

NEVADAWORKS
REPORTING PACKAGE
JUNE 30, 2023



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Nevadaworks
TABLE OF CONTENTS
June 30, 2023

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-10
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Position – Fiduciary Fund	18
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	19
Notes to Financial Statements	21-37
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Nevadaworks' Share of Net Pension Liability	39
Schedule of Nevadaworks' Contributions	39
Schedule of Changes in Nevadaworks' Total Other Postemployment Benefits Liability and Related Ratios	40
SUPPLEMENTARY INFORMATION	
Schedule of Staff and Operating Costs – Special Revenue Fund	42
Schedule of Expenditures of Federal Awards	43
Notes to the Schedule of Expenditures of Federal Awards	44
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
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 <i>Government Auditing Standards</i>	46-47
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	48-50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Section 1 – Summary of Auditors' Findings	52
Section II – Financial Statements Findings	53
Section III – Federal Award Findings and Questioned Costs	54



INDEPENDENT AUDITORS' REPORT

Nevadaworks Board
Nevadaworks
Reno, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nevadaworks, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Nevadaworks' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nevadaworks, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of Nevadaworks' share of net pension liability, the schedule of Nevadaworks' contributions, and the schedule of change in Nevadaworks' total other postemployment benefits liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024, on our consideration of Nevadaworks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nevadaworks' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nevadaworks' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
March 12, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Nevadaworks, we offer readers of the Nevadaworks financial statements this narrative overview and analysis of the financial activities of Nevadaworks for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information furnished in this report.

FINANCIAL HIGHLIGHTS

- The auditors' report offers an unmodified opinion on the financial statements, the highest level of assurance that can be attained.
- The liabilities and deferred inflows of resources of Nevadaworks' governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$834,435 of which (\$798,988) is comprised of unrestricted net position and (\$35,447) represents net position invested in capital assets. The net position balance reflects an increase of \$24,366 compared to prior year. The increase is attributed to the decreased net pension liability under GASB 68. Governmental activities include all funds of Nevadaworks.
- As of the close of the current fiscal year, Nevadaworks' governmental funds reported combined ending fund balance of \$226,870, an increase of \$13,785 compared to the prior year.
- Revenue from all sources totaled \$7,293,282 a decrease of \$73,836 (1%) from the prior year.
- Subrecipient expenditures for delivery of direct program services by contracted service providers totaled \$5,199,428 (73%) of total expenses, a decrease of \$1,006,458 (16%) from the prior year. The decrease reflects a decrease in expenses for projects with an equal decrease in revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction and overview of Nevadaworks' annual financial report. Nevadaworks' basic financial statements consist of two parts: Management's Discussion and Analysis, and the Financial Statements including Notes to the Financial Statements. This report also contains Supplementary Information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide an overview of Nevadaworks' finances in a manner like a private-sector business.

The Statement of Net Position presents information on all of Nevadaworks' assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The Statement of Activities presents information showing how Nevadaworks' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Governmental activities are supported primarily through the U.S. Department of Labor, Workforce Innovation and Opportunity Act which represent approximately 80% of all revenue. Nevadaworks has no business-type activities, resulting in the financial statements representing only governmental activities.

Fund Financial Statements. A fund is a legal and accounting entity with a self-balancing set of accounts to track specific sources of funding and spending. Nevadaworks, as with other government agencies, uses fund accounting to ensure and demonstrate compliance with grant funding requirements. All funds of Nevadaworks are considered governmental funds.

Nevadaworks
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2023

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike government-wide financial statements, governmental funds focus on the current inflows and outflows of resources.

To provide a better understanding of the relationship between the fund statements and the government-wide statements, both the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliations between the two statement types.

The focus of the governmental funds statements is on major funds. Nevadaworks has two (2) individual major governmental funds, the Workforce Innovation Grant Programs, and the General Fund.

The Workforce Innovation and Opportunity Act Federal Grant Program fund accounts for four (4) separate and distinct federal programs designated as Adult, Dislocated Worker, Youth and National Dislocated Worker.

Notes to Financial Statements. Notes are included to provide information that is crucial to the full and complete understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information. In addition to the basic financial statements, this report also includes a schedule of staff and operating costs of Nevadaworks that are recorded into the Cost Pool and subsequently allocated to other funds. These items cannot be traced in total to the financial statements due to direct program and cost pool allocations.

Nevadaworks
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2023

Government-Wide Financial Analysis

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Assets and Deferred Outflows of Resources		
Current and other assets	\$ 819,031	\$ 1,239,350
Net right of use assets	103,583	898,229
Net capital assets	1,906	928
Total assets	<u>924,520</u>	<u>2,138,507</u>
Deferred Outflows of Resources	434,155	464,897
Total Assets and Deferred Outflows of Resources	<u>1,358,675</u>	<u>2,603,404</u>
LIABILITIES		
Current liabilities	701,162	1,284,035
Long-term liabilities	908,970	2,149,539
Total liabilities	<u>1,610,132</u>	<u>3,433,574</u>
Deferred Inflows of Resources	607,344	4,265
Total Liabilities and Deferred Inflows of Resources	<u>2,217,476</u>	<u>3,437,839</u>
NET POSITION		
Net Investment in capital assets	276	(35,447)
Unrestricted	(859,077)	(798,988)
Total Net Position	<u>\$ (858,801)</u>	<u>\$ (834,435)</u>

The majority of assets are comprised of cash and investments. Nevadaworks' right of use assets consist of building rental and capital assets consist exclusively of furniture and equipment. Total liabilities consist mainly of accounts payable, accrued liabilities and noncurrent liabilities. Noncurrent liabilities consist of lease liability, post-employment retirement obligations and pension liability. The negative unrestricted net position is comprised primarily of a deficit related to the portion of Public Employees' Retirement System (PERS) pension liability that is required to be reported by Nevadaworks.

