PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

Annual Financial Report

workforce CONNECTIONS

July 1, 2011 - June 30, 2012

Las Vegas, Nevada

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

Ardell Galbreth, Executive Director

workforce CONNECTIONS

Annual Financial Report
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For the Fiscal Year Ended June 30, 2012

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

Board of Directors
workforce CONNECTIONS
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities and the major fund of *workforce* CONNECTIONS (the Organization) as of and for the year ended June 30, 2012, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, 2012, 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 January 31, 2013, 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.

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 2-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Piercy Bowler Taylor & Kern

January 31, 2013

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Management's Discussion and Analysis

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

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, 2012.

The Organization was established in 2000, under the provisions of the Workforce Investment Act of 1998 (the Act). The Organization's mission is "to establish dynamic partnerships with employers and the community to connect employment opportunities, education and job training." 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 a significant amount of its funding from federal grants, either directly from the United States Department of Labor, Employment and Training Administration or passed through the State of Nevada, Department of Employment, Training and Rehabilitation.

Financial Highlights

- The assets of the Organization exceeded its liabilities at the close of the most recent fiscal year by $1,038,995 (net assets), an increase of $203,854 from the prior year. Primarily due in part to a decrease in compensated absences of $104,118.
- As of the close of the current fiscal year, the Organization's sole governmental fund (the general fund) reported an ending fund balance of $75,335, a fund balance increase of $389,446 in comparison with the prior year. The increase is primarily due to $307,551 in receivables that were not collected within 60 days of the prior year end.
- During the year ended June 30, 2012, operating grants and contributions and related expenses decreased $5,035,131 (21%) and $4,699,923 (20%), respectively. This decrease can be primarily attributed to a reduction in the availability of American Recovery and Reinvestment Act of 2009 and other federal funding when compared to the prior year when the Organization received six new grants totaling $5,496,405.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Organization's basic financial statements. The Organization's basic financial statements consist of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Organization's finances in a manner similar to a private-sector business. The government-wide financial statements present information for the Organization's activities, which consist solely of governmental activities. The 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 10-11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain accounting control over resources that have been segregated for specific activities or objectives. The Organization, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Organization does not currently maintain any proprietary or fiduciary funds. 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 12-15 of this report.

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

The notes to the financial statements can be found on pages 16-27 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 $1,038,995 at the close of the most recent fiscal year.

workforce CONNECTIONS
Net Assets

	June 30	
	2012	2011
Capital assets, net	$ 1,051,391	$ 987,331
Other assets	4,016,214	4,221,602
	5,067,605	5,208,933
Liabilities, due in more than one year	57,641	13,795
Other liabilities	3,970,969	4,359,997
	4,028,610	4,373,792
Net assets:		
Invested in capital assets, net of related debt	1,000,293	987,331
Unrestricted	38,702	(152,190)
	$ 1,038,995	$ 835,141

By far, the largest portion of the Organization's net assets ($1,000,293) 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.

The Organization's investment in its capital assets was not acquired using debt, except for capital leases for printers/copiers in the amount of $51,098. 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.

workforce CONNECTIONS
Changes in Net Assets

	Year Ended June 30	
	2012	2011
Revenues:		
Operating grants and contributions	$ 18,783,471	$ 23,818,602
Other	28,881	88,586
	18,812,352	23,907,188
Expenses:		
Community support	18,608,498	23,308,421
Change in net assets	203,854	598,767
Net assets, beginning of year	835,141	236,374
Net assets, end of year	$ 1,038,995	$ 835,141

➢ Operating grants decreased by $5,035,131 (21%). The decrease can be primarily attributed to the following:

- A reduction in the availability of American Recovery and Reinvestment Act of 2009 funds and the decrease in reimbursable expenditures of WIA Adult, Youth and Dislocated Worker funding streams as compared to the prior year.

- Other revenues decreased $59,705 (67%) primarily due to reductions in donations of $42,900 and other normal variations in day-to-day operations.

- Community support expenses decreased $4,699,923 (20%). This decease can be primarily attributed to:

  - Reduction in the availability of American Recovery and Reinvestment Act of 2009 funds and the decrease in reimbursable expenditures of WIA Adult, Youth and Dislocated Worker funding streams as compared to the prior year.

