.
 - The receipt of a new grant for \$443,800, all of which was earned in the current year, from the United States Department of Labor, passed through the State of Nevada, Department of Employment, Training and Rehabilitation.
 - The receipt of a new American Recovery and Reinvestment Act of 2009 grant for \$4,050,000, of which \$758,155 was earned in the current year, from the United States Department of Labor, passed through the State of Nevada, Department of Employment, Training and Rehabilitation.
 - An increase in the current year of \$9,378,066 earned from 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.

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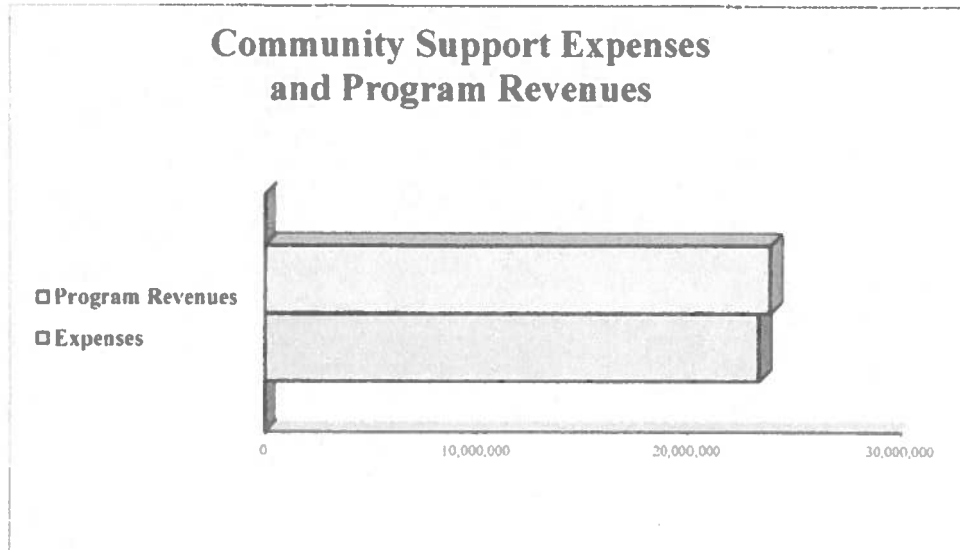
Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2011

- An increase in the current year of \$128,033 earned from YouthBuild grants received from the United States Department of Labor.
- An increase in the current year of \$384,910 earned from American Recovery and Reinvestment Act of 2009 YouthBuild and Green Capacity grants received from the United States Department of Labor.
- A decrease in the current year of \$10,608,107 earned from the American Recovery and Reinvestment Act of 2009 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.
- Other revenues increased \$68,715 (346%) primarily due to normal variations in day-to-day operations.
- Community support expenses increased \$378,106 (2%). This increase can be primarily attributed to significant organizational growth to provide program services directly rather than through outsourcing to service providers and the addition of new programs related to the receipt of the six new grants discussed above, with the following significant effects:
 - An increase in salaries, wages, taxes and benefits of \$1,700,460, primarily due to acquiring additional staff with a clear understanding of the Organization's mission and the necessary knowledge, skills and talent to achieve that mission.
 - An increase in direct program participant training and support services of \$361,441.
 - An increase in program and administration support, occupancy costs and communications systems and other professional services of \$428,958.
 - An increase in capital asset acquisitions of \$449,922.
 - A decrease in outsourced service providers costs of \$2,309,636.



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Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2011



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 and receives substantially all of its funding from federal grants.

workforce CONNECTIONS Fund Balance, General Fund

	June 30	
	2011	2010
Federal grants receivable	\$ 3,493,138	\$ 3,535,706
Other assets	<u>658,214</u>	<u>599,588</u>
	<u>4,151,352</u>	<u>4,135,294</u>
Accounts payable and accrued expenses	2,959,524	3,845,298
Due to grantors	528,929	125,120
Deferred revenue	<u>896,626</u>	<u>162,178</u>
	<u>4,465,463</u>	<u>4,132,596</u>
Fund balance, unassigned	\$ <u>(314,111)</u>	\$ <u>2,698</u>

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Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2011

workforce CONNECTIONS Changes in Fund Balance, General Fund

	Year Ended June 30	
	2011	2010
Revenues:		
Federal grants	\$ 23,406,506	\$ 22,985,562
Other	<u>193,131</u>	<u>20,176</u>
	<u>23,599,637</u>	<u>23,005,738</u>
Expenditures:		
Federal grants	23,760,351	22,912,920
Other	<u>156,095</u>	<u>90,120</u>
Change in fund balance	(598,767)	2,698
Fund balance, beginning of year	<u>2,698</u>	-
Fund balance, end of year	<u>\$ (314,111)</u>	<u>\$ 2,698</u>

- 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 \$314,111, a fund balance decrease of \$316,809 in comparison with the prior year. As previously discussed, this decrease is primarily due to an increase of \$307,551 in receivables that were not collected within 60 days of year end; and therefore, were not available to fund current expenditures, which is to be expected under various grant awards that allow a 60 day close out period and in accordance with accounting principles generally accepted in the United States is reported as deferred revenue.
- Total revenues increased \$593,899 (3%) with most of this increase attributable to the increase in federal grant revenues of \$420,944 (2%). This increase is primarily due to the receipt of six new grants and changes in continuing grants offset by receivables, as discussed in the foregoing paragraph, that were not collected within 60 days of year end.
- Total expenditures increased \$913,406 (4%). As previously discussed, this increase is primarily due to significant organizational growth to provide program services directly rather than through outsourcing to service providers and the addition of new programs related to the receipt of six new grants.

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 \$987,331, an increase of \$615,744 (166%) from the prior year.

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

- Computers were purchased at a cost of \$182,984.
- Software was purchased at a cost of \$440,099.

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Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2011

- Furniture and other equipment were purchased at a cost of \$136,160.
- Depreciation, amortization and gain/loss on disposal of capital assets totaled \$143,499.
- Capital assets with a cost of \$96,679 were disposed of during the fiscal year.

workforce CONNECTIONS Capital Assets

	June 30	
	<u>2011</u>	<u>2010</u>
Computers	\$ 658,595	\$ 475,611
Furniture and other equipment	489,022	352,862
Software	<u>471,591</u>	<u>31,492</u>
	1,619,208	859,965
Less accumulated depreciation and amortization	<u>(631,877)</u>	<u>(585,055)</u>
	<u>\$ 987,331</u>	<u>\$ 371,587</u>

Additional information on the Organization's capital assets can be found on pages 20 and 23-24 of this report.

Economic Factors

The following factors were considered in planning, preparing and budgeting for the 2012 fiscal year.

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

	Unemployment Rates ¹	
	<u>December 2011</u>	<u>June 2010</u>
United States	8.3%	9.6%
State of Nevada	12.4%	14.9%
Clark County	12.7%	15.3%
Lincoln County	12.3%	13.6%
Nye County	15.3%	18.1%
Esmeralda County	5.9%	7.2%

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

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**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

- Grant awards received for the fiscal 2012 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 \$18,344,541.
 - YouthBuild grants received from the United States Department of Labor of \$1,100,000.

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, 7251 West Lake Mead, Suite 200, Las Vegas Nevada, 89128.

Financial Section

Basic Financial Statements

Government-Wide Financial Statements

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Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 396,730
Receivables:	
Grants:	
Federal grants:	
American Recovery and Reinvestment Act of 2009 grants	445,624
Other federal grants	3,047,514
Other grants	104,545
Subrecipients	143,868
Other	13,071
Prepaid expenses	57,250
Refundable deposits	13,000
Capital assets, net of accumulated depreciation and amortization	<u>987,331</u>
Total assets	<u>5,208,933</u>
LIABILITIES	
Accounts payable	2,958,524
Accrued expenses	81,384
Due to grantors	528,929
Deferred revenue	589,075
Accrued compensated absences:	
Due within one year	202,085
Due in more than one year	<u>13,795</u>
Total liabilities	<u>4,373,792</u>
NET ASSETS	
Invested in capital assets, net of related debt	987,331
Unrestricted	<u>(152,190)</u>
Total net assets	<u>\$ 835,141</u>

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**Statement of Activities
For the Fiscal Year Ended June 30, 2011**

	Governmental Activities				
	Program Revenues			Net (Expenses)	
		Operating	Capital	Revenues and	
	Charges for	Grants and	Grants and	Change in	
	Expenses	Services	Contributions	Contributions	Net Assets
Function/program:					
Community support	\$ 23,308,421	\$ -	\$ 23,818,602	\$ -	\$ 510,181
Total function/program	\$ 23,308,421	\$ -	\$ 23,818,602	\$ -	
General revenues:					
Other					88,586
Change in net assets					598,767
Net assets, beginning of year					236,374
Net assets, end of year					\$ 835,141

Fund Financial Statements

workforce CONNECTIONS

Balance Sheet
June 30, 2011

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 396,730
Receivables:	
Grants:	
Federal grants:	
American Recovery and Reinvestment Act of 2009 grants	445,624
Other federal grants.	3,047,514
Other grants	104,545
Subrecipients	143,868
Other	13,071
	<u>\$ 4,151,352</u>
LIABILITIES	
Accounts payable	\$ 2,958,524
Accrued expenses	81,384
Due to grantors	528,929
Deferred revenue	896,626
	<u>4,465,463</u>
Total liabilities	
FUND BALANCE	
Unassigned	<u>(314,111)</u>
 Total liabilities and fund balance	 <u>\$ 4,151,352</u>

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**Reconciliation of the Balance Sheet
to the Statement of Net Assets
June 30, 2011**

Fund balance		\$ (314,111)
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	\$ 1,619,208	
Less accumulated depreciation and amortization	<u>(631,877)</u>	
		987,331
Long-term liabilities, including debt obligations, are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Compensated absences		(215,880)
Deferred revenue amounts that are not available to fund current expenditures; and therefore, are not reported in governmental funds.		
		307,551
Prepaid expenses and refundable deposits represent current fund expenditures that benefit future periods; and therefore, are not reported in governmental funds.		
Prepaid expenses	57,250	
Refundable deposits	<u>13,000</u>	
		<u>70,250</u>
Net assets		<u>\$ 835,141</u>

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**Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011**

	General Fund
Revenues	
Intergovernmental:	
Grants:	
Federal grants:	
American Recovery and Reinvestment Act of 2009 grants	\$ 3,596,515
Other federal grants	19,809,991
Other grants	104,545
Other	88,586
Total revenues	<u>23,599,637</u>
Expenditures	
Community support:	
Federal grants:	
American Recovery and Reinvestment Act of 2009 grants:	
Adult program	1,331,675
Youth activities program	1,051,671
Dislocated workers program	1,022,228
Administration	90,277
Capital outlay	107,881
Other federal grants:	
Adult program	7,224,260
Youth activities program	5,325,024
Dislocated workers program	5,817,116
Administration	1,138,857
Capital outlay	651,362
Other grants:	
Youth activities program	104,545
Other	51,550
Total expenditures	<u>23,916,446</u>
Change in fund balance	(316,809)
Fund balance, beginning of year	<u>2,698</u>
Fund balance, end of year	<u><u>\$ (314,111)</u></u>

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**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2011**

Change in fund balance		\$ (316,809)
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	\$ 759,243	
Less depreciation, amortization and gain/loss on disposal of capital assets	<u>(143,499)</u>	
		615,744
Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:		
Change in deferred revenue		307,551
Some expenditures reported in governmental funds benefit future periods; and therefore, are not reported in the statement of activities:		
Change in prepaid expenses		(14,487)
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 long-term compensated absences		<u>6,768</u>
Change in net assets		<u>\$ 598,767</u>

Notes to Basic Financial Statements

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Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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 nation's 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*, 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 by Statement No. 39 that would cause the basic financial statements of the Organization to be included in any of the entities' basic financial statements.