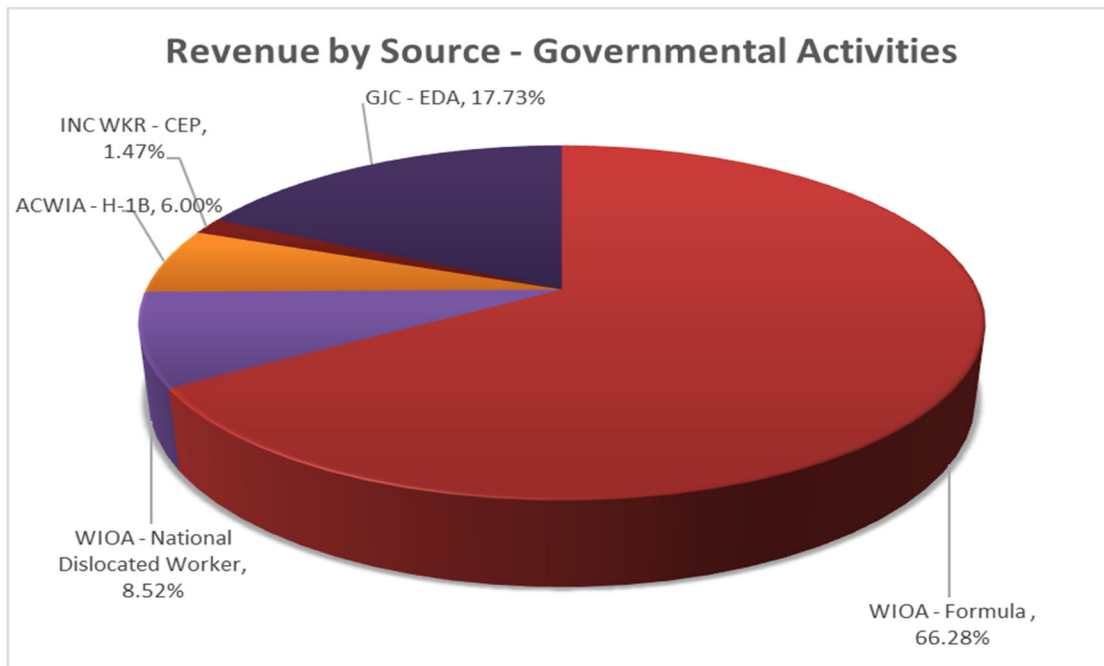
Nevadaworks
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2023

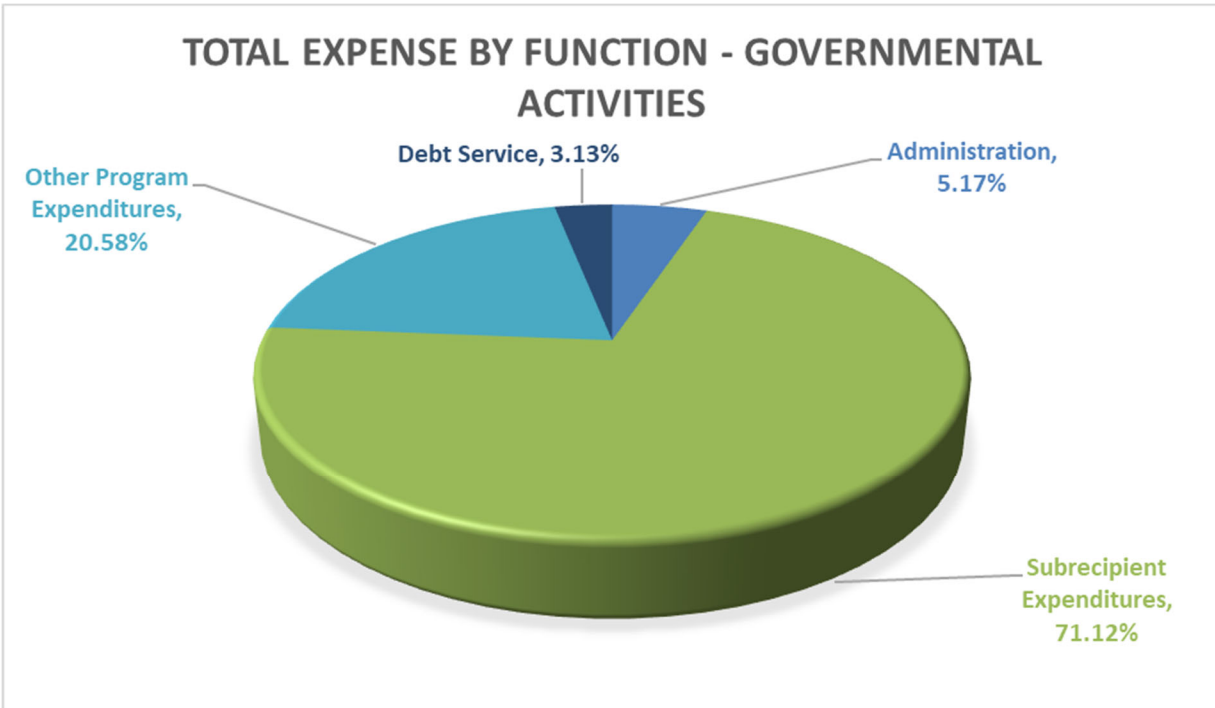
Government-Wide Financial Analysis. (Continued)

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
PROGRAM REVENUES		
Administration	\$ 555,947	\$ 346,597
Subrecipient	6,205,886	5,199,428
Other	606,298	1,722,762
Interest	-	24,278
GENERAL REVENUES	<u>(1,013)</u>	<u>197</u>
Total revenue	<u>7,367,118</u>	<u>7,293,262</u>
EXPENSES		
Administration	527,121	346,597
Subrecipient	6,205,886	5,199,428
Other	538,527	1,696,601
Interest	256	26,270
Total expenses	<u>7,271,790</u>	<u>7,268,896</u>
Change in net position	95,328	24,366
Net Position, July 1	<u>(954,129)</u>	<u>(858,801)</u>
Net Position, June 30	<u>(858,801)</u>	<u>(834,435)</u>

Governmental Activities

Revenue sources include program revenues comprised of Workforce Innovation and Opportunity Act (WIOA) pass-through grants for Adult, Dislocated Worker and Youth formula programs, National Dislocated Worker program, American Competitive and Workforce Improvement Act (ACWIA) – H-1B grant, Economic Adjustment Assistance – Good Jobs Challenge Grant and State of Nevada – Incumbent Worker Program. Revenues also include general fund revenues comprised of interest earned on unrestricted cash funds.





Subrecipient expenses represent the majority of expenses. Subrecipients provided services to individuals in the Reno, Sparks, Carson City and in rural areas of northern Nevada and targeted services through specialized programs.