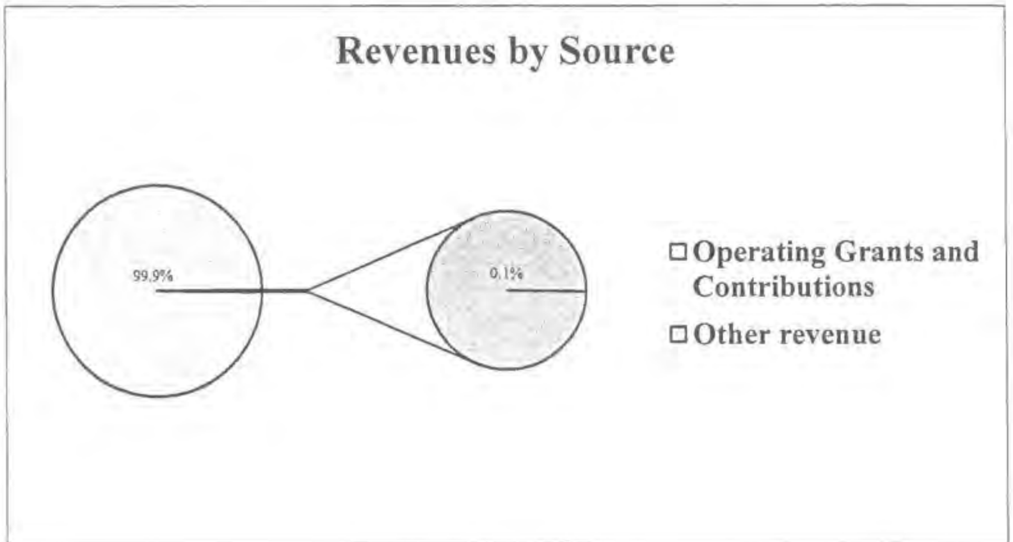
  - A decrease in outsourced service providers costs of $7,735,171.

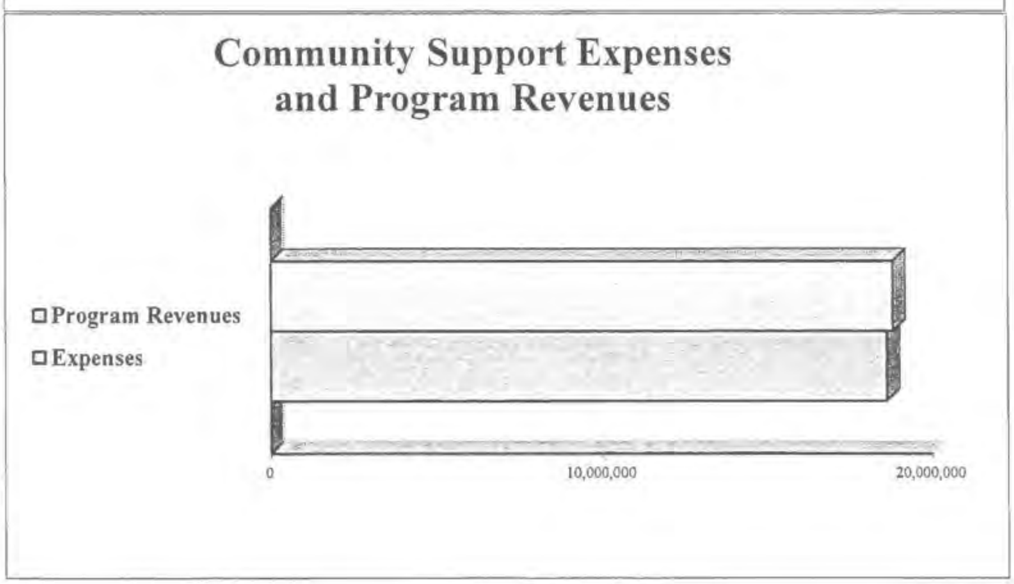
  - The aforementioned decreases were offset by the following:

    - An increase in salaries, wages, taxes and benefits of $1,420,953, primarily due to the prior year increase in additional staff with a clear understanding of the Organization's mission and the necessary knowledge, skills and talent to achieve that mission. However, due to the decrease in federal funding discussed above, the Organization reduced the size of the staff in the fourth quarter by 42% which resulted in additional severance and other payroll related expenses.

    - An increase in direct program participant training and support services of $879,018.