Works for Vegas, a Nevada Non-Profit Corporation, was formed in November 2009 for the purpose of promoting and enhancing workforce development for youth and adult workers in southern Nevada, assisting southern Nevada employees in obtaining and retaining employment, assisting southern Nevada employers in hiring and retaining

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Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2011

productive employees, and supporting the efforts of the Organization. Although the Organization expects to receive a future financial benefit from Works for Vegas, the Organization is not required to provide financial support to Works for Vegas, does not appoint a voting majority of the members of the governing body of Works for Vegas or have the ability to otherwise control or impose its will on Works for Vegas, does not have immediate access to the resources of Works for Vegas, and the resources of Works for Vegas are not significant to the Organization. Therefore, Works for Vegas is not considered to be and is not reported as a component unit of the Organization. Furthermore, 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 assets and a statement of activities. The government-wide financial statements present information for the Organization's activities, which consist solely of governmental activities and are accounted for in a governmental fund, the general fund. The Organization does not currently maintain any business or fiduciary type funds.

Included in the statement of net assets are capital assets, refundable deposits and long-term liabilities (compensated absences). Net assets are classified as 1) invested in capital assets, net of related debt, 2) restricted net assets, or 3) unrestricted net assets.

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 assets 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.

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Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2011

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 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 financial resources except those required to be accounted for in another fund.

The Organization has no nongovernmental fund types.

Assets, Liabilities, and Net Assets or Fund Balance

Deposits and Investments

The Organization's cash on hand and demand deposits are considered to be cash and cash equivalents.

The Organization's cash and cash equivalents on deposit with financial institutions are 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, however, 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 deferred revenue in the fund financial statements rather than current revenue since the asset is not available to satisfy current obligations. Deferred revenues also arise when the Organization receives resources before it has a legal claim to them as when grant funds are received prior to being earned.

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Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2011

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future periods and are recorded as expenditures in the fund financial statements and as prepaid expenses in the government-wide financial statements. Payment of debt (both principal and interest) prior to the related due date is reported as a prepaid item in the fund financial statements and as a reduction of liabilities and interest expense 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 are valued at their estimated fair value on the date received. The Organization had a capitalization threshold of \$500 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.

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 vacation obligations are reported in the government-wide financial statements. A liability for compensated absences is reported in the fund financial statements only 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.

Long-term Obligations

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

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Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2011

Net Assets

In the government-wide and fund financial statements net assets are classified as invested in capital assets, net of related debt, restricted or unrestricted

Net assets invested in capital assets, net of related debt 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 assets 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.

Unrestricted net assets is the classification used by the general fund for the residual balance that is not invested in capital assets, net of related debt or restricted.

Fund Balance

Effective July 1, 2010, the Organization implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, governmental fund balances previously reported as reserved and unreserved are now reported as non-spendable, restricted, committed, assigned or unassigned.

Non-spendable fund balances include items that are not in a spendable form (for example, prepaid expenses) 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 should be 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 assigned, committed, restricted or non-spendable.

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,

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Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2011

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 December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, effective for periods beginning after June 15, 2011. This Statement amends GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for agent employers and GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, for agent multiple-employer OPEB plans. Adoption of this statement is not expected to materially affect the Organization's financial position, results of operation, or cash flows.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011. This statement seeks to improve existing standards regarding financial reporting and disclosure requirements related to service concession arrangements, which are a type of public-private or public-public partnerships. Adoption of this statement is not expected to materially affect the Organization's financial position, results of operation, or cash flows.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, effective for periods beginning after June 15, 2012. This statement seeks to improve existing standards regarding financial reporting and disclosure requirements related to the inclusion and reporting of component units in the financial reporting entity. Adoption of this statement is not expected to materially affect the Organization's financial position, results of operation, or cash flows.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. This statement seeks to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Adoption of this

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Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2011

statement is not expected to materially affect the Organization's financial position, results of operation, or cash flows.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for identifying and reporting deferred outflows of resources and deferred inflows of resources. Management has not yet completed its assessment of this statement.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Adoption of this statement is not expected to materially affect the Organization's financial position, results of operation, or cash flows.

Note 3. Detailed Notes on all Funds

Deposits and Investments

At June 30, 2011, the carrying amount of deposits was \$396,730, and the bank balance was \$497,362. The Federal Depository Insurance Corporation (FDIC) at year end covered \$250,000 of the bank balance.

Capital Assets

Changes in capital assets for the year ended June 30, 2011, are as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets being depreciated or amortized:				
Furniture, equipment and software	\$ 956,642	\$ 759,243	\$ (96,677)	\$ 1,619,208
Less accumulated depreciation and amortization for:				
Furniture, equipment and software	<u>585,055</u>	<u>139,588</u>	<u>(92,766)</u>	<u>631,877</u>
	<u>\$ 371,587</u>	<u>\$ 619,655</u>	<u>\$ (3,911)</u>	<u>\$ 987,331</u>

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**Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2011**

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

Adult program	\$ 48,360
Youth activities	43,093
Dislocated workers	35,430
Administration	<u>16,617</u>
	<u>\$ 143,500</u>

Long-term Liabilities

Long-term liabilities for the year ended June 30, 2011, were as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
Compensated absences	<u>\$ 222,648</u>	<u>\$ 300,740</u>	<u>\$ (307,508)</u>	<u>\$ 215,880</u>	<u>\$ 202,085</u>

Compensated absences are liquidated by the general fund.

Operating Lease Commitments

During the year ended June 30, 2011, the Organization leased office space, storage facilities and equipment under non-cancelable operating leases, which expire at various times through the fiscal year ended June 30, 2014. Rental expense was \$313,212 for the year ended June 30, 2011.

Subsequent to June 30, 2011, the Organization entered into a non-cancelable operating lease agreement for additional office space, which expires in the fiscal year ended June 30, 2013.

As of June 30, 2011, approximate future minimum lease payments, including payments required under the leases entered into subsequent to year end, are as follows:

<u>Years ending June 30,</u>	
2012	\$ 349,077
2013	333,568
2014	82,123

The office lease terms required the payment of refundable security deposits in the aggregate amount of \$43,083, of which \$30,083 was returned to the Organization during the year ended June 30, 2010, and the remaining \$13,000 will be returned at the expiration of the office lease term.

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Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2011

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 experiencing a widespread recession 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, and is engaged in a war, 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 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. It is the opinion of management that these claims will not have any material adverse effect on the Organization's basic financial statements.

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.

Retirement Plan

The Organization's employees are covered by the State of Nevada's Public Employees' Retirement System (PERS). PERS was established on July 1, 1949, by the Nevada State Legislature and is governed by the Public Employees Retirement Organization whose seven members are appointed by the Governor. All public employees who meet

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Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2011

certain eligibility requirements participate in PERS, which is a cost sharing, multiple-employer, defined benefit retirement plan.

The Organization does not exercise any control over PERS. Nevada Revised Statutes (NRS) 286.110 states, "Respective participating public employers are not liable for any obligation of the system."

As required by NRS, benefits are determined by the number of years of accredited service at the time of retirement and the participant's compensation. Benefit payments to which participants in PERS may be entitled include pension, disability, and death benefits. PERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing PERS at 693 West Nye Lane, Carson City, Nevada 89703-1599, or by calling (775) 687-4200.

Contribution rates are established by the NRS, are tied to the increase in taxable sales within the State of Nevada each year and provide for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The Organization is obligated to contribute all amounts due under PERS.

The Organization's contributions (equal to the required contributions) to PERS are as follows:

<u>Years ended June 30,</u>	<u>Rate</u>	<u>Amount</u>
2009	20.50 %	\$ 179,358
2010	21.50 %	405,133
2011	21.50 %	609,174

At June 30, 2011, the unfunded contributions, included in accounts payable, were \$54,674.

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 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.

P B T K

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 the basic financial statements of *workforce* CONNECTIONS (the Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated February 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting. Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 11-1 and 11-2 to be material weaknesses.

Compliance and other matters. As part of obtaining reasonable assurance about whether the Organization's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 11-4 and 11-5.

We noted certain other matters that we reported to management of the Board in a separate letter dated February 24, 2012.

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

This report is intended for the information of the Organization's management, those charged with governance of the Organization, others within the Organization, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Piney Bowler Taylor & Kern

February 24, 2012

**Single Audit
and
Accompanying Information**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors
*workforce*CONNECTIONS
Las Vegas, Nevada

Compliance. We have audited the compliance of *workforce* CONNECTIONS (the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

As described in items 11-4 through 11-10 in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements regarding allowable costs/cost principles, cash management, eligibility, reporting, subrecipient monitoring and other compliance requirements that are applicable to its United States Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA* (CFDA # 17.258, 17.259 and 17.260), United States Department of Labor, Employment and Training Administration, YouthBuild, YouthBuild, ARRA* (CFDA # 17.275), and United States Department of Labor, Employment and Training Administration, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA* (CFDA # 17.274) programs. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

* American Recovery and Reinvestment Act of 2009

Internal Control over Compliance. Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-3, 11-4, 11-5, 11-7 and 11-8 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-6 and 11-9 to be significant deficiencies.

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards. We have audited the financial statements of the governmental activities and the major fund of the Organization as of and for the year ended June 30, 2011, and have issued our report thereon dated February 24, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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.

This report is intended for the information of the Organization's management, those charged with governance of the Organization, others within the Organization, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.