Classification of expenses incurred directly by Nevadaworks for implementation of Nevadaworks' Board initiatives and Nevadaworks' operations is represented in the combined administration cost and other program expense line items. Administration costs represent expenses for defined functions under the administrative cost category definition under the Workforce Innovation and Opportunity Act programs and are not representative of total operating expenses for Nevadaworks.

FINANCIAL ANALYSIS OF NEVADAWORKS' FUNDS

As noted earlier, Nevadaworks uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of Nevadaworks' governmental funds is to provide information on current inflows, outflows, and balances of spendable resources.

Nevadaworks
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2023

FINANCIAL ANALYSIS OF NEVADAWORKS' FUNDS (CONTINUED)

Total combined program and general revenues, as shown in the Statement of Revenues, Expenditures and Changes in Fund Balance, amounted to \$7,293,282 and total expenditures amounted to \$7,310,272.

As of the end of the current fiscal year, Nevadaworks' governmental funds reported combined ending fund balances of \$181,073 as assigned fund balances, as well as nonspendable fund balances of \$17,178 and restricted fund balances of \$28,619.

KNOWN ECONOMIC FACTORS AND FEDERAL FUNDING

- The local economy in the Nevadaworks Workforce Development Area has fully recovered from the pandemic and now exceeds pre-pandemic levels. Unemployment continues to remain near historical lows. The population in the area continues to grow and the Nevadaworks Workforce Development Area is diversifying. Wage levels for all sectors in Northern Nevada are seeing increases in the starting wage and upward adjustments to wage ranges.
- Nevadaworks continues to be concerned with the trend of reductions in Title 1 formula funding for the Workforce Innovation and Opportunity Act along with reductions in federal funding for the other programs that make up the one-stop system. Recognizing that WIOA funds are not likely to increase significantly anytime soon, Nevadaworks continues to apply for grants which help to diversify its revenue streams and to supplement federal WIOA funds.
- Demand from employers for a workforce with higher skill levels continues to place greater demands on the Northern Nevada workforce development system. The Nevada Labor Participation Rate is among the bottom third of the lowest in the nation, exacerbating the challenges that employers experience when they try to find employees to fill their open positions.

Requests for Information

This financial report is designed to provide a general overview of the financial activity and condition of Nevadaworks to all having such an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nevadaworks, 639 Isbell Road, Suite 420, Reno, Nevada 89509.

BASIC FINANCIAL STATEMENTS

Nevadaworks
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
Assets	
Current Assets:	
Cash and investments	\$ 625,675
Federal grants receivable	588,316
Other receivables	8,181
Prepaid expenditures	17,178
Total current assets	1,239,350
Non-current Assets:	
Capital assets, net of accumulated depreciation	928
Right of Use Assets from leases, net of accumulated amortization	898,229
Total Assets	2,138,507
Deferred Outflows of Resources	
Deferred outflows related to pensions	464,897
Total Assets and Deferred Outflows of Resources	2,603,404
Liabilities	
Current Liabilities:	
Accounts payable	760,896
Accrued compensated absences and wages	111,632
Grants Received in advance	185,749
Current lease liability	214,006
Current OPEB Liability	11,752
Total Current Liabilities	1,284,035
Long-term Liabilities	
Lease liability	720,598
Net pension liability	1,302,537
OPEB Liability	126,404
Total Liabilities	3,433,574
Deferred Inflows of Resources	
Deferred inflows related to pensions	4,265
Total Liabilities and Deferred Inflows of Resources	3,437,839
Net Position	
Net Investment in capital assets	(35,447)
Unrestricted	(798,988)
Total Net Position	\$ (834,435)

See Accompanying Notes and Independent Auditors' Report

Nevadaworks
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues Operating Grants, and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental activities:			
Functions/Programs			
Economic environment:			
Administration costs	\$ 346,597	\$ 346,597	\$ -
Subrecipient expenses	5,199,428	5,199,428	-
Other program expenses	1,696,601	1,722,762	26,161
Interest	<u>26,270</u>	<u>24,278</u>	<u>(1,992)</u>
Total Governmental Activities	<u>\$ 7,268,896</u>	<u>\$ 7,293,065</u>	<u>\$ 24,169</u>
General Revenues:			
Unrestricted investment earnings			<u>197</u>
Change in Net Position			24,366
Net Position, July 1			<u>(858,801)</u>
Net Position, June 30			<u><u>\$ (834,435)</u></u>

See Accompanying Notes and Independent Auditors' Report

**Nevadaworks
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	<u>General Fund</u>	<u>Workforce Innovation Grant Programs</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 625,675	\$ -	\$ 625,675
Federal grants receivable	-	588,316	588,316
Other receivables	-	8,181	8,181
Prepaid expenditures	-	17,178	17,178
Due from other funds	-	444,602	444,602
Total Assets	<u>\$ 625,675</u>	<u>\$ 1,058,277</u>	<u>\$ 1,683,952</u>
Liabilities			
Accounts payable	\$ -	\$ 760,896	\$ 760,896
Accrued wages	-	65,835	65,835
Grants Received in Advance	-	185,749	185,749
Due to other funds	444,602	-	444,602
Total Liabilities	<u>444,602</u>	<u>1,012,480</u>	<u>1,457,082</u>
Fund Balances			
Nonspendable			
Prepaid expenditures	-	17,178	17,178
Restricted	-	28,619	28,619
Assigned			
Designated for subsequent year's expenditures	181,073	-	181,073
Total Fund Balances	<u>181,073</u>	<u>45,797</u>	<u>226,870</u>
Total Liabilities and Fund Balances	<u>\$ 625,675</u>	<u>\$ 1,058,277</u>	<u>\$ 1,683,952</u>

See Accompanying Notes and Independent Auditors' Report

Nevadaworks
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

Fund balances - governmental funds	\$	226,870
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not in the governmental funds.

Governmental capital assets		8,514
Less accumulated depreciation		(7,586)

Lease assets used in governmental activities are not financial resources and, therefore, are not in the governmental funds.