    - An increase in program and administration support, occupancy costs and communications systems and other professional services of $498,621.





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	
	2012	2011
Federal grants receivable	$ 2,898,595	$ 3,493,138
Other assets	1,055,030	658,214
	3,953,625	4,151,352
Accounts payable and accrued expenses	2,379,708	3,039,908
Due to grantors	281,860	528,929
Deferred revenue	1,216,722	896,626
	3,878,290	4,465,463
Fund balance, unassigned	$ 75,335	$ (314,111)

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Changes in Fund Balance, General Fund

	Year Ended June 30	
	2012	2011
Revenues:		
Federal grants	$ 19,065,942	$ 23,406,506
Other	41,421	193,131
	19,107,363	23,599,637
Expenditures:		
Federal grants	18,769,015	23,760,351
Other	-	156,095
Other financing sources-debt issuance		
Capital lease financing	51,098	-
Change in fund balance	389,446	(316,809)
Fund balance, beginning of year	(314,111)	2,698
Fund balance, end of year	$ 75,335	$ (314,111)

- As of the end of the current fiscal year, the Organization's sole governmental fund (the general fund) reported an ending fund balance of $75,335, a fund balance increase of $389,446 in comparison with the prior year. As previously discussed, this increase is primarily due to $307,551 in receivables that were not collected within 60 days of prior year end.

Total revenues decreased $4,492,274 (19%) with most of this decrease attributable to the decrease in federal grant revenues of $4,340,564 (19%). This decrease is primarily due to a reduction in the availability of American Recovery and Reinvestment Act of 2009 funds and the decrease in reimbursable expenditures of WIA Adult, Youth and Dislocated Worker funding streams as compared to the prior year.

- Total expenditures decreased $5,147,431 (22%). As previously discussed, this decrease is primarily due to a reduction in the availability of American Recovery and Reinvestment Act of 2009 funds and the decrease in reimbursable expenditures of WIA Adult, Youth and Dislocated Worker funding streams as compared to the prior year.

Capital Assets

At the end of the current fiscal year, the Organization's investment in capital assets (furniture, equipment and software), net of accumulated depreciation and amortization was $1,051,391, an increase of $64,060 (6%) from the prior year.

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

- Computers were purchased at a cost of $27,444.
- Software was purchased at a cost of $144,759.
- Furniture and other equipment were purchased at a cost of $160,758.
- Depreciation, amortization and gain/loss on disposal of capital assets totaled $268,902.
- Capital assets with a cost of $49,920 were disposed of during the fiscal year.

workforce CONNECTIONS
Capital Assets

	June 30	
	2012	2011
Computers	$ 636,119	$ 658,595
Furniture and other equipment	649,780	489,022
Software	616,350	471,591
	1,902,249	1,619,208
Less accumulated depreciation and amortization	(850,858)	(631,877)
	$ 1,051,391	$ 987,331

Additional information on the Organization's capital assets can be found on pages 19 and 23 of this report.

Economic Factors

The following factors were considered in planning, preparing and budgeting for the 2013 fiscal year.

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

	Unemployment Rates[1]	
	December 2012	June 2011
United States	7.6%	9.3%
State of Nevada	9.8%	14.0%
Clark County	10.0%	14.4%
Lincoln County	14.8%	14.2%
Nye County	11.9%	16.9%
Esmeralda County	4.2%	6.5%

- Grant awards received for the fiscal 2013 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 $20,182,005.

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.

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

Financial Section

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Assets
June 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 154,606
Receivables:	
Grants:	
Federal grants	2,898,595
Other grants	27,662
Subrecipients	872,762
Prepaid expenses	45,998
Refundable deposits	16,591
Capital assets, net of accumulated depreciation and amortization	1,051,391
Total assets	5,067,605
LIABILITIES	
Accounts payable	2,297,350
Accrued expenses	82,358
Due to grantors	281,860
Deferred revenue	1,204,182
Long-term liabilities, due within one year	
Capital lease obligation	5,890
Compensated absences	99,329
Long-term liabilities, due in more than one year	
Capital lease obligation	45,208
Compensated absences	12,433
Total liabilities	4,028,610
NET ASSETS	
Invested in capital assets, net of related debt	1,000,293
Unrestricted	38,702
Total net assets	$ 1,038,995

Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Governmental Activities				
		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Change in Net Assets
Function/program:					
Community support	$ 18,608,498	$ -	$ 18,783,471	$ -	$ 174,973
General revenues:					
Other					28,881
Change in net assets					203,854
Net assets, beginning of year					835,141
Net assets, end of year					$ 1,038,995

See notes to basic financial statements.