February 24, 2012

workforce CONNECTIONS

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number(s)	Expenditures
Expenditures passed through to subrecipients (reported on the cash basis)			
United States Department of Labor, Employment and Training Administration			
YouthBuild, ARRA **	17.274*	N/A	\$ 479,252
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Solutions Unit			
Employment Service/Wagner-Peyser Funded Activities	17.207	1506-11-WSU	65,979
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit			
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA **	17.275*	PY10-SESP-02	27,600
WIA Cluster	*		
WIA Adult Program	17.258	PY09-A-02, PY10-A-02, PY11-A-02	4,990,078
WIA Adult Program, ARRA **	17.258	PY08-A/ARRA-02	1,027,164
WIA Youth Activities	17.259	PY09-Y-02, PY10-Y-02, PY11-Y-02	1,805,515
WIA Youth Activities, ARRA **	17.259	PY08-Y/ARRA-02	468,386
WIA Dislocated Workers	17.260	PY09-DW-02, PY10-DW-02, PY11-DW-02	4,807,865
WIA Dislocated Workers, ARRA **	17.260	PY08-DW/ARRA-02	1,213,133
WIA Governor's Reserve Incentive Awards			
WIA Adult Program	17.259	PY08-A/NEG-02 PY09-A/NER-02	196,406
WIA Dislocated Workers	17.259	PY08-DW/NEG-02 PY09-DW/NER-02	360,220

* A "major" program

** American Recovery and Reinvestment Act of 2009

(Continued)

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**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011
(Continued)**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number(s)</u>	<u>Expenditures</u>
Expenditures passed through to subrecipients (reported on the cash basis) (continued)			
United States Department of Labor, Employment and Training Administration (continued)			
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit (continued)			
WIA Cluster (continued)	*		
WIA Governor's Reserve Incentive Awards (continued)			
WIA Adult Program, WIA Youth	17.258	PY09-GR(09)-LIFE-02	394,080
Activities, WIA Dislocated	17.259		
Workers	17.260		
WIA Adult Program, WIA Youth	17.258	PY10-GR(09)-Project 5000-02	1,000,000
Activities, WIA Dislocated	17.259		
Workers	17.260		
WIA Adult Program, WIA Youth	17.258	PY10-GR(09)-CCSBI-02	330,969
Activities, WIA Dislocated	17.259	1649-12-ESD	
Workers	17.260		
WIA Adult Program, WIA Youth	17.258	PY 1 0-0 R(09)-Youth Build - 02	46,851
Activities, WIA Dislocated	17.259		
Workers	17.260		
WIA Adult Program, WIA Youth	17.258	PY10-GR(09)-JASN -02	41,646
Activities, WIA Dislocated	17.259		
Workers	17.260		
WIA Adult Program, WIA Youth	17.258	PY09-GR/ARRA(08)-WE-02	19,695
Activities, WIA Dislocated	17.259		
Workers, ARRA **	17.260		
WIA Adult Program, WIA Youth	17.258	PY09-GR/ ARRA	52,148
Activities, WIA Dislocated	17.259	(OS-BOULDER-2-02)	
Workers, ARRA **	17.260		
All other expenditures (reported on the accrual basis)			
United States Department of Labor, Employment and Training Administration			
YouthBuild	17.274*	N/A	78,052

* A "major" program

** American Recovery and Reinvestment Act of 2009

(Continued)

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**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011
(Continued)**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number(s)</u>	<u>Expenditures</u>
All other expenditures (reported on the accrual basis) (continued)			
United States Department of Labor, Employment and Training Administration (continued)			
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA **	17.275*	N/A	95,167
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Solutions Unit			
Employment Service/Wagner-Peyser Funded Activities	17.207	1506-11-WSU	377,821
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit			
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA **	17.275*	PY10-SESP-02	690,055
WIA Cluster	*		
WIA Adult Program	17.258	PY09-A-02, PY10-A-02, PY11-A-02	1,472,601
WIA Adult Program, ARRA **	17.258	PY08-A/ARRA-02	415,519
WIA Youth Activities	17.259	PY09-Y-02, PY10-Y-02, PY11-Y-02	2,213,885
WIA Youth Activities, ARRA **	17.259	PY08-Y/ARRA-02	147,161
WIA Dislocated Workers	17.260	PY09-DW-02, PY10-DW-02, PY11-DW-02	974,326
WIA Dislocated Workers, ARRA **	17.260	PY08-DW/ARRA-02	792,656
WIA Governor's Reserve Incentive Awards			
WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers	17.258 17.259 17.260	PY10-GR(09)-I-02	75,000

* A "major" program

** American Recovery and Reinvestment Act of 2009

(Continued)

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**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011
(Continued)**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number(s)</u>	<u>Expenditures</u>
All other expenditures (reported on the accrual basis) (continued)			
United States Department of Labor, Employment and Training Administration (continued)			
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit (continued)			
WIA Cluster (continued)	*		
WIA Governor's Reserve Incentive Awards (continued)			
WIA Adult Program, WIA Youth	17.258	PY09-GR(08)-T A-02	10,967
Activities, WIA Dislocated	17.259		
Workers	17.260		
WIA Adult Program, WIA Youth	17.258	PY10-GR(09)-SNWTB-02	100,000
Activities, WIA Dislocated	17.259		
Workers	17.260		
Total United States Department of Labor, Employment and Training Administration			24,770,197
United States Department of Justice, Office of Justice Programs, Bureau of Justice Assistance			
Second Chance Act Prisoner	16.812	N/A	197,745
Reentry Initiative			
Total United States Department of Justice, Office of Justice Programs, Bureau of Justice Assistance			197,745
United States Department of Health and Human Services, Health Resources and Services Administration			
Passed through State of Nevada, Department of Employment, Training and Rehabilitation, Employment Security Division, Workforce Investment Support Services Unit			
Affordable Care Act (ACA) State Health	93.509	PY10-Workforce	45,893
Care Workforce Development Grants		Connections-HRSA	
Total United States Department of Health and Human Services, Health Resources and Services Administration			45,893
Total Expenditures			\$ 25,013,835

* A "major" program

** American Recovery and Reinvestment Act of 2009

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**Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011**

Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of *workforce* CONNECTIONS (the Organization). The reporting entity is defined in Note 1 to the basic financial statements. The schedule includes all expended federal financial assistance received directly from federal agencies as well as passed through other government agencies.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization. Expenditures passed through to subrecipients are presented on the cash basis of accounting and all other expenditures are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Subrecipients

During the year ended June 30, 2011, the following awards (including amendments) were given to subrecipients:

<u>Subrecipient</u>	<u>Award</u>
Workforce Investment Act, Title 1 (CFDA Numbers 17.258, 17.259, 17.260)	
Bridge Counseling Associates	\$ 662,000
Catholic Charities of Southern Nevada	511,552
CHR, Inc.	817,842
College of Southern Nevada	602,937
Easter Seals of Southern Nevada	787,537
Foundation for an Independent Tomorrow	1,634,395
GNJ Family Life Center	1,155,397
Goodwill Industries of Southern Nevada	1,222,378
HELP of Southern Nevada	500,000
Latin Chamber of Commerce Community Foundation	850,000
Native American Community Services	440,426
Nevada Partners, Inc.	3,459,900
Nye Communities Coalition	1,110,690
Project WE	120,000
Southern Nevada Medical Industry Coalition	750,000
Southern Nevada Regional Housing Authority	334,000
Employment Service/Wagner-Peyser Funded Activities (CFDA Number 17.207)	
The Ridge House Inc.	<u>750,000</u>
	<u>\$ 15,709,054</u>

* This contract was subsequently rescinded.

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**Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011**

Section I - Summary of Auditors' Results:

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	Yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes

Identification of major programs:

CFDA Number:	17.258, 17.259, 17.260, 17.275, 17.274
Name of Federal Program or Cluster:	United States Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA* Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA* YouthBuild, YouthBuild, ARRA*
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,415
Auditee qualified as low-risk auditee?	No

* American Recovery and Reinvestment Act of 2009

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Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011

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*:

11-1

Criteria:	Government financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) normally require the use of both the modified accrual basis and the accrual basis of accounting. To provide reasonable assurance that financial statements, free of material errors, are presented using the appropriate basis of accounting, transactions must be accurately recognized in accordance with GAAP and associated policies and procedures.
Condition:	There is an apparent lack of effective policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are presented using the appropriate basis of accounting.
Effect:	Reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are presented using the appropriate basis of accounting, as required by GAAP, cannot readily be attained. As a result, numerous adjustments (most of which requiring significant time) were necessary.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented.
Recommendation:	Management has represented that subsequent to year end, policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented were adopted and implemented, which include 1) a detailed review (at least monthly) of the general ledger by someone possessing an appropriate level of skill and knowledge of GAAP and who is independent of the preparation process, 2) the creation and use of standard journal entries and closing programs/checklists and provisions for the review and approval thereof by someone independent of the preparation process, and 3) creation and retention of documentation of such procedures, including the review and approval thereof. Therefore, we recommend that management should monitor compliance with such policies and procedures to ensure that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented.

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

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* (continued):

11-1 (continued)

Management's response:

Management informed us that in June and July 2011, a new accounting software package specifically designed to facilitate tracking of transactions by funding source and program was purchased, which when fully implemented will require compliance with certain accounting procedures designed to provide reasonable assurance that transactions are accurately recognized. Management also informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and that financial statements, free of material errors, are presented using the appropriate basis of accounting and that management is monitoring compliance with such policies and procedures.

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**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

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* (continued):

11-2

Criteria:	Those delegated the primary responsibility for the accounting and reporting function should possess sufficient skills, knowledge (with an emphasis on the specific requirements unique to a governmental entity), and other resources to afford reasonable assurance of the appropriate application of accounting principles generally accepted in the United States (GAAP) in preparing financial statements.
Condition:	Those delegated the primary responsibility for the accounting and reporting function lack sufficient skills, knowledge (with an emphasis on the specific requirements unique to a governmental entity), and other resources to afford reasonable assurance of the appropriate application of GAAP in recording transactions and preparing financial statements.
Effect:	Reasonable assurance of the appropriate application of GAAP cannot readily be attained. As a result, numerous adjustments (most of which requiring significant time) were necessary.
Cause:	Failure to retain personnel who possess an appropriate level of knowledge and skill to provide reasonable assurance of the appropriate application of GAAP or provide sufficient training and other resources to those delegated the primary responsibility for the accounting and reporting function such that reasonable assurance of the acquisition of such knowledge and skills could be attained.
Recommendation:	Management should retain personnel who possess an appropriate level of knowledge and skill to provide reasonable assurance of the appropriate application of GAAP or provide sufficient training and other resources to those delegated the primary responsibility for the accounting and reporting function such that reasonable assurance of the acquisition of such knowledge and skills can be attained.
Management's response:	Management informed us that in February 2012, a Finance Manager, who is a Certified Public Accountant with government accounting experience, was retained and that it is actively recruiting additional personnel who possess an appropriate level of accounting knowledge and skill (with an emphasis on the specific requirements unique to a government entity) and that it will provide additional training and other resources to those delegated the primary responsibility for the accounting and reporting function.

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**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a):**

11-3

Program:	U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*. CFDA # 17.258, 17.259, 17.260. Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275. YouthBuild, YouthBuild, ARRA*. CFDA # 17.274.
Specific requirements:	The schedule of expenditures of federal awards shall be complete and accurate and agree to supporting records/documentation.
Condition/Context:	The unaudited schedule of expenditures of federal awards did not agree to supporting records/documentation and could not be reconciled to the general ledger prior to completion of the numerous adjustments discussed in findings 11-1 and 11-2.
Questioned Costs:	None noted.
Effect:	Reasonable assurance that the schedule of expenditures of federal awards is complete and accurate cannot readily be attained.
Cause:	Failure to retain personnel who possess an appropriate level of knowledge and skill and to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance of the accuracy, completeness and agreement to supporting records/documentation of the schedule of expenditures of federal awards and its preparation in compliance with applicable requirements.
Recommendation:	Management should retain personnel who possess an appropriate level of knowledge and skill and adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance of compliance with the requirements applicable to the preparation of the schedule of expenditures of federal awards. Such policies and procedures should include 1) reconciliation, at least monthly, of general ledger information to requests for funds and the schedule of expenditures of federal awards, and 2) creation and retention of documentation of such procedures, including the review and approval thereof.