Right of use asset from leases		1,328,844
Less accumulated amortization		(430,615)

Current and long-term liabilities which are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Net pension liability		(1,302,537)
Post employment retirement obligation		(138,156)
Compensated absences		(45,797)
Lease liability		(934,604)

Deferred outflows and inflows or resources to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions		464,897
Deferred inflows of resources related to pensions		(4,265)

Total net position for governmental activities	\$	<u><u>834,435</u></u>
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See Accompanying Notes and Independent Auditors' Report

Nevadaworks
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Workforce Innovation Grant Programs	Total Governmental Funds
Revenues			
Federal and State grants	\$ -	\$ 7,116,572	\$ 7,116,572
Other governments	-	176,497	176,497
Miscellaneous	197	16	213
Total Revenues	197	7,293,085	7,293,282
Expenditures			
Current:			
Administration costs	-	378,043	378,043
Subrecipient expenditures	-	5,199,428	5,199,428
Other program expenditures	520	1,503,654	1,504,174
Debt Service			
Principal	-	202,357	202,357
Interest	-	26,270	26,270
Total Expenditures	520	7,309,752	7,310,272
Other Sources and (Uses)			
Issuance of leases	-	30,775	30,775
Total Other Sources and (Uses)	-	30,775	30,775
Net Change in Fund Balances			
	(323)	14,108	13,785
Fund Balances, July 1	181,396	31,689	213,085
Fund Balances, June 30	\$ 181,073	\$ 45,797	\$ 226,870

See Accompanying Notes and Independent Auditors' Report

Nevadaworks
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances for governmental funds	\$	13,785
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays and right of use assets as expenditures. However, in the statement of activities, the cost of those assets is depreciated or amortized over their estimated useful lives.</p>		
Less current year depreciation		(977)
Less current year amortization		(238,732)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in post retirement benefit obligation		200
Change in compensated absences		(14,109)
<p>Repayment of principal on long-term debt is an expenditure in governmental funds, but a reduction of long-term liabilities in the statement of net position.</p>		
Principal payments on lease liability		202,357
<p>Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned is reported as pension expense.</p>		
Pension expense		<u>61,842</u>
Change in net position for governmental activities	\$	<u><u>24,366</u></u>

See Accompanying Notes and Independent Auditors' Report

Nevadaworks
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2023

	Custodial Fund
Assets	
Cash and cash equivalents	\$ 48,801
Prepaid Expenditures	14,477
Total Assets	\$ 63,278
 Liabilities	
Accounts payable	\$ 63,278
Total Liabilities	\$ 63,278

See Accompanying Notes and Independent Auditors' Report

Nevadaworks
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2023

	Custodial Fund
Additions	
Pass-through grants collected for others	\$ 843,297
Interest	15
Total Additions	843,312
Deductions	
Payments of pass-through grants to others	843,312
Change in Net Position	-
Net Position - July 1	-
Net Position - June 30	\$ -

See Accompanying Notes and Independent Auditors' Report

NOTES TO FINANCIAL STATEMENTS

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Nevadaworks is a legal and administrative public entity formed under a cooperative agreement, dated June 1999, by and between certain city and county governments in Northern Nevada, pursuant to the Workforce Investment Act of 1998, Public Law 105-220 (WIA) to provide centralized administration of Northern Nevada's workforce programs. A cooperative agreement dated December 2016 amended the previous cooperative agreement to comply with the Workforce Innovation and Opportunity Act, Public Law 113-128 (WIOA).

Nevadaworks is governed jointly by the Board of Local Elected Officials (LEO), consisting of the Chairman of each County Commission/Board of Supervisors, and the Local Workforce Development Board (LWDB), known as Nevadaworks Council, pursuant to a Cooperative Agreement between the two groups. Reference is made herein to the Nevadaworks Board.

Nevadaworks is an independent reporting entity and not a component unit of another government. This conclusion is based on the following criteria:

Composition of the Board

The Nevadaworks Board as defined above consists of elected officials from thirteen (13) Northern Nevada counties and representatives of the private sector, educational agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies and the public employment service agencies. The Board oversees the Nevadaworks' Chief Executive Officer who is responsible for staffing and the day-to-day operations.

Accounting for Fiscal Matters

Nevadaworks is responsible for reviewing, approving, and revising its own budget. Nevadaworks is solely responsible for financing any deficits that may occur and has sole control of its surplus funds. Nevadaworks enjoys the corporate rights typically associated with separate legal status including the ability to have its own name, the ability to sue or be sued in its own name, and the ability to own property in its own name.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenue includes 1) investment earnings directly allocated to program revenue 2) charges for various programs and 3) operating grants that are restricted to meeting the operational requirements of a particular program. Investment earnings and other items not properly included among program revenue are reported instead as general revenue.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Presentation

The funds of the financial reporting entity are described below:

Governmental Fund Type

General Fund – The General Fund is the general operating fund of Nevadaworks and accounts for all financial resources except those required to be accounted for in other funds.

Workforce Innovation Grant Programs Special Revenue Fund – Accounts for Workforce Innovation and Opportunity Act (WIOA) program awards. These programs include WIOA Adult Program, WIOA Dislocated Worker, WIOA Youth activities and National Dislocated Worker Programs. The State of Nevada, (CEP) Claimant Employment Program, Incumbent Worker Program is also included. The fund also accounts for program income used for grant purposes.

Fiduciary Fund Type

Custodial Funds – The fund accounts for American Job Center of Nevada Partner pass-through funds that are equivalent to pure cash conduits by Nevadaworks in a custodial capacity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Nevadaworks considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when the related liabilities are incurred, as under accrual accounting. Federal and state grants and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Fiduciary funds are used to account for assets held by Nevadaworks in a trustee capacity or for other governmental units. Nevadaworks maintains one fiduciary (Custodial) fund.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

Nevadaworks prepares an annual budget, which is approved by the Nevadaworks Board. Subsequently, the budget is submitted to the Governor of the State of Nevada. Upon approval of the budget, Nevadaworks has budgetary authority to expend the funds. Budgetary control is at the cost category level with maximum levels set for administrative activities. Nevadaworks' expenditures were within the federally mandated cost category limitations for the year ended June 30, 2023.

Management may request budget modification approval from the Nevadaworks Board at any time throughout the year. Appropriations lapse at the end of the grant period for the WIOA program. Working budgets are prepared for other non-federal funds as the funds become available and are monitored internally. Annual budgets are not legally adopted and, therefore, budgetary comparison schedules for the general fund and the special revenue fund are not required to be included as, required supplementary information or as basic financial statements.