Fund Financial Statements

Balance Sheet
June 30, 2012

	General Fund
ASSETS	
Cash and cash equivalents	$ 154,606
Receivables:	
Grants:	
Federal grants	2,898,595
Other grants	27,662
Subrecipients	872,762
	$ 3,953,625
LIABILITIES	
Accounts payable	$ 2,297,350
Accrued expenses	82,358
Due to grantors	281,860
Deferred revenue	1,216,722
Total liabilities	3,878,290
FUND BALANCE	
Unassigned	75,335
Total liabilities and fund balance	$ 3,953,625

See notes to basic financial statements.

Reconciliation of the Balance Sheet to the Statement of Net Assets June 30, 2012

Fund balance		$ 75,335
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	$ 1,902,249	
Less accumulated depreciation and amortization	(850,858)	
		1,051,391
Long-term liabilities, including debt obligations, are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Capital lease payable	(51,098)	
Compensated absences	(111,762)	
		(162,860)
Deferred revenue amounts that are not available to fund current expenditures are not reported in governmental funds.		12,540
Prepaid expenses and refundable deposits represent current fund expenditures that benefit future periods; and therefore, are not reported in governmental funds.		
Prepaid expenses	45,998	
Refundable deposits	16,591	
		62,589
Net assets		$ 1,038,995

Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Year Ended June 30, 2012

	General Fund
Revenues	
Intergovernmental:	
Grants:	
Federal grants:	
American Recovery and Reinvestment Act of 2009 grants	$ 1,825,344
Other federal grants	17,240,598
Other grants	12,540
Other	28,881
Total revenues	19,107,363
Expenditures	
Community support:	
Federal grants:	
American Recovery and Reinvestment Act of 2009 grants:	
Adult program	1,260,935
Youth activities program	366,671
Dislocated workers program	112,996
Capital outlay	57,185
Other federal grants:	
Adult program	6,102,866
Youth activities program	5,536,910
Dislocated workers program	3,277,690
Administration	1,777,986
Capital outlay	275,776
Total expenditures	18,769,015
Other financing sources-debt issuance	
Capital lease financing	51,098
Change in fund balance	389,446
Fund balance, beginning of year	(314,111)
Fund balance, end of year	$ 75,335

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities For the Fiscal Year Ended June 30, 2012

Change in fund balance		$ 389,446
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	$ 332,961	
Less depreciation, amortization and gain/loss on disposal of capital assets	(268,902)	
		64,059
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		(295,011)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net assets. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net assets. This is the amount by which repayments exceeded debt issued:		
Capital lease financing		(51,098)
Some expeditures reported in governmental funds benefit future periods; and therefore, are not reported in the statement of activities:		
Change in prepaid expenses	(11,252)	
Change in refundable deposits	3,592	
		(7,660)
Some expenditures reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:		
Change in long-term compensated absences		104,118
Change in net assets		$ 203,854

See notes to basic financial statements.

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The Reporting Entity

workforce CONNECTIONS (the Organization) was established in 2000, under the provisions of the Workforce Investment Act of 1998 (the Act). The Organization's mission is "to develop a world class workforce through innovative market driven strategies that are relevant to Southern Nevada's employers and job seekers." The Organization is charged with implementing workforce investment activities throughout Southern Nevada. Generally, these include increasing occupational skill attainment to improve the quality of the workforce, reducing welfare dependency and enhancing the productivity and competitiveness of the 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, and no other entities were determined to be component units of the Organization.

Basic Financial Statements

The government-wide financial statements include a statement of net 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.

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 demand deposits are considered to be 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.

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, if any, 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.

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, 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 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 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.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The objective of the Statement is to either 1) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or 2) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, Elements of Financial Statements. Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the Organization's financial position, results of operations, or cash flows.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012*, effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements (Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*). Management has not yet completed its assessment of this statement; however, it is currently expected that the adoption of this statement will not materially affect the Organization's financial position, results of operations, or cash flows.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. Management has not yet completed its assessment of this statement.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Management has not yet completed its assessment of this statement.