* American Recovery and Reinvestment Act of 2009

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-3 (continued)

Management's response:

Management informed us that it is actively recruiting personnel who possess an appropriate level of accounting knowledge and skill (with an emphasis on the specific requirements unique to a government entity). Management also informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance of compliance with the requirements applicable to the preparation of the schedule of expenditures of federal awards, which include reconciliation, at least monthly, of general ledger information to requests for funds and the schedule of expenditures of federal awards and that management is monitoring compliance with such policies and procedures.

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**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-4

Program:	<p>U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*. CFDA # 17.258, 17.259, 17.260. Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275. YouthBuild, YouthBuild, ARRA*. CFDA # 17.274.</p>
Specific requirements:	<p>Grant funds received pursuant to an approved drawdown or reimbursement request shall be expended as specified in the drawdown or reimbursement request.</p> <p>When federal grants are funded in advance, rather than on a reimbursement basis, recipients shall minimize the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose.</p>
Condition/Context:	<p>During the year ended June 30, 2011, 57 subrecipient obligations, totaling \$1,001,390, were incurred and paid prior to the receipt of specifically requested grant funds, using funds requested for other purposes. The time elapsing between the disbursement of such funds and receipt of the specifically requested grant funds averaged 56.25 days with a maximum time lapse of 233 days. In addition, estimated percentages used to drawdown general operating expense funds differed (depending upon the funding source and the program from 4.13% to 8.60%) from the total actual general operating expense percentages at June 30, 2011.</p> <p>During the year ended June 30, 2011, 457 subrecipient obligations, totaling \$15,578,691, were incurred and paid subsequent to the receipt of specifically requested funds. The time elapsing between the receipt of federal grant funds and disbursement of such funds averaged 8.69 days with a maximum time lapse of 195 days. In addition, at June 30, 2011, grant funds totaling \$589,076 had been requested to liquidate general operating obligations prior to the incurrence of such general operating obligations and grant funds totaling \$528,683 had been requested to liquidate subrecipient obligations prior to the incurrence of such subrecipient obligations.</p>
Questioned Costs:	<p>None noted.</p>

* American Recovery and Reinvestment Act of 2009

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Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-4 (continued)

Effect:	Reasonable assurance that grant funds are expended for the purpose specified in the approved drawdown or reimbursement request and that the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose is minimized cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that grant funds are expended in accordance with the approved drawdown or reimbursement request purpose and that the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose is minimized.
Recommendation:	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that grant funds are expended in accordance with the approved drawdown or reimbursement request purpose and that the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose is minimized. Additional resources should be made available to provide sufficient training and other resources to those delegated the primary responsibility for the grant fund disbursement process such that there is reasonable assurance that the expenditure of grant funds is in accordance with the approved drawdown or reimbursement request purpose and that the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose is minimized.
Management's response:	Management informed us that in June and July 2011, a new accounting software package specifically designed to facilitate tracking of transactions by funding source and program was purchased, which when fully implemented will require compliance with certain accounting procedures designed to provide reasonable assurance that transactions are accurately recognized. Management also informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance that grant funds are expended in accordance with the approved drawdown or reimbursement request purpose and that the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose is minimized and that it will provide additional training and other resources to those delegated the primary responsibility for the grant fund disbursement process and that management is monitoring compliance with such policies and procedures.

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**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-5

Program:	<p>U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*. CFDA # 17.258, 17.259, 17.260. Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275. YouthBuild, YouthBuild, ARRA*. CFDA # 17.274.</p>
Specific requirements:	<p>Requests for funds shall be complete, accurate and agree to supporting documentation. Independent review of requests for funds shall be performed to assure accuracy, completeness of data and information included therein, and agreement to supporting records/documentation.</p>
Condition/Context:	<p>Of the 147 requests for grant funds examined (114 for the WIA cluster programs (CFDA # 17.258, 17.259, 17.260), 11 for the Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors program (CFDA # 17.275) and 22 for the YouthBuild program (CFDA # 17.274)), 19 did not include evidence of management approval, 54 did not exhibit evidence of independent review for accuracy and completeness, 1 included a mathematical error, 5 had an unrequested grant balance different from that on the immediately prior request, 26 did not include a schedule of prior requests or a reconciliation to the unrequested grant balance, and none exhibited evidence of subrecipient program review.</p> <p>In addition, although individual requests for grant funds could be traced to the schedule of expenditures of federal awards, in total the 147 request for grant funds examined, could not be reconciled to the general ledger prior to completion of the numerous adjustments discussed in findings 11-1 and 11-2 and as a result, general operating costs of \$8,123, were over allocated and charged to one ARRA* grant and had to be reclassified and charged to a non-ARRA* grant for which the costs were also allowable and general operating costs of \$381,413, were over allocated and charged to two non-ARRA* grants and had to be reclassified and charged to two ARRA* grants for which the costs were also allowable.</p>
Questioned Costs:	<p>Not applicable.</p>
Effect:	<p>Reasonable assurance that requests for funds are complete, accurate and agree to supporting documentation cannot readily be attained.</p>

* American Recovery and Reinvestment Act of 2009

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**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-5 (continued)

Cause: Failure to retain personnel who possess an appropriate level of knowledge and skill and to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that requests for funds are complete and accurate and agree to supporting documentation.

Recommendation: Management should retain personnel who possess an appropriate level of knowledge and skill and adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that requests for funds are complete and accurate and agree to supporting documentation. Such policies and procedures should incorporate documentation of subrecipient program review and independent review of requests for funds for mathematical accuracy, completeness and agreement to supporting documentation.

Management's response: Management informed us that in June and July 2011, a new accounting software package specifically designed to facilitate tracking of transactions by funding source and program was purchased, which when fully implemented will require compliance with certain accounting procedures designed to provide reasonable assurance that transactions are accurately recognized. Management also informed us that it is actively recruiting personnel who possess an appropriate level of accounting knowledge and skill (with an emphasis on the specific requirements unique to a government entity). In addition, management informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance that requests for funds are complete and accurate and agree to supporting documentation including documentation of subrecipient program review and independent review for mathematical accuracy, completeness and agreement to supporting documentation and that management is monitoring compliance with such policies and procedures.

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**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-6

Program:	U.S. Department of Labor, Employment and Training Administration: Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA . CFDA # 17.275. YouthBuild, ARRA . CFDA # 17.274.
Specific requirements:	The American Recovery and Reinvestment Act of 2009, Section 1512 requires the submission of certain reports, which are complete and accurate, no later than the 10 th day following the end of each calendar quarter (beginning the quarter ended September 30, 2009).
Condition/Context:	Two of the 8 reports submitted for the period of July 1, 2010 through June 30, 2011, were not submitted within the required 10 day time period.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that required reports are submitted timely, within required time periods cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required reports are submitted timely, within required time periods.
Recommendation:	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required reports are prepared and submitted timely, within required time periods. Such policies and procedures should incorporate documentation of independent review of such reports for accuracy, completeness and agreement to supporting documentation.
Management's response:	Management informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance that required reports are prepared and submitted timely, within required time periods including documentation of independent review for accuracy, completeness and agreement to supporting documentation and that management is monitoring compliance with such policies and procedures.

*workforce*CONNECTIONS

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-7

Program:	U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*. CFDA # 17.258, 17.259, 17.260. YouthBuild, YouthBuild, ARRA*. CFDA # 17.274.
Specific requirements:	Documentation supporting program participant eligibility shall be complete, accurate and retained.
Condition/Context:	Of the five participant files selected for testing for the WIA cluster program (CFDA # 17.259), two did not include the signature of a parent or guardian, one did not include the signature of a witness/program staff person and one could not be located. Of the 55 participant files selected for testing for the YouthBuild program (CFDA # 17.274), one did not include documentation supporting selective service registration or exemption.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance of participant eligibility cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required participant eligibility documentation is complete, accurate and retained.
Recommendation:	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required participant eligibility documentation is complete, accurate and retained.
Management's response:	Management informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance that required participant eligibility documentation is complete, accurate and retained and that management is monitoring compliance with such policies and procedures.

* American Recovery and Reinvestment Act of 2009

workforceCONNECTIONS

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-8

Program:

U.S. Department of Labor, Employment and Training Administration:
WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*. CFDA # 17.258, 17.259, 17.260.
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275.
YouthBuild, YouthBuild, ARRA*. CFDA # 17.274.

Specific requirements:

Subrecipient award documents are to 1) include the award information (*i.e.*, the Catalog of Federal Domestic Assistance (CFDA) title and number; award name and number; if the award is research and development; and name of Federal awarding agency), requirements imposed by laws, regulations, and the provisions of contract or grant agreements; and the approved allowable activities, 2) specifically identify, and distinguish from awards under existing programs, funds provided under ARRA*, and 3) require separate identification and reporting on the Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form of all funds received under ARRA*.

Condition/Context:

Of the 19 original program year 2010 subrecipient award documents and 18 program year 2010 subrecipient award amendments examined, 1 contract was rescinded, 36 did not include dated signatures (date of document execution), 13 did not specifically identify and distinguish funds provided under ARRA* from awards under existing programs, and 13 did not include the requirement to separately identify and report all funds received under ARRA* on the SEFA and Data Collection Form.

Questioned Costs:

Not applicable.

Effect:

Reasonable assurance that subrecipient award documents include all required information and that funds provided under ARRA will be appropriately recognized and reported cannot readily be attained.

Cause:

Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that all required information is included in subrecipient award documents and to require timely amendments of subrecipient award documents as new or revised requirements become effective.

* American Recovery and Reinvestment Act of 2009

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-8 (continued)

Recommendation:

Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that all required information is included in subrecipient award documents and that subrecipient award documents are amended timely as new or revised requirements become effective. Additional resources should be made available to provide sufficient training and other resources to those delegated the primary responsibility for the subrecipient awards such that reasonable assurance of compliance with all, including new or revised, requirements can be attained.

Management's response:

Management informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance that subrecipient award documents include all required information and are amended timely as new or revised requirements become effective and that it will provide additional training and other resources to those delegated the primary responsibility for the subrecipient awards and that management is monitoring compliance with such policies and procedures.