Cash and Investments

Nevadaworks has adopted a cash and investment policy in which all cash and investment accounts must be properly safeguarded. They have interpreted this to determine that all cash and investments must be in an interest-bearing account or held in a custodial account with Washoe County.

Federal Grants Receivable and Other Receivables

Contract and grant funds which have been expended, but not yet received, are reported as federal grants receivable. Other receivables consist of amounts due from subrecipients.

Management does not expect any material collection losses with respect to the other receivable balances.

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. All such balances within the governmental activities are eliminated in the government-wide statements.

Capital Assets

Capital assets, which include furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by Nevadaworks as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture and equipment of Nevadaworks are depreciated using the straight-line method over estimated useful lives ranging from five to twenty years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

Pension

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position may report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Nevadaworks recognizes deferred outflows of resources as it relates to the net pension liability. In addition to liabilities, the Statement of Net Position/Balance Sheet Governmental Funds may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Nevadaworks recognizes deferred inflow of resources as it relates to the net pension liability.

Accrued Compensated Absences

For all Nevadaworks employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to a maximum of two hundred (200) hours. Annual leave earned in any specific calendar year, must be used prior to the end of the next calendar year. Employees are allowed to accumulate sick days; however, only one hundred twenty (120) hours may be carried over to a subsequent year. Unused sick leave will not be compensated upon termination of employment. The government-wide statements accrue compensated absences as it is earned, and sick pay as it is used. A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off or employees terminate).

The current liability for vacation benefits is reflected in the fund financial statements. The total estimated liability of vested vacation is reflected in the government-wide financial statements.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

In the government-wide financial statements, net position is classified and displayed in three components:

- Net Investment in capital assets - consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other assets that do not meet the definition of “net investment in capital assets” or “restricted”.

In the fund financial statements, governmental funds report balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which Nevadaworks is bound to honor constraints on how specific amounts can be spent.

Nonspendable – represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. Nevadaworks includes fund balances that have been prepaid for expenses in this category.

Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions.

Committed – represents amounts which can be used only for specific purposes determined by the members of the governing Board’s formal action through a resolution or action. Nevadaworks has no committed fund balances.

Assigned – represents amounts that are intended by Nevadaworks for specific purposes but do not require a formal action by the governing Board.

Unassigned – represents all amounts not included in spendable classifications. Nevadaworks has no unassigned fund balances.

When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Board’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Staff and Operating Costs

Staff and operating costs for administration and program support services of WIOA are allocated to cost categories based primarily on individual Nevadaworks' employee functions. The costs are allocated to the individual funds using procedures approved by the State of Nevada.

Concentrations

Nevadaworks receives a substantial portion, 80%, of its revenue and support from the U.S. Department of Labor.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of subscription-based information technology arrangements as a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. Nevadaworks adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 – CASH AND INVESTMENTS

A summary of cash and investments for Nevadaworks on June 30, 2023, is as follows:

	Carrying Amount	Bank Balance
Represented by:		
Cash in bank, checking	\$ 674,477	\$ 776,952
	674,477	776,952
Total cash and investments	\$ 674,477	
Cash and investments - Governmental Activities	\$ 625,675	
Cash and investments - Fiduciary	48,801	
	\$ 674,477	

By provision of statutes, Nevadaworks is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada and must be subject to withdrawal on demand.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - CASH AND INVESTMENTS (Continued)

Nevadaworks maintains its checking and savings accounts in one commercial bank. The commercial bank accounts are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation (FDIC). Nevadaworks is part of the Nevada Collateral Pool which reduces risk for government agencies through collateral pool.

NOTE 3 - CAPITAL ASSETS

Capital asset activity consists of the following for the year ended June 30, 2023:

	Balance July 1, 2022*	Additions	Retirements	Balance June 30, 2023
<u>Capital assets</u>				
<u>being depreciated</u>				
Furniture and equipment	\$ 8,514	\$ -	\$ -	8,514
Total capital assets being depreciated	8,514	-	-	8,514
 <u>Less capital asset accumulated depreciation:</u>				
Furniture and equipment	(6,608)	(978)	-	(7,586)
Total accumulated depreciation	(6,608)	(978)	-	(7,586)
Net capital assets	1,906	(978)	-	928
 <u>Lease assets being amortized:</u>				
Buildings	1,298,069	-	-	1,298,069
Equipment	-	30,775	-	30,775
Total capital assets being depreciated	1,298,069	30,775	-	1,328,844
 <u>Less lease asset accumulated amortization:</u>				
Buildings	(191,883)	(236,167)	-	(428,050)
Equipment	-	(2,565)	-	(2,565)
Total accumulated amortization	(191,883)	(238,732)	-	(430,615)
Net lease assets	1,106,186	(207,957)	-	898,229
 Net capital and lease assets	<u>\$ 1,108,092</u>	<u>(208,935)</u>	<u>-</u>	<u>899,157</u>

*Beginning balances were restated for amounts that were not previously included as right to use lease assets in the prior year.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of Nevadaworks as follows:

Governmental activities:

Other program expenses	\$ <u>239,710</u>
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NOTE 4 - CURRENT INTERFUND BALANCES

Current interfund balances arise in the normal course of business and are expected to be repaid within one year. The following is a summary of interfund balances as of June 30, 2023.

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund		\$444,602
Workforce Innovation Grant Programs	\$444,602	

The purpose of Due To/Due From was to record the cash balances for these funds.

NOTE 5 - LEASES

Nevadaworks has agreements to lease two office spaces in Reno, Nevada, commencing July 1, 2019 for the Nevadaworks offices and February 1, 2018 for the One-Stop Center. The Nevadaworks office lease is effective July 1, 2019 through June 30, 2024. The One-Stop Center lease is effective February 1, 2018 to July 31, 2028. The lease agreements contain provisions for cancellation without penalty to Nevadaworks upon the occurrence of certain events such as the discontinuance of the program due to the lack of federal funding. Nevadaworks office monthly base rent beginning on July 1, 2022 was \$4,327 with annual increases of 3% each year. Rent expense, including janitorial and utilities costs, for the year ended June 30, 2023 totaled \$51,930. The One-Stop Center office monthly base rent beginning July 1, 2022 was \$14,477 with annual increases of 1% each year. Rent expense, including janitorial and utilities costs, for the year ended June 30, 2023 totaled \$173,586. Nevadaworks has an agreement to lease office equipment, commencing on February 1, 2023. The lease is effective February 1, 2023 through January 31, 2028. Monthly Base rent beginning February 1, 2023 was \$482 with an additional per copy maintenance fee. Equipment lease for the year ended June 30, 2023 totaled \$18,121.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - LEASES (Continued)