Note 3. Detailed Notes on all Funds

Deposits and Investments

At June 30, 2012, the carrying amount of deposits was $154,606, and the bank balance was $285,794. 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, 2012, are as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets being depreciated or amortized:				
Furniture, equipment and software	$ 1,619,208	$ 332,961	$ (49,920)	$ 1,902,249
Less accumulated depreciation and amortization for:				
Furniture, equipment and software	631,876	268,902	(49,920)	850,858
	$ 987,332	$ 64,059	$ -	$ 1,051,391

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

Adult program	$ 78,727
Youth activities	73,539
Dislocated workers	29,857
Administration	86,779
	$ 268,902

Long-term Liabilities

Long-term liabilities for the year ended June 30, 2012, were as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
Capital lease obligation	$ -	$ 51,098	$ -	$ 51,098	$ 5,890
Compensated absences	215,880	467,366	(571,484)	111,762	99,329
	$ 215,880	$ 518,464	$ (571,484)	$ 162,860	$ 105,219

Compensated absences are liquidated by the general fund.

Operating and Capital Lease Commitments

During the year ended June 30, 2012, 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 $379,018 for the year ended June 30, 2012.

Subsequent to June 30, 2012, the Organization entered into a non-cancelable operating lease agreement for additional office space, which expires in the fiscal year ended June 30, 2019.

As of June 30, 2012, approximate future minimum lease payments, including payments required under the leases entered into subsequent to year end, are as follows:

Years ending June 30,	
2013	$ 350,908
2014	99,462
2015	17,340
2016	17,340
2017	15,895

The office lease terms required the payment of refundable security deposits in the aggregate amount of $45,674, of which $30,083 was returned to the Organization during the year ended June 30, 2010, and the remaining $15,591 will be returned at the expiration of the office lease term.

During the year ended June 30, 2012, the Organization acquired $51,098 of equipment (Note 3) as a result of entering into three 5-year capital lease agreements with interest rates ranging from 21% to 31%. Since the acquisition occurred close to the fiscal year end, there was not a significant amount of accumulated depreciation or amortization recorded.

As of June 30, 2012, approximate future minimum capital lease payments, including payments required under the leases entered into subsequent to year end, are as follows:

Years ending June 30,	
2013	$ 5,890
2014	7,656
2015	9,577
2016	12,017
2017	15,130
2018	828

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. Although the minimum probable losses associated with such claims cannot be estimated, it is the opinion of management that these claims will not have any material adverse effect on the Organization's 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 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:

Years ended June 30,	Rate	Amount
2010	21.50 %	405,133
2011	21.50 %	609,174
2012	23.75 %	934,437

At June 30, 2012, the unfunded contributions, included in accounts payable, were $88,077.

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.

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, 2012, and have issued our report thereon dated January 31, 2013. 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 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.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

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, including whether the funds established by the Organization, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5) complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Board of Directors in a separate letter dated January 31, 2013.

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.

Piercy Bowler Taylor & Kern

January 31, 2013

Single Audit
and
Accompanying Information

PBTK
PIERCY BOWLER
TAYLOR & KERN
Certified Public Accountants
Business Advisors

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 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, 2012. 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 and 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 of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-1 through 2012-4.

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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-2 and 2012-3. 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.

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, 2012, and have issued our report thereon dated January 31, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 solely for the information and use of management and members of the Board of Directors, others within the Organization, federal awarding agencies, and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Presing Bowden Taylor & Kern

January 31, 2013

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-though 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	17.274*	N/A	$ 74,068
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	235,949
WIA Cluster	*		
WIA Adult Program	17.258	PY10-A-02, PY11-A-02	3,992,476
WIA Youth Activities	17.259	PY10-Y-02, PY11-Y-02	2,287,617
WIA Dislocated Workers	17.278	PY10-DW-02, PY11-DW-02	2,392,434
WIA Governor's Reserve Incentive Awards			
WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers	17.258 17.259 17.278	PY09-GR(09)-LIFE-02	105,232
WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers	17.258 17.259 17.278	1649-12-ESD	237,434
WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers	17.258 17.259 17.278	PY11-GR(10)-I-02	17,735

* A "major" program

** American Recovery and Reinvestment Act of 2009

(Continued)

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012
(Continued)