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**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-9

Program:	U.S. Department of Labor, Employment and Training Administration: Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275. YouthBuild, YouthBuild, ARRA*. CFDA # 17.274.
Specific requirements:	Submission of a financial report, on Form ETA-9130, for each applicable program is required no later than the 45 th day following the end of each calendar quarter.
Condition/Context:	One of the 11 reports submitted for the period of July 1, 2010 through June 30, 2011, was not submitted within the required 45 day time period.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that required reports are submitted timely, within required time periods cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required reports are submitted timely, within required time periods.
Recommendation:	Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required reports are prepared and submitted timely, within required time periods. Such policies and procedures should incorporate documentation of independent review of such reports for accuracy, completeness and agreement to supporting documentation.
Management's response:	Management informed us that it has adopted and implemented policies and procedures designed to provide reasonable assurance that required reports are prepared and submitted timely, within required time periods including documentation of independent review for accuracy, completeness and agreement to supporting documentation and that management is monitoring compliance with such policies and procedures.

*workforce*CONNECTIONS

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-10

Program:	U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*. CFDA # 17.258, 17.259, 17.260. Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275. YouthBuild, YouthBuild, ARRA*. CFDA # 17.274.
Specific requirements:	Pass-through entities are to monitor subrecipient compliance through reporting, site visits, regular contact, or other means to provide reasonable assurance that the use of grant funds is administered in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals are achieved. In addition, the written client compliance assurance reviews policy specifies that schedules for monitoring (compliance assurance reviews) will be developed no less than twice each year and that monitoring (compliance assurance review) reports will be issued no later than 30 days following completion of such reviews.
Condition/Context:	Monitoring of subrecipient compliance through reporting, site visits, regular contact, or other means was not performed and documented in accordance with stated client policies. Of 26 subrecipients with contract terms that included some or all of the period from July 1, 2010 through June 30, 2011, only one monitoring (compliance assurance review) was performed and documented for each subrecipient.
Questioned Costs:	None noted.
Effect:	Reasonable assurance of compliance with grant monitoring requirements cannot readily be attained.
Cause:	Failure to effectively monitor compliance with policies and procedures designed to provide reasonable assurance of compliance with grant monitoring requirements.

* American Recovery and Reinvestment Act of 2009

*workforce*CONNECTIONS

**Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2011**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

11-10 (continued)

Recommendation:

Subsequent to year end, an amendment of the written client compliance assurance reviews policy was approved by *workforce* CONNECTIONS governing body, with an effective date of June 29, 2011, to require that performance of subrecipient monitoring (compliance assurance review) be performed no less than annually (once each year) and that a monitoring (compliance assurance review) report be issued no later than 30 days following completion of such review. Therefore, we recommend that management should monitor compliance with this policy to ensure the appropriate performance and documentation of subrecipient monitoring procedures such that reasonable assurance of subrecipient compliance with applicable grant requirements and the requirements of OMB Circular A-133 can be attained.

Management's response:

Management informed us that subsequent to June 30, 2011, an amendment of the written client compliance assurance reviews policy was approved by *workforce* CONNECTIONS governing body, with an effective date of June 29, 2011, to require that a schedule for monitoring (compliance assurance reviews) be developed no less than annually (once each year) and that monitoring (compliance assurance review) reports will be issued no later than 30 days following completion of such reviews.

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010**

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*:

10-1

Criteria:	Government financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) normally require the use of both the modified accrual basis and the accrual basis of accounting. To provide reasonable assurance that financial statements, free of material errors, are presented using the appropriate basis of accounting, transactions must be accurately recognized in accordance with GAAP and associated policies and procedures.
Condition:	Although improved from the prior year, there continues to be an apparent lack of effective policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are presented using the appropriate basis of accounting.
Effect:	Reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are presented using the appropriate basis of accounting, as required by GAAP, cannot readily be attained. As a result, numerous adjustments (some of which requiring significant time) were necessary.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-1.

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

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* (continued):

10-2

Criteria:	Those delegated the primary responsibility for the accounting and reporting function should possess sufficient skills, knowledge (with an emphasis on the specific requirements unique to a governmental entity), and other resources to afford reasonable assurance of the appropriate application of accounting principles generally accepted in the United States (GAAP) in preparing financial statements.
Condition:	Although improved from the prior year, it is evident by the condition described in finding 10-1 that those delegated the primary responsibility for the accounting and reporting function continue to lack sufficient skills, knowledge (with an emphasis on the specific requirements unique to a governmental entity), and other resources to afford reasonable assurance of the appropriate application of GAAP in recording transactions and preparing financial statements.
Effect:	Reasonable assurance of the appropriate application of GAAP cannot readily be attained. As a result, numerous adjustments (some of which requiring significant time) were necessary.
Cause:	Failure to retain personnel who possess an appropriate level of knowledge and skill to provide reasonable assurance of the appropriate application of GAAP or provide sufficient training and other resources to those delegated the primary responsibility for the accounting and reporting function such that reasonable assurance of the acquisition of such knowledge and skills could be attained.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-2.

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a):

10-3

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*, YouthBuild, YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.258, 17.259, 17.260, 17.274, 17.275.
Specific requirements:	The schedule of expenditures of federal awards shall be complete and accurate and agree to supporting records/documentation.
Condition/Context:	The unaudited schedule of expenditures of federal awards did not agree to supporting records/documentation and could not be reconciled to the general ledger prior to completion of the numerous adjustments discussed in findings 10-1 and 10-2.
Questioned Costs:	None noted.
Effect:	Reasonable assurance that the schedule of expenditures of federal awards is complete and accurate cannot readily be attained.
Cause:	Failure to retain personnel who possess an appropriate level of knowledge and skill and to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance of the accuracy, completeness and agreement to supporting records/documentation of the schedule of expenditures of federal awards and its preparation in compliance with applicable requirements.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-3.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-4

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*, YouthBuild, YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.258, 17.259, 17.260, 17.274, 17.275.
Specific requirements:	Grant funds received pursuant to an approved drawdown or reimbursement request shall be expended as specified in the drawdown or reimbursement request.
Condition/Context:	Grant funds were expended for purposes other than the purpose specified in the drawdown or reimbursement request. At June 30, 2010, approximately \$162,000 of non-ARRA* grant funds requested to liquidate general operating obligations had been used to liquidate other allowable program and ARRA* general operating obligations. During the year ended June 30, 2010, 52 subrecipient obligations, totaling \$1,359,031, had been incurred and paid prior to the receipt of specifically requested funds, using funds requested for other purposes. In addition, estimated percentages used to drawdown general operating expense funds differed (depending upon the funding source and the program from 3.07% to 11.82%) from the total actual general operating expense percentages at June 30, 2010.
Questioned Costs:	None noted.
Effect:	Reasonable assurance that grant funds are expended for the purpose specified in the approved drawdown or reimbursement request cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that grant funds are expended in accordance with the approved drawdown or reimbursement request purpose.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-4.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-5

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*, YouthBuild, YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.258, 17.259, 17.260, 17.274, 17.275.
Specific requirements:	When federal grants are funded in advance, rather than on a reimbursement basis,, recipients shall minimize the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose.
Condition/Context:	During the year ended June 30, 2010, 508 subrecipient obligations, totaling \$17,765,185, had been incurred and paid subsequent to the receipt of specifically requested funds. The time elapsing between the receipt of federal grant funds and disbursement of such funds averaged 10.72 days with a maximum time lapse of 243 days. In addition, the monthly average cash balance for general operations ranged from a low of \$151,856 to a high of \$506,647, with cash balances attributable to non-ARRA* grants ranging from a low of \$662,699 to a high of \$1,114,277 and cash balances attributable to ARRA* grants ranging from a low of negative \$680,530 to a high of negative \$237,367.
Questioned Costs:	None noted.
Effect:	Reasonable assurance that the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose is minimized cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that the time elapsing between the receipt of federal grant funds and disbursement of such funds for their approved purpose is minimized.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-4.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-6

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*, YouthBuild, YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.258, 17.259, 17.260, 17.274, 17.275.
Specific requirements:	Requests for funds shall be complete, accurate and agree to supporting records/documentation. Independent review of requests for funds shall be performed to assure accuracy, completeness of data and information included therein, and agreement to supporting records/documentation.
Condition/Context:	Requests for funds were not complete, accurate and did not agree to supporting records/documentation. Of the 57 requests for non-ARRA* grant funds examined; 11 did not exhibit evidence of independent review for accuracy and completeness; 7 included mathematical errors, 1 had an unrequested grant balance different from that on the immediately prior request, and none exhibited evidence of subrecipient program review. Of the 59 requests for ARRA* grant funds examined; 4 did not include evidence of management approval, 20 did not exhibit evidence of independent review for accuracy and completeness; 10 did not include a schedule of prior requests or a reconciliation to the unrequested grant, and none exhibited evidence of subrecipient program review. In addition, although individual requests for grant funds could be traced to the schedule of expenditures of federal awards, in total the 116 request for grant funds examined, could not be reconciled to the general ledger prior to completion of the numerous adjustments discussed in findings 10-1 and 10-2 and as a result, general operating costs of \$448,846, were over allocated and charged to one ARRA* grant and had to be reclassified and charged to non-ARRA* grant for which the costs were also allowable.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that requests for funds are complete, accurate and agree to supporting records/documentation cannot readily be attained.
Cause:	Failure to retain personnel who possess an appropriate level of knowledge and skill and to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that requests for funds are complete and accurate and agree to supporting records/documentation.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-5.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued):

10-7

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.274, 17.275.
Specific requirements:	The American Recovery and Reinvestment Act of 2009, Section 1512 requires the submission of certain reports no later than the 10 th day following the end of each calendar quarter (beginning the quarter ended September 30, 2009).
Condition/Context:	One of the 7 reports submitted for the period of July 1, 2009 through June 30, 2010, was not submitted within the required 10 day time period.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that required reports are submitted timely, within required time periods cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required reports are submitted timely, within required time periods.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-6.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-8

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, ARRA*, WIA Youth Activities, ARRA*, WIA Dislocated Workers, ARRA*, YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.258, 17.259, 17.260, 17.274, 17.275.
Specific requirements:	Pass-through entities shall determine that subrecipients have current Central Contractor Registration (CCR) registrations, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, prior to making subawards and perform periodic checks to ensure that subrecipients are updating CCR registration information as necessary.
Condition/Context:	Verification of current CCR registration, including possession of a DUNS number, for subrecipients receiving ARRA* subawards prior to June 30, 2010, was not obtained prior to making the subawards.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that subrecipients are appropriately registered and possess a DUNS number cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that all required subrecipient information is verified prior to making subawards.
Current status:	No significant exceptions were noted in the current year's audit procedures; and therefore, this finding appears to have been corrected.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-9

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*, YouthBuild, YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.258, 17.259, 17.260, 17.274, 17.275.
Specific requirements:	Subrecipient award documents are to 1) include the award information (i.e., the Catalog of Federal Domestic Assistance (CFDA) title and number; award name and number; if the award is research and development; and name of Federal awarding agency), requirements imposed by laws, regulations, and the provisions of contract or grant agreements; and the approved allowable activities, 2) specifically identify, and distinguish from awards under existing programs, funds provided under ARRA*, and 3) require separate identification and reporting on the Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form of all funds received under ARRA*.
Condition/Context:	Subrecipient award documents did not include all required information. Of the 38 original subrecipient award documents examined, 23 did not include dated signatures (date of document execution), 4 did not include the award period of availability, 1 did not include a pass-through entity award number, 17 did not include the CFDA title and number, 8 did not specifically identify, and distinguish funds provided under ARRA* from awards under existing programs, 20 did not include the requirement to separately identify and report all funds received under ARRA* on the SEFA and Data Collection Form, and 2 identified the funding source as non-ARRA*, but were paid with ARRA* grant funds. Of the 25 amendments to subrecipient award documents examined, 9 did not include dated signatures (date of document execution) and 1 did not include a pass-through entity award number.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that subrecipient award documents include all required information and that funds provided under ARRA will be appropriately recognized and reported cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that all required information is included in subrecipient award documents and to require timely amendments of subrecipient award documents as new or revised requirements become effective.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-8.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-10

Program:

U.S. Department of Labor, Employment and Training Administration, WIA cluster: WIA Adult Program, WIA Adult Program, ARRA*, WIA Youth Activities, WIA Youth Activities, ARRA*, WIA Dislocated Workers, WIA Dislocated Workers, ARRA*, YouthBuild, YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.258, 17.259, 17.260, 17.274, 17.275.