Total future minimum lease payments under lease agreements are as follows:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	214,006	21,939	235,945
2025	167,366	16,844	184,210
2026	173,725	12,255	185,980
2027	180,282	7,487	187,769
2028	184,010	2,586	186,596
2029	<u>15,215</u>	<u>-</u>	<u>15,215</u>
Total minimum lease payments	<u>\$ 934,604</u>	<u>\$ 61,111</u>	<u>\$ 995,715</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>
Buildings	\$ 1,298,069
Less: accumulated amortization	<u>(428,050)</u>
	<u>\$ 870,019</u>
Equipment	\$ 30,775
Less: accumulated amortization	<u>(2,565)</u>
	<u>\$ 28,210</u>

NOTE 6 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2023 for governmental activities is as follows:

	<u>Balance*</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Lease liability - building	\$ 1,106,186	\$ -	\$ 200,131	\$ 906,055	\$ 208,456
Lease liability - equipment	-	30,775	2,226	28,549	5,550
Compensated absences	31,688	47,819	33,710	45,797	45,797
Total	<u>\$ 1,137,874</u>	<u>\$ 78,594</u>	<u>\$ 236,067</u>	<u>\$ 980,401</u>	<u>\$ 259,803</u>

*Beginning balances were restated for amounts that were not previously included as lease liability in the prior year.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The following is a summary of changes in the Nevadaworks' accrued compensated absences:

Beginning of year balances	\$ 31,688
Additions	47,819
Uses	<u>(33,710)</u>
End of year balance	<u>45,797</u>
Less: Current portion	<u>(45,797)</u>
	<u>\$ -</u>

NOTE 7 - POST-EMPLOYMENT RETIREMENT OBLIGATION

Nevadaworks recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on Nevadaworks future cash flows. The annual funding, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

Plan Description and Eligibility

NRS 287.023 allows retired employees of governmental entities with the State of Nevada to join the States' Public Employee Benefit Program (PEBP), a single employer defined benefit OPEB plan administered by a nine-member governing board. PEBP provides medical, prescription, vision, life, and accident insurance, and dental for retirees. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan and no individual financial reports are issued. Therefore, no assets were accumulated in a trust meeting paragraph 4 criteria of GASB 75.

Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. The statutes were revised effective of November 30, 2008 to create new participation limitations so that only active members of PEBP can elect coverage after retirement. Based on the statute revision, former employees and retirees must have retired and joined PEBP by September 1, 2008, employees retiring on or after September 1, 2008 will be eligible to participate as a retiree at the retiree's expense. Nevadaworks has 5 retired employees that qualify for the Post-Employment Retirement Benefits as of June 30, 2023.

Benefits Provided

The plan provides medical, dental, vision, long-term disability, accidental death and dismemberment, and life insurance benefits to eligible retired employees. Local governments are required to pay the same portion of cost of coverage for those persons joining NPEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the NPEBP. The NPEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - POST-EMPLOYMENT RETIREMENT OBLIGATION (Continued)

Nevadaworks is required to provide a subsidy for its retirees that have elected to join PEBP. The subsidy is paid on the pay-as-you-go basis. Contribution requirements for plan members and participating employers are assessed annually by the PEBP board. Nevadaworks' obligation for subsidies is limited to payment of the statutorily required contribution. For the year ended June 30, 2023, Nevadaworks contributed \$11,752 to the plan. Amounts ranged from \$145 to \$260 per month.

Total OPEB Liability

The total OPEB liability of \$138,156 was measured as of June 30, 2023, and was determined by Nevadaworks. The accounting principles allow a small employer, like Nevadaworks, to calculate the post-employment retirement obligation using the alternative measurement method. The alternative measurement method is a simplification of certain assumptions as an alternative to actuarial calculations as a means to measure the total OPEB liability.

Methods and Assumptions

The methods and assumptions used include techniques that are designed to reduce the volatility in actual accrued liabilities. The following assumptions were made:

- Mortality – Life expectancies are based on mortality tables from the Social Security Administration.
- Healthcare cost trend rate – The expected increase in healthcare insurance premiums was based on the projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A range of 6.4% to 5.70% was used.
- Health insurance premiums – 2023 health insurance subsidies were used as a basis for calculation of the present value of total benefits to be paid.
- Inflation rate – An inflation rate of 3.75% was used.
- Discount rate – The 20-year, tax exempt general obligation municipal bond index of 3.75%.

Changes in the Total OPEB Liability

Balance at July 1, 2022	\$ 138,356
Changes for the year:	
Interest	11,552
Benefit payments	<u>(11,752)</u>
Net changes	<u>(200)</u>
Balance at June 30, 2023	\$ 138,156

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of Nevadaworks, calculated using a discount rate of 3.75%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

1% Decrease in Discount Rate	Discount Rate of 3.75%	1% Increase in Discount Rate
\$145,714	\$138,356	\$131,249

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - POST-EMPLOYMENT RETIREMENT OBLIGATION (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of Nevadaworks, calculated using healthcare cost trend rates ranging from 6.4% to 5.70% as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates Ranging from 6.4% to 5.70%	1% Increase in Healthcare Cost Trend Rates
\$131,278	\$138,356	\$145,467

OPEB Expense

For the year ended June 30, 2023, Nevadaworks recognized OPEB credit of (\$200).

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description

Nevadaworks contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.50% multiplier and for members entering PERS on or after July 1, 2015 there is a 2.25% factor. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Vesting

Members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Members who entered the system on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

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

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

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

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2023 the Statutory Employer/Employee matching rate was 15.5%. The Employer-pay contribution (EPC) rate was 29.75 %.

Nevadaworks's contributions were \$83,723 year ended June 30, 2023.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The following was the PERS Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

As of June 30, 2022, PERS' long-term inflation assumption was 2.50%.