Federal Grantor/Pass-though Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number(s)	Expenditures
All other expenditures (reported on the accrual basis)			
United States Department of Labor, Employment and Training Administration			
YouthBuild	17.274*	N/A	573,966
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	1,581,395
WIA Cluster (continued)	*		
WIA Adult Program	17.258	PY10-A-02, PY11-A-02	2,110,680
WIA Youth Activities	17.259	PY10-Y-02, PY11-Y-02	3,025,445
WIA Dislocated Workers	17.278	PY10-DW-02, PY11-DW-02, PY11-Layoff Aversion-02	1,602,831
Total United States Department of Labor, Employment and Training Administration			18,237,262
United States Department of the Interior, Fish and Wildlife Service			
Fish and Wildlife Management Assistance	15.608	N/A	11,029
Total United States Department of the Interior, Fish and Wildlife Service			11,029

* A "major" program

** American Recovery and Reinvestment Act of 2009

(Continued)

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012
(Continued)

Federal Grantor/Pass-though Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number(s)	Expenditures
All other expenditures (reported on the accrual basis) (continued)			
United States Department of Justice, Office of Justice Programs, Bureau of Justice Assistance			
Second Chance Act Prisoner Reentry Initiative	16.812	N/A	386,931
Total United States Department of Justice, Office of Justice Programs, Bureau of Justice Assistance			386,931
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 Care Workforce Development Grants	93.509	PY10-Workforce Connections-HRSA	91,727
Total United States Department of Health and Human Services, Health Resources and Services Administration			91,727
Total Expenditures			$ 18,726,949

* A "major" program

** American Recovery and Reinvestment Act of 2009

Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

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, 2012, the following awards (including amendments) were given to subrecipients:

Subrecipient	Award
Workforce Investment Act, Title I (CFDA Numbers 17.258, 17.259, 17.278)	
Bridge Counseling Associates	$ $500,000
Clark County School District	862,000
Foundation for an Independent Tomorrow	600,000
GNJ Family Life Center	600,000
Goodwill Industries of Southern Nevada	600,000
HELP of Southern Nevada	1,913,000
Latin Chamber of Commerce Community Foundation	1,950,000
Lincoln County School District	100,000
Nevada Hospital Association	600,000
Nevada Partners, Inc.	2,877,909
Nye Communities Coalition	1,288,753
Southern Nevada Children First	375,000
Southern Nevada Medical Industry Coalition	600,000
Southern Nevada Regional Housing Authority	350,000
YouthBuild (CFDA Number 17.274)	
Clark County School District	158,584
	$ 13,375,246

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I - Summary of Auditors' Results:

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
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:	Name of Federal Program or Cluster:
	United States Department of Labor, Employment and Training Administration:
17.258, 17.259, 17.278	WIA cluster: WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers
17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*
17.274	YouthBuild

Dollar threshold used to distinguish between Type A and Type B programs:	$561,808
Auditee qualified as low-risk auditee?	No

* American Recovery and Reinvestment Act of 2009

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2012

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

None reported.

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2012

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

2012-1

Program:	U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers. CFDA # 17.258, 17.259, 17.278. Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275. YouthBuild. CFDA # 17.274.
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:	Of the 20 requests for grant funds examined, the time elapsed between receipt of drawdowns requests and disbursement of subrecipient reimbursement requests has been inconsistent. From the period of July 2011 through December 2011, the time elapsed was from 1 to 90 days. From the time period of January 2012 to June 2012, the time elapsed improved to from one to nine days.
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 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.
Recommendation:	We recommend that management implement and monitor the current compliance policies 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.

* American Recovery and Reinvestment Act of 2009

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

2012-1 (continued)

Management's response:	Management informed us that it will monitor the current 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.

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2012

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

2012-2

Program:	U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers. CFDA # 17.258, 17.259, 17.278. YouthBuild. CFDA # 17.274.
Specific requirements:	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 documentation.
Condition/Context:	In examining a sample of 22 requests for grant funds, we noted that eight WIA Cluster and two YouthBuild requests did not exhibit evidence of independent review for accuracy and completeness.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that requests for funds were reviewed for accuracy and completeness cannot readily be attained.
Cause:	Failure to effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that requests for funds are complete, accurate and agree to supporting documentation.
Recommendation:	We recommend that management implement and monitor the current compliance policies designed to provide reasonable assurance that requests for funds are complete, accurate and agree to supporting documentation.
Management's response:	Management informed us that it will monitor the current policies and procedures designed to provide reasonable assurance that requests for funds are complete, accurate and agree to supporting documentation.