Specific requirements:

Pass-through entities are to 1) monitor subrecipient compliance through reporting, site visits, regular contact, or other means to provide reasonable assurance that the use of grant funds is administered in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved, 2) ensure that a subrecipient that expends \$500,000 or more in federal awards is audited in accordance with the requirements of OMB Circular A-133 and that the audit is completed within 9 months of year end, 3) issue a decision on any audit findings within 6 months of the receipt of the subrecipient audit report, 4) ensure that the subrecipient takes timely and appropriate corrective action on all audit findings, 5) take appropriate action, including the use of sanctions, in cases of continued inability or unwillingness of a subrecipient to comply with applicable laws, regulations, and the provisions of contracts or grant agreements, and 6) evaluate and document the impact of subrecipient activities on the pass-through entity's ability to comply with applicable laws, regulations, and the provisions of contracts or grant agreements. In addition, the written client compliance assurance reviews policy specifies that schedules for monitoring (compliance assurance reviews) will be developed no less than twice each year and that monitoring (compliance assurance review) reports will be issued no later than 30 days following completion of such reviews.

Condition/Context:

Monitoring of subrecipient compliance through reporting, site visits, regular contact, or other means was not performed and documented in accordance with stated policies. Of 33 subrecipients with contract terms that included some or all of the period from July 1, 2009 through June 30, 2010, only 1 monitoring (compliance assurance review) was performed and documented for each subrecipient. In addition, 3 of the completed monitoring (compliance assurance review) reports included reported findings for which there is no documented evidence that subsequent follow up monitoring (compliance assurance review) procedures were performed.

* American Recovery and Reinvestment Act of 2009

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-10 (continued)

Questioned Costs: None noted.

Effect: Reasonable assurance that subrecipients complied with applicable grant requirements could not be attained; and therefore, reasonable assurance of compliance with grant requirements with respect to federal funds passed through to subrecipients cannot readily be attained.

Cause: Failure to effectively monitor compliance with policies and procedures designed to provide reasonable assurance that all subrecipients comply with applicable grant requirements and the requirements of OMB Circular A-133 and that the effect of subrecipient non-compliance is documented and monitored.

Current status: This condition still existed during the year ended June 30, 2011, and is reported in the current year's schedule of findings and questioned costs as finding number 11-10. However, subsequent to June 30, 2011, an amendment of the written client compliance assurance reviews policy was approved by *workforce* CONNECTIONS governing body, with an effective date of June 29, 2011, to require that a schedule for monitoring (compliance assurance reviews) be developed no less than annually (once each year) and that monitoring (compliance assurance review) reports will be issued no later than 30 days following completion of such reviews.

workforce CONNECTIONS

**Schedule of Prior Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

**Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133
Section .510(a) (continued):**

10-11

Program:	U.S. Department of Labor, Employment and Training Administration, WIA cluster: YouthBuild, ARRA*, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.274, 17.275.
Specific requirements:	Submission of a financial report, on Form ETA-9130, for each applicable program is required no later than the 45 th day following the end of each calendar quarter.
Condition/Context:	Two of the 7 reports submitted for the period of July 1, 2009 through June 30, 2010, was not submitted within the required 45 day time period.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that required reports are submitted timely, within required time periods cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that required reports are submitted timely, within required time periods.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 11-9.

* American Recovery and Reinvestment Act of 2009

workforce **CONNECTIONS**

**REQUIRED
COMMUNICATIONS
LETTER**

**TO THE
BOARD OF DIRECTORS**

**FOR THE YEAR ENDED
JUNE 30, 2011**

workforce CONNECTIONS
REQUIRED COMMUNICATIONS LETTER

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P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

Board of Directors
workforce CONNECTIONS
7251 West Lake Mead, Suite 200
Las Vegas, Nevada 89128

RE: Required Communications

Ladies and gentlemen:

As part of our engagement to audit the basic financial statements of *workforce* CONNECTIONS (the Organization) as of June 30, 2011 and for the year then ended, we are required under applicable auditing standards to communicate certain matters to those charged with governance responsibilities for the Organization for the purpose of assisting them in meeting their responsibilities with regard to the financial reporting process. This report contains those required communications.

The matters reported herein were considered in forming our opinion on the Organization's basic financial statements contained in our report dated February 24, 2012, and these matters do not change that report.

This communication is intended solely for the confidential information and use of those charged with governance and management responsibilities for the Organization and others identified below, either receiving a copy or being approved to receive a copy from management. However, this report is a matter of public record, and its distribution is not limited.



February 24, 2012

Copies provided to:
John Ball, Executive Director
Ardell Garbreth, Deputy Director - Operations
MaryAnn Avendano, Sr. Financial Analyst

SIGNIFICANT AUDIT ADJUSTMENTS

Our audit resulted in several significant adjustment to the Organization's basic financial statements. The details and financial statement effect of these proposed adjustments are included in an attachment. These adjustments are directly related to the internal control findings reported herein.

Management requested us, and we agreed, to waive as immaterial, individually and in aggregate, two proposed adjustments. The details and financial statement effect of these waived adjustments are included in an attachment.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

Management cooperated fully and no unexpected or unusual difficulties were encountered in completing the June 30, 2011, audit. In addition, the Organization's audit was completed several months earlier than it has been in the past several years and the requirement to complete the audit prior to March 31, 2012 (nine months after year end) was met.

MATTERS INVOLVING INTERNAL CONTROL

We planned and performed our audit of the basic financial statements of the Organization as of June 30, 2011 and for the year then ended, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States. We considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Organization's basic financial statements. Such procedures were not performed 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.

The principal objectives of effective internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that all transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with accounting principles generally accepted in the United States. The concept of reasonable assurance requires that management, in fulfilling its responsibility, make estimates and judgments to assess the expected benefit and related costs of control procedures. Because of inherent limitations in any internal control, errors or fraudulent acts, particularly when involving forgery and collusion, may occur and not be detected. In addition, there is a risk that procedures may become inadequate in future periods because of changes in conditions and the degree of compliance with the procedures may deteriorate.

Definitions. A *deficiency* in internal control over financial reporting 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 misstatements 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 with governance. 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 on a timely basis. Our consideration of internal control would not necessarily identify all deficiencies in internal control that might be significant deficiencies

or material weaknesses.

Findings. Our procedures identified the following that we are bringing to your attention:

We believe the following significant deficiencies constitute material weaknesses.

The following, or similar, findings were previously reported in our letters, dated April 29, 2011, June 8, 2010, September 22, 2009 and July 22, 2008.

Financial Accounting and Reporting. Government financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) normally require the use of both the modified accrual basis and the accrual basis of accounting. To provide reasonable assurance that financial statements, free of material errors, are presented using the appropriate basis of accounting, transactions must be accurately recognized in accordance with GAAP and associated policies and procedures.

As demonstrated by the numerous significant adjustments discussed above, there is an apparent lack of effective policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are presented using the appropriate basis of accounting as required by GAAP.

Management has represented that subsequent to year end, policies and procedures designed to provide reasonable assurance that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented were adopted and implemented, which include 1) a detailed review (at least monthly) of the general ledger by someone possessing an appropriate level of skill and knowledge of GAAP and who is independent of the preparation process, 2) the creation and use of standard journal entries and closing programs/checklists and provisions for the review and approval thereof by someone independent of the preparation process, and 3) creation and retention of documentation of such procedures, including the review and approval thereof. Therefore, we recommend that management should monitor compliance with such policies and procedures to ensure that transactions are accurately recognized and financial statements, free of material errors, are appropriately presented.

Financial Reporting Skills, Knowledge and Resources. Those delegated the primary responsibility for the accounting and reporting function should possess sufficient skills, knowledge (with an emphasis on the specific requirements unique to a governmental entity), and other resources to afford reasonable assurance of the appropriate application of GAAP in preparing financial statements.

It is evident by the condition described in the foregoing finding and as demonstrated by the numerous significant adjustments discussed above, that those delegated the primary responsibility for the accounting and reporting function lack sufficient skills, knowledge (with an emphasis on the specific requirements unique to a governmental entity), and other resources to afford reasonable assurance of the appropriate application of GAAP in recording transactions and preparing financial statements.

We recommend the retention of personnel who possess an appropriate level of knowledge and skill to provide reasonable assurance of the appropriate application of GAAP or provide sufficient training and other resources to those delegated the primary responsibility for the accounting and reporting function such that reasonable assurance of the acquisition of such knowledge and skills can be attained.

OTHER GOVERNANCE MATTERS

Auditors' responsibility under applicable professional standards. As stated in the first paragraph of our report on the Organization's basic financial statements, our responsibility as independent auditors, under applicable professional standards, is to express an opinion, based on our audit, on the Organization's basic financial statements, which are the responsibility of the Organization's management. Our responsibilities, as contrasted with management's, are spelled out more fully in our letter of engagement.

Despite any limited assistance we may have provided to management in its preparation, our responsibility for information accompanying the Organization's basic financial statements is limited to 1) reading such information to ascertain that it is materially consistent with information presented in the Organization's basic financial statements 2) considering whether any statements contained therein may appear to be materially misstated, and 3) assuring the satisfactory resolution of our concerns, if any. In this instance, we performed the required procedures, and any changes requested by us in this process were satisfactorily made and all questions satisfactorily resolved.

In considering the matters reported herein, you should be cognizant of your responsibility for oversight of the financial reporting process and management's responsibilities for establishing and maintaining an effective internal control subject to regulatory and ownership approval, and for the Organization's basic financial statements.

Significant accounting policies. The significant accounting policies employed by the Organization are disclosed in the notes to the Organization's basic financial statements and are essentially as prescribed, recommended or permitted under applicable authoritative literature for, or commonly used by, other entities in your industry. The accounting policies have been consistently applied and are not controversial.

Significant estimates. The basic financial statements do not contain any significant management estimates, except with regard to the estimated useful lives of property and equipment, allocation of Board expenditures/expenses and the collectability of recorded receivables.