Net Pension Liability

At June 30, 2023, Nevadaworks reported a liability of \$1,302,537 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Nevadaworks' proportion of the net pension liability was based on its combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2022. At June 30, 2023, Nevadaworks' proportion as 0.00721 percent, which is a decrease of 0.00078 from the proportion measured as of June 30, 2022.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the Nevadaworks as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what Nevadaworks net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$1,999,820	\$1,302,537	\$727,173

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

Nevadaworks' net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Productivity pay increase	0.50%
Projected salary increases	4.20% to 9.10%, depending on service Rates include inflation and productivity increases
Investment rate of return	7.25%
Other assumptions	Same as those used in the June 30, 2022, funding actuarial valuation

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

During the year ended June 30, 2023, Nevadaworks recognized pension of \$130,004.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2023, Nevadaworks reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 168,657	\$ 930
Changes in assumptions or other inputs	167,320	-
Net difference between projected and actual earnings on pension plan investments	15,892	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	29,326	3,335
Nevadaworks contributions subsequent to the measurement date	<u>83,723</u>	<u>-</u>
Total	<u>\$ 464,918</u>	<u>\$ 4,265</u>

\$83,723 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2021 (the beginning of the measurement period ended June 30, 2022) is 5.70 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 57,821
2025	54,875
2026	48,995
2027	189,572
2028	25,667

Additional Information

The PERS Annual Comprehensive Financial Report (ACFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Nevadaworks
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - RISK MANAGEMENT

There were no claims pending or unresolved disputes involving Nevadaworks at June 30, 2023.

Nevadaworks, like all governmental entities, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Nevadaworks pays premiums to Washoe County for the administration of life and health insurance benefits through Washoe County's risk management funds. Under the Administrative

Services agreement with Washoe County, Nevadaworks is to maintain commercial insurance coverage for industrial liability. General liability and Directors and Officers insurance policies are provided by LP Insurance Services. There have been no claims or losses in excess of insurance coverage in the past three years.

NOTE 10 - RELATED PARTIES

Nevadaworks has contracts with organizations in which their board members are associated with. The total amount paid to these organizations for the year ending June 30, 2023 was \$138,762 and had accounts payable balances of \$93,691 owed to the respective organizations at June 30, 2023. The board members recuse themselves from voting on these contracts and they go through the same competitive bid process as all contracts.

REQUIRED SUPPLEMENTARY INFORMATION

**Nevadaworks
Required Supplementary Information**

**Schedule of Nevadaworks Share of Net Pension Liability
Public Employees' Retirement System of Nevada (PERS)
Last 10 Fiscal Years***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Nevadaworks' portion of net the pension liability	0.00721%	0.00799%	0.00762%	0.00953%	0.00894%	0.01002%	0.00900%	0.00914%	0.00838%
Nevadaworks' proportionate share of the net pension liability	\$ 1,302,537	\$ 728,928	\$ 1,061,287	\$ 1,299,189	\$ 1,219,360	\$ 1,333,127	\$ 1,210,740	\$ 1,046,995	\$ 873,416
Nevadaworks' covered payroll	\$ 536,443	\$ 569,678	\$ 489,373	\$ 651,401	\$ 590,886	\$ 613,704	\$ 564,031	\$ 511,053	\$ 493,041
Nevadaworks' proportional share of the net pension liability as a percentage of its covered payroll	242.81%	127.95%	216.87%	199.45%	206.36%	217.23%	214.66%	204.87%	177.15%
Plan fiduciary net position as a percentage of the total pension liability	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.20%	75.10%	76.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Nevadaworks will present information for those use for which information is available.

**Schedule of Nevadaworks' Contributions
Public Employees' Retirement System of Nevada (PERS)
Last 10 Fiscal Years***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 83,723	\$ 79,580	\$ 83,728	\$ 79,522	\$ 91,468	\$ 82,903	\$ 86,203	\$ 77,517	\$ 131,705
Contributions in relation to the statutorily required contribution	\$ 83,723	\$ 79,580	\$ 83,728	\$ 79,522	\$ 91,468	\$ 82,903	\$ 86,203	\$ 77,517	\$ 131,705
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 887,747	\$ 536,443	\$ 569,678	\$ 489,373	\$ 651,401	\$ 590,886	\$ 613,704	\$ 564,031	\$ 511,053
Contributions as a percentage of covered payroll	9.43%	14.83%	14.70%	16.25%	14.04%	14.03%	14.05%	13.74%	25.77%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Nevadaworks will present information for those use for which information is available.

Nevadaworks
June 30, 2023
Schedule of Changes in Nevadaworks' Total Other Postemployment Benefits Liability and Related Ratios

Total OPEB Liability	2022	2021	2020	2019	2018	2017
Interest	\$ 11,552	\$ (27,212)	\$ 8,758	\$ (36,673)	\$ 19,661	\$ 10,688
Benefit payments	(11,752)	(11,752)	(11,752)	(12,591)	(12,396)	(12,396)
Net change in total OPEB liability	(200)	(38,694)	(2,994)	(49,264)	7,265	(1,708)
Total OPEB liability-beginning	138,356	177,320	180,314	229,578	222,313	224,021
Total OPEB liability-ending	138,156	\$ 138,356	\$ 177,320	\$ 180,314	\$ 229,578	\$ 222,313
Total Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, Nevadaworks will present information only for those years for which information is available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of benefit terms. There were no changes to benefits terms.

SUPPLEMENTARY INFORMATION

NEVADAWORKS
SCHEDULE OF STAFF AND OPERATING COSTS
SPECIAL REVENUE FUND
For the Year Ended June 30, 2023

Advertising and marketing	\$	170
Contract services		66,994
Dues and subscriptions		7,771
Equipment lease		2,089
Insurance		7,303
Legal		298
Maintenance and repairs		137
Office supplies and postage		27,057
Other operating expenditures		187
Other personnel expenditures		44,923
Debt services		51,930
Staff meeting expenditures		7,419
Staff pay (includes fringe benefits)		1,374,094
Staff training and technical support		20,321
Staff travel		35,049
Telephone		<u>7,985</u>
Total Staff and Operating Costs	\$	<u><u>1,653,727</u></u>

Note: This schedule represents actual expenditures recorded into the Cost Pool and direct cost allocations recorded in other funds.

All Cost Pool items are allocated to other funds based upon the cost allocation plan approved by the State of Nevada.

These items cannot be traced in total to the financial statements due to direct program and cost pool allocations.