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2012

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

2012-3

Program:	U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers. CFDA # 17.258, 17.259, 17.278, Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, ARRA*. CFDA # 17.275.
Specific requirements:	Documentation supporting program participant eligibility shall be accurate and retained.
Condition/Context:	Of the 56 participant files selected for testing for the WIA cluster Graduate Advocate Program, two did not include the signature of a parent or guardian. Of the 77 participant files examined for the SESP Incumbent Worker Program, two contained improper identification where the participant's Application for a Nevada Driver's License was used to verify identity, one lacked evidence of selective service verification, and 15 contained inconsistent documentation of participant and staff signatures on forms.
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:	We recommend that management implement and monitor the current compliance policies designed to provide reasonable assurance that required participant eligibility documentation is complete, accurate and retained.
Management's response:	Management informed us that it will monitor the current policies and procedures designed to provide reasonable assurance that required participant eligibility documentation is complete, accurate and retained.

* American Recovery and Reinvestment Act of 2009

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2012

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

2012-4

Program:	U.S. Department of Labor, Employment and Training Administration: WIA cluster: WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers. CFDA # 17.258, 17.259, 17.260. YouthBuild. CFDA # 17.274.
Specific requirements:	Property records shall contain a description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of Federal participation in the cost, location, condition, and disposition data. Policies and procedures shall be in place for responsibilities of record keeping and authorities for disposition.
Condition/Context:	During our physical inventory of capital assets, we noted that, of the 80 items we observed, nine were found in incorrect locations and two were disposed of in December 2010, but remained in the capital asset schedules.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that capital asset records are complete and accurate cannot readily be attained.
Cause:	Failure to adopt, effectively implement and monitor compliance with policies and procedures designed to provide reasonable assurance that capital asset records are accurately maintained.
Recommendation:	We recommend that management implement and monitor compliance policies designed to provide reasonable assurance that capital asset records are accurately maintained.
Management's response:	Management informed us that it will implement and monitor policies and procedures designed to provide reasonable assurance that capital asset records are accurately maintained.

Schedule of Prior Findings and Questioned Costs
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*:

2011-1

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.
Current Status:	No significant exceptions were noted in the current year's audit procedures. and therefore, this finding appears to have been corrected.

Schedule of Prior 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):

2011-2

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.
Current status:	No significant exceptions were noted in the current year's audit procedures, and therefore, this finding appears to have been corrected.

Schedule of Prior 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):

2011-3

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.
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

Schedule of Prior 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):

2011-4

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*. 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: Grant funds received pursuant to an approved drawdown or reimbursement request shall be expended as specified in the drawdown or reimbursement request.

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, 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.

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.

Questioned Costs: None noted.

* American Recovery and Reinvestment Act of 2009

Schedule of Prior 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):

2011-4 (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.
Current status:	This condition still exists with regard to timely payment and is reported in the current year's schedule of findings and questioned costs as finding number 2012-1.

Schedule of Prior 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):

2011-5

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*. 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:	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.
Condition/Context:	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. 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.
Questioned Costs:	Not applicable.
Effect:	Reasonable assurance that requests for funds are complete, accurate and agree to supporting documentation cannot readily be attained.

* American Recovery and Reinvestment Act of 2009

Schedule of Prior 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):

2011-5 (continued)

Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 2012-2.

Schedule of Prior 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):

2011-6

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 10th 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.
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

Schedule of Prior 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):

2011-7

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.
Current status:	This condition still exists and is reported in the current year's schedule of findings and questioned costs as finding number 2012-3.

* American Recovery and Reinvestment Act of 2009

Schedule of Prior 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):

2011-8

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 Prior 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):

2011-8 (continued)

Current status: No significant exceptions were noted in the current year's audit procedures, and therefore, this finding appears to have been corrected.

Schedule of Prior 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):

2011-9

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 45th 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.
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

Schedule of Prior 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):

2011-10

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

Schedule of Prior 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):

2011-10 (continued)

Current status: No significant exceptions were noted in the current year's audit procedures, and therefore, this finding appears to have been corrected.