Related parties. No significant audit issues were encountered in connection with the Organization's related party transactions, for example nondisclosure by management or questionable authorization/purpose.

Disagreements or pre-retention discussions with, and consultations with other accountants by, management. We are also required by professional standards to communicate any significant disagreements with management, consultations by management with other accountants that we become aware of, or discussions with us prior to our retention regarding any major issues, over the application of accounting principles, management's judgments about accounting estimates, disclosures to be made in the Organization's basic financial statements, the scope of the audit or the wording of the auditors' report, regardless of whether the matter was satisfactorily resolved. No such disagreements were encountered in our audit, nor are we aware of any consultations with other accountants, nor were we consulted prior to retention, regarding any such matters.

Representations sought from management. Appended to this communication is a copy of the letter of representation requested to be executed by management with regard to our audit services.

Licensing and independence. This will confirm that we are duly licensed to perform this engagement. In

workforce CONNECTIONS

Required Communications

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addition, in our professional judgment, we are independent of the Organization under all applicable rules, regulations, and interpretations. In addition, we represent that we know of no relationships that a reasonably informed person might consider an impairment of our independence under such requirements with regard to this engagement.

Compliance with laws, regulations, contracts and grants. Compliance with laws, regulations, contracts and grants applicable to the Organization is the responsibility of the Organization's management. As part of obtaining reasonable assurance about whether the Organization's basic financial statements are free of material misstatement, we performed tests of the Organization's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

In accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we have issued our report dated February 24, 2012, on our consideration of the Organization's internal control over financial reporting and on our tests of the Organization's 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. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and should be considered in assessing the results of our audit.

In accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we have issued our report dated February 24, 2012, on our consideration of the Organization's compliance with requirements applicable to major programs and on internal control over compliance. The purpose of that report is to describe the scope of our testing of compliance and internal control over compliance and the results of that testing, and to provide an opinion on the Organization's compliance with such requirements, but not to provide 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. This report is an integral part of an audit performed in accordance with the requirements of OMB Circular A-133, auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and should be considered in assessing the results of our audit.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions contained in laws, regulations, contracts and grants, that when aggregated, in our judgment, are material to the Organization's basic financial statements or a major grant program. The results of our tests of compliance and internal control over compliance did not disclose material instances of noncompliance or material weaknesses in internal control over compliance except as indicated in the above referenced reports.

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**Attachment - Significant Audit Adjustments
June 30, 2011**

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**Attachment - Significant Audit Adjustments
June 30, 2011**

Significant Audit Adjustment Number	Effect On				
	Assets	Liabilities	Equity	Revenues	Expenses
1	\$ (32,913)	\$ (5,634)			\$ 38,547
2	615,744				(615,744)
3		(60,255)			60,255
4		(377,153)		\$ (26,927)	404,080
5	775,425	(426,897)		(348,528)	
6	62,064	(336,490)		257,246	17,180
7	(627,194)			627,194	
8	(347,003)	459,118		(511,540)	399,425
9	(1,057,582)	(91,671)	\$ 307,551	608,025	233,677
	<u>\$ (611,459)</u>	<u>\$ (838,982)</u>	<u>\$ 307,551</u>	<u>\$ 605,470</u>	<u>\$ 537,420</u>

Description/explanation for audit adjustment number:

- 1 Recognize prepaid expenses for payments made prior to year end that benefit future periods and reverse prior year prepaid expenses that benefited the current year in both the government-wide and fund financial statements.
- 2 Recognize property and equipment acquisitions, disposals, depreciation and loss on disposals in the government-wide financial statements.
- 3 Recognize employee related obligations incurred prior to year end for compensated absences in the government-wide financial statements and payroll in both the government-wide and fund financial statements.

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Attachment - Significant Audit Adjustments (Continued)

June 30, 2011

Description/explanation for audit adjustment number (continued):

- | | |
|---|---|
| 4 | Recognize accounts payable for obligations incurred prior to the current year end and reverse accounts payable for obligations incurred in a prior year, but paid in the current year in both the government-wide and fund financial statements. |
| 5 | Recognize deferred revenue for revenues received, some of which were previously offset against accounts receivable, but not earned prior to year end, including advances made to subrecipients to fund future subrecipient expenditures, in both the government-wide and fund financial statements. |
| 6 | Recognize a payable to the grantor for funds received, some of which were previously offset against accounts receivable, but not earned prior to year end, which are to be returned to the grantor in both the government-wide and fund financial statements. |
| 7 | Recognize accounts receivable for revenues earned prior to the current year end, reverse accounts receivable for revenues earned subsequent to the current year end and reverse accounts receivable for revenues earned in a prior year, but collected in the current year in both the government-wide and fund financial statements. |
| 8 | Correct numerous posting and classification errors in both the government-wide and fund financial statements. |
| 9 | Recognize effect of converting from the accrual basis of accounting (government-wide financial statement presentation basis) to the modified accrual basis of accounting (fund financial statement presentation basis). |

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**Attachment - Waived Audit Adjustments
June 30, 2011**

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**Attachment - Waived Audit Adjustments
June 30, 2011**

<u>Waived Audit Adjustment</u>	<u>Debit</u>	<u>Credit</u>
Grant revenue	42,291	
Other revenue		42,291
Correct classification of other revenues classified as grant revenue in a prior year in both the government-wide and fund financial statements.		
Disallowed costs	25,000	
Allocable grant costs		25,000
Correct classification of disallowed costs classified as allocable grant costs in a prior year in both the government-wide and fund financial statements.		
Allocable grant costs	18,324	
Other revenue		18,324
Recognize contribution and donated allocable grant costs received in a prior year in both the government-wide and fund financial statements.		

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**Attachment - Representations Sought From Management
June 30, 2011**

February 24, 2012

Piercy Bowler Taylor & Kern
Certified Public Accountants
6100 Elton Avenue, Suite 1000
Las Vegas, Nevada 89107

To the Firm:

In this letter, the use of the phrase "financial statements" refers to the basic financial statements and related disclosures of *workforce CONNECTIONS* (the Organization), including any accompanying or supplemental information, as of June 30, 2011 and for the year then ended. It is in relation to these financial statements and in connection with the professional audit services that you provided that we make the representations contained herein.

Certain representations in this letter are described as referring or being limited to matters that are "material" to, or that could have a "material effect" on, the financial statements. We understand that items are considered qualitatively material, regardless of size, if they involve an omission or misstatement of information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. However, such materiality considerations do not apply to those representations contained herein that are not directly related to amounts included in the financial statements. Otherwise, we understand that you consider quantitatively material, for purposes of these representations, any matters having a possible effect of \$40,000 individually or \$60,000 in the aggregate, on the financial statements.

GENERAL REPRESENTATION OF TRUTHFULNESS

We have responded fully and truthfully to all inquiries made to us by you and confirm, to the best of our knowledge and belief, all representations we have previously made (or should have made) including, but not limited to, those specifically stated in this letter.

We reconfirm, to the best of our knowledge and belief, those representations previously made with respect to all comparative prior period information presented with the current period financial statements updated as necessary in this letter.

We agree to hold you harmless and indemnify you for any costs incurred as a result of your reliance on any false representations made to you by management personnel in connection with your services.

TRANSACTIONS, RECORDS, ESTIMATES, ADJUSTMENTS, AND FINANCIAL REPORTING

1. We are responsible for authorizing, initiating, processing, and reporting transactions only in

connection with the legitimate business purposes and best interests of the Organization, including, but not limited to, all related party and other transactions outside the normal course of business, if any. It is also our responsibility to ensure that such transactions comply with various laws, regulations, and contractual agreements applicable to the Organization and the Organization has complied with all such requirements that would have a material effect on the financial statements in the event of non-compliance.

The Organization has complied with all restrictions on resources, including donor restrictions, and all aspects of contractual and grant agreements that would have a material effect on the financial statements.

We are responsible for evaluating the classification of contract and grant revenues as either contributions or exchange transactions in accordance with the provisions of applicable standards and for ensuring that all such revenues are appropriately reported.

We have properly classified and reported the Organization's equity and changes therein, in accordance with all resource restrictions and the provisions of applicable standards.

We have determined that there are no component units or joint ventures that require disclosure under applicable *Governmental Accounting Standards*.

2. We are unaware of any material transactions that have not been recorded in the financial records underlying the financial statements including, but not limited to, related party transactions, (such as sales or purchases of goods or services, loans, transfers, leasing arrangements or guarantees) and related amounts receivable or payable or illegal transactions.
3. We have made available to you all financial records and related data underlying the financial statements that you requested, including but not limited to, minutes of and related resolutions (or accurate and complete summaries of discussions held and actions taken at) all meetings of those charged with governance through the date of this letter. Such minutes or summaries include and fairly describe all decisions made and actions taken by the respective bodies that bear significantly on the financial statements.
4. We are responsible for and have identified all fair value and other accounting estimates that materially affect the financial statements including, specifically, those that are susceptible to material revision during the first year subsequent to the end of the most recent period presented as a result of evolving events that have a reasonable probability of occurrence. We have informed you of the key factors and significant assumptions that underlie those estimates.

We understand that the service(s) provided by you did not include preparing, or assisting in the preparation of, any fair value estimates contained in the Organization's financial statements.

5. We are responsible for all recorded accounting estimates, including all asset valuation allowances. Such estimates reflect management's best judgment considering all reasonably available facts, including management's knowledge and experience about past events and current circumstances, and expected courses of action and are not materially misstated.

We have allocated certain expenses among functional expense categories (program services and supporting activities) based upon our knowledge and experience as to the benefit associated with each activity, including program services only to the extent a program objective was benefited from such expenditures.

6. We have evaluated and have recorded (or will record) adjustments to the books of account for all

financial statement misstatements identified by us or by you, if any, during the course of your engagement, except for those listed in the attached Schedule of Unadjusted Differences, which includes all adjustments that we have concluded are immaterial, both individually and, if applicable, in the aggregate.

7. We are responsible for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States. In other words, it is our responsibility to ensure that the financial statements and related disclosures are free of material misstatements in relation to the requirements of accounting principles generally accepted in the United States.

We are responsible for the fair presentation of the accompanying supplemental information.

We are responsible for the financial statements including all disclosures required by laws and regulations or other applicable standards to which the Organization is subject.

We are responsible for the proper classification of revenues in the statement of activities and reporting of all inter-fund, internal, and intra-entity activity and balances in accordance with Governmental Accounting Standards Board Statement No. 34, as amended.

We are responsible for identifying all funds that meet the quantitative criteria in Governmental Accounting Standards Board Statement No. 34, as amended for presentation as a major fund and for ensuring that all qualifying funds are reported as such. In addition, any fund presented as a major fund that does not meet the quantitative criteria has qualitative significance to users of the financial statements.

Any assistance that you provided to us in connection with the preparation of the financial statements and/or analysis of accounts including that which resulted in proposed adjustments was evaluated, reviewed, and approved by Ardell Galbreth, Deputy Director - Operations, a member of the Organization's management team, who possesses suitable skills, knowledge, and/or experience to do so, meaning that this individual understands the services performed sufficiently to oversee them, but is not required to possess the expertise to perform or re-perform the services.

8. There have been no significant changes in business activities, accounting practices or internal controls that might affect the financial statements.
9. We have reviewed and approved what we intend to be the final draft of the financial statements.

SPECIFIC DISCLOSURE REPRESENTATIONS

1. **Related party transactions and balances.** There are no material related party transactions and related amounts receivable or payable.
2. **Concentrations, risks and uncertainties.** Except as disclosed in the financial statements or an attachment to this letter, there are no concentrations of credit or other business or economic risks (including, but not limited to, customers, suppliers, lenders, products, services, sources of labor or materials, franchise or other licenses, operating areas, markets, *etc.*) that make the Organization vulnerable to a severe impact within the first year subsequent to the end of the most recent period presented. In addition, we are not aware of any undisclosed matters regarding the financial

stability of depository banks or other financial institutions that might affect your judgment about the significance of any risk of loss to the Organization associated with uninsured deposits.

3. **Receivables.** All material receivables recorded in the financial statements represent valid claims arising as a result of sales, loans or advances or other transactions occurring within or before the end of the most recent period presented and have been reduced to their estimated net realizable value by appropriate collection and/or other applicable valuation allowances.
4. **Title, carrying values and classification of assets.** There are no management plans or intentions that may materially affect the carrying value or classification of any Organization assets and the Organization has satisfactory title to such assets. All recorded carrying costs are recoverable, net of any impairment write-downs and other recorded valuation allowances and provisions, which are adequate, and we are unaware of any undisclosed value impairment indications, including those relating to long-lived assets, liens, encumbrances or other title impairments as of the end of the most recent period presented.

Goodwill and other intangible assets have been evaluated and recorded in accordance with applicable standards and, if applicable, amortized. There are no known facts or circumstances that would trigger and impairment evaluation and possible recognition of an impairment loss as of the end of the most recent period presented.

5. **Commitments, contingencies and accruable liabilities.** Except as disclosed in the financial statements or an attachment to this letter, there are no matters of pending or threatened litigation, asserted or unasserted claims or assessments that our lawyers have advised or that we are aware of that are probable of assertion, that could have a material effect on the financial statements, including, but not limited to, 1) environmental remediation obligations, 2) gain or loss contingencies that require recognition or disclosure in accordance with applicable accounting standards, 3) guarantees (written or oral) or "in-substance" guarantees of the obligations of other entities or individuals (including, for example, general partnership interests), 4) warranties or rights of return, 5) arrangements with financial institutions involving compensating balances or other restrictions on cash balances, 6) lines-of-credit or similar arrangements, 7) unconditional promises to contribute or otherwise transfer cash or other assets, 8) conditional promises to contribute or otherwise transfer cash or other assets that would require accrual or disclosure under applicable standards, 9) potential losses from unfavorable sales commitments, 10) other commitments requiring disclosure in the financial statements (including for the issuance of capital stock or partnership or other equity units, asset repurchase agreements, capital stock reserved for options, warrants, conversions or similar rights), or 11) other unrecorded liabilities.
6. **Multiple-employer, cost sharing, defined benefit plan(s).** We have no intention to terminate or materially modify the Organization's defined benefit plan(s). Although it is possible that a liability would be incurred by the Organization in the event of its withdrawal from participation in, or the termination of, such plan(s), the liability is not subject to reasonable estimation based on available information. Furthermore, all contributions required for the Organization's defined benefit plan(s) have been made or recorded as liabilities as of the end of the most recent period presented.
7. **Solvency.** We understand that you have neither determined nor will opine as to whether the Organization is solvent or insolvent for bankruptcy or other purposes since such would be a legal determination that may be made only by a court.
8. **Subsequent events.** We are responsible for evaluating events or transactions that have occurred subsequent to the end of the most recent period presented, but before the financial statements are

issued or available for issuance (subsequent events), through the date of this letter, for recognition and disclosure. We have performed appropriate subsequent events evaluation procedures, which are sufficient in the circumstances. Except as disclosed in the financial statements or an attachment to this letter, there have been no significant events subsequent to the end of the most recent period presented that, in our judgment, would materially affect and, therefore, require adjustment to, or disclosure in, the financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND FRAUD

1. We are responsible for designing, implementing, establishing and maintaining effective internal control over financial reporting that provides reasonable assurance that 1) the financial statements are fairly presented in conformity with accounting principles generally accepted in the United States, 2) the Organization's resources are adequately safeguarded, 3) the Organization is in compliance with all applicable laws, regulations and contractual requirements, and 4) fraudulent and other illegal acts are detected and prevented, including those involving both fraudulent financial reporting and misappropriation of assets possibly leading to financial statement misstatements.
2. We are responsible for evaluating the qualifications of all service organizations employed by the Organization including, but not limited to, computer service bureaus, financial institutions, investment advisors, brokers and other agents that we engage, particularly as to their integrity and ability to perform the services requested in accordance with management's authorization(s), and do not use or rely upon any services that your Firm performs in making these evaluations.
3. We are unaware of any fraud that is either material, probably material or that, although not material, involves management or other employees who have a significant role in internal control over financial reporting.
4. There has been no communication from or action by law enforcement or regulatory agencies concerning possible, alleged or suspected fraud, deficiencies in financial reporting practices or other noncompliance with laws, regulations or contractual requirements or any other illegal acts that should be considered for disclosure or for recording a loss contingency.
5. We are responsible for assessing the expected benefits and the related costs of all control procedures, including any additional or alternative procedures recommended by you.
6. We are responsible for considering and have considered the cause(s) of proposed adjustments (whether or not made and without distinction between those proposed by us or you), if any, including those that may have resulted, in whole or in part, from deficiencies in the design and operation of related controls.
7. There have been no changes in internal control over financial reporting or any other factors subsequent to the end of the most recent period presented that might significantly affect internal control over financial reporting, including any corrective actions taken by management with regard to any identified material weaknesses and other significant deficiencies.
8. We understand that a *deficiency* in internal control over financial reporting 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected. A *significant deficiency* is a deficiency, or combination of deficiencies, that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

9. We are responsible for and continually assess the effectiveness of internal control over financial reporting including disclosure controls, and do not use or rely upon procedures performed by your Firm for this purpose.
10. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting, including disclosure controls, that were identified as part of management's assessment or otherwise, specifically identifying all such deficiencies that are material weaknesses and other significant deficiencies as defined above, if any.
11. All control deficiencies identified by management, or by you during or as a result of previous engagements, if any, have been communicated to those charged with governance of the Organization and are in the process of being resolved to management's satisfaction.

COMPLIANCE WITH AND INTERNAL CONTROL OVER FEDERALLY FUNDED PROGRAMS

1. We are responsible for complying, and have complied, with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, various other laws, regulations, and provisions of contracts, including grant agreements applicable to each of the Organization's federal programs and represent that the Organization has complied, in all material respects, with all such requirements.

We have specifically identified and disclosed to you the provisions of contracts and grant agreements that have a direct and material effect on each of the Organization's federal programs.

We have identified and disclosed to you all amounts questioned and any known instances of non-compliance with the requirements of federal awards, including the results of, or current status of, other audits or program reviews through the date of this letter.

We are responsible for tracking the status of all audit and program review findings and have identified and disclosed to you all such findings. In addition, we are responsible for the preparation and implementation of the corrective action plan and a copy thereof has been provided to you.

2. We have made available to you all records and related data for our federal programs, including but not limited to: 1) a schedule of expenditures of federal awards prepared in accordance with OMB Circular A-133, which includes all expenditures made during the most recent period presented for all awards provided by federal agencies (including those passed through other entities) in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property, donated surplus property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance; 2) all contracts and grant agreements, including amendments,

if any, and other correspondence with federal agencies or pass-through entities related to the Organization's federal programs; and 3) all documentation related to the compliance requirements, including information related to federal program financial reports, and claims for advances and reimbursements.

3. We have specifically identified and disclosed to you all amounts that have been awarded to us under the authority of the *American Recovery and Reinvestment Act of 2009*, including any such amounts expended or received by us.
4. All federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared. The copies of federal program financial reports provided to you are true copies of the reports submitted (including electronically transmitted) to the applicable federal agency or pass-through entity.
5. We are responsible for and have monitored subrecipients compliance with applicable laws and regulations including OMB Circular A-133, reviewed and issued decision(s) as to subrecipient audit findings, if any, and ensured that corrective action was taken timely. In connection with reviewing the subrecipients' audit findings, we have considered the possible need for adjustment to our own books and records and made such adjustments as determined to be necessary.
6. All costs charged to federal programs, including allocated indirect costs, if any, are in compliance with applicable cost principles.
7. We are responsible for the accurate preparation of the summary schedule of prior audit findings, which includes all findings required to be included by OMB Circular A-133. We are also responsible for the completion of the "data collection form" and the submission of our "reporting package" as required by OMB Circular A-133.
8. We are responsible for designing, implementing, establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with all applicable laws, regulations, and provisions of contracts, including grant agreements, which could have a material effect on our federal programs.
9. There have been no changes in internal control over compliance for federal programs subsequent to the most recent financial reporting period presented that might significantly affect internal control over compliance or have a direct and material effect on any of the Organization's federal programs. In addition, there have been no known instances of non-compliance occurring subsequent to the most recent financial reporting period presented through the date of this letter.

INTENDED USERS OF THE FINANCIAL STATEMENTS

The financial statements are intended solely for the third party users specified in the Organization's letter of engagement with you or in a supplemental written communication to you and no others without your prior written approval.

There are no current plans for the issuance of public debt (*i.e.*, municipal bonds including revenue bonds) during the first year subsequent to the end of the most recent period presented; and therefore, the financial statements are not expected to be included in any offering documents.

NATURE AND PURPOSE OF THE PROFESSIONAL SERVICE YOUR FIRM PROVIDED

Purpose of audit. We understand that your audit of the Organization's financial statements was made for the purpose of enabling you to express an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States.

We understand that the nature of the service that you provided requires that your service team exercise professional judgment in connection with virtually every aspect of and throughout the engagement, and that such judgment(s) might vary from those of another professional in the same or similar circumstances.

Very truly yours,

workforce Connection

John Ball, Executive Director

Ardell Galbreth, Deputy Director - Operations

MaryAnn Avendano, Sr. Financial Analyst

SCHEDULE OF UNADJUSTED DIFFERENCES

Primary financial statement line item affected (Explanation)	<u>Debit</u>	<u>Credit</u>
Grant revenue	\$ 42,291	
Other revenue		\$ 42,291
Correct classification of other revenues classified as grant revenue in a prior year in both the government-wide and fund financial statements.		
Disallowed costs	25,000	
Allocable grant costs		25,000
Correct classification of disallowed costs classified as allocable grant costs in a prior year in both the government-wide and fund financial statements.		
Allocable grant costs	18,324	
Other revenue		18,324
Recognize contribution and donated allocable grant costs received in a prior year in both the government-wide and fund financial statements.		