Nevadaworks
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor Pass -Through Grantor Program Title	Pass-Through Identifying Number	Grant Period	Federal Assistance Listing Number	Total Federal Expenditures	Payments to Subrecipients
United States (U.S.) Department of Labor					
Passed through from the Nevada Department of Employment, Training and Rehabilitation					
WIOA Cluster					
Title 1-B, Adult Program	PY20-A-01-WIOA	07/01/21 - 6/30/23	17.258	\$ 776,681	\$ 662,918
	PY21-A-01-WIOA	07/01/22 - 6/30/24	17.258	<u>\$ 1,556,779</u>	<u>\$ 1,304,804</u>
				<u>\$ 2,333,460</u>	<u>\$ 1,967,722</u>
Title I-B, Youth Activities Program	PY20-Y-01-WIOA	04/01/21 - 6/30/23	17.259	\$ 280,724	\$ 157,881
	PY21-Y-01-WIOA	04/01/22 - 6/30/24	17.259	<u>\$ 1,131,759</u>	<u>\$ 997,152</u>
				<u>\$ 1,412,482</u>	<u>\$ 1,155,033</u>
Title I-B, Dislocated Worker Program	PY20-DW-01-WIOA	07/01/21 - 6/30/23	17.278	\$ 522,324	\$ 389,753
	PY21-DW-01-WIOA	07/01/22 - 6/30/24	17.278	<u>\$ 388,366</u>	<u>\$ 308,075</u>
				<u>\$ 910,690</u>	<u>\$ 697,828</u>
Subtotal - U.S. Department of Labor, WIOA cluster				<u>\$ 4,656,632</u>	<u>\$ 3,820,583</u>
National Dislocated Worker Program Disaster Recovery	PY20-NEG-01	05/6/20 - 06/30/22	17.277	\$ 233,028	\$ 186,897
National Dislocated Worker Program Employment Recovery	PY20-ER-NEG-01	07/6/20 - 09/30/22	17.277	<u>\$ 388,505</u>	<u>\$ 337,881</u>
Subtotal - Federal Assistance Listing Number 17.277				<u>\$ 621,534</u>	<u>\$ 524,777</u>
ACWIA, H-1B	H1B001	04/01/21 - 01/03/24	17.268	<u>\$ 437,781</u>	<u>\$ 402,969</u>
Total - U.S. Department of Labor				<u>\$ 5,715,946</u>	<u>\$ 4,748,329</u>
United States (U.S.) Department of Commerce					
Economic Adjustment Assistance	ED22HDQ3070083	09/01/22 - 06/30/25	11.307	<u>\$ 1,293,168</u>	<u>\$ 451,099</u>
Grand Total - federal expenditures				<u>\$ 7,009,115</u>	<u>\$ 5,199,428</u>

Nevadaworks
Notes to the Schedule of Expenditures of Federal Awards
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Nevadaworks and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Nevadaworks received federal awards indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governmental fund types account for Nevadaworks' federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. Nevadaworks' summary of significant accounting policies is presented in Note 1 in Nevadaworks' basic financial statements.

NOTE 3 DE MINIMUS COST RATE

Nevadaworks has not elected to use the 10% de minimus cost rate.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Nevadaworks Board
Nevadaworks
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nevadaworks, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Nevadaworks' basic financial statements, and have issued our report thereon dated March 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nevadaworks' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nevadaworks' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other matters

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

Nevadaworks' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Nevadaworks' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Nevadaworks' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



CliftonLarsonAllen LLP

Roseville, California
March 12, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Nevadaworks Board
Nevadaworks
Reno, Nevada

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nevadaworks' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Nevadaworks' major federal programs for the year ended June 30, 2023. Nevadaworks' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Nevadaworks 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Nevadaworks' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Nevadaworks' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on Nevadaworks' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Nevadaworks' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Roseville, California
March 12, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEVADAWORKS

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditors’ Results

Financial Statements

- 1. Type of auditors’ report issued: Unmodified
- 2. Internal control over financial reporting:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
- 3. Noncompliance material to financial statements noted? yes x no

Federal Awards

- 1. Internal control over major federal programs:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
- 2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
- 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
WIOA Cluster: (17.258; 17.259; 17.278) 11.307	Workforce Innovation and Opportunity Act Economic Adjustment Assistance

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? x yes no

NEVADAWORKS

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II – Financial Statement Findings

2023 – 001 Leases

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: During our testing, it was determined that Nevadaworks had not included all applicable leases in their calculation for right-to-use lease assets and lease liabilities.

Criteria or specific requirement: In accordance with Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases*, for all agreements meeting the criteria of a lease, lessees should recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months.

Effect: Nevadaworks excluded a lease agreement from its calculation of right-to-use lease assets and lease liabilities in the initial amount of \$1,147,988 in the prior year. Additionally, revenues and expenditures in the amount of \$172,000, related to this lease agreement, were not included in the prior year.

Cause: Nevadaworks did not properly analyze this agreement under the requirements of GASB 87 – *Leases*.

Recommendation: Nevadaworks should review all agreements entered into each year to determine if they are a lessor or lessee in accordance with GASB 87 – *Leases*.

Views of responsible officials: Nevadaworks management concurs with the recommendation.

NEVADAWORKS

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 002 Reporting

Federal Agency: U.S. Department of Commerce

Federal Program Name: Economic Adjustment Assistance

Assistance Listing Number: 11.307

Federal Award Identification Number and Year: ED22HQ3070083 - 2023

Pass-Through Agency: N/A

Pass-Through Number(s): N/A

Award Period: September 1, 2022 to June 30, 2025

Type of Finding:

- Material Weakness in Internal Control over Compliance,
- Other Matters

Criteria or specific requirement: Prime recipients awarded a new federal grant greater than or equal to \$30,000 are subject to Federal Funding Accountability and Transparency Act (FFATA) sub-award reporting requirements as outlined in the Office of Management and Budgets guidance issued August 13, 2020. The prime recipient is required to file a FFATA sub-award report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000 (Pub. L. No. 109-282 [FFATA] and Pub. L. No. 113-101 [DATA Act]).

Condition: During our testing, it was noted that Nevadaworks did not have effective internal controls in place to ensure complete reporting.

Questioned costs: None

Context: During our testing, it was noted that Nevadaworks did not complete and submit the required special reporting for Federal Funding Accountability and Transparency Act (FFATA).

Cause: Management oversight.

Effect: The auditor noted instances of noncompliance.

Repeat finding: Not a repeat finding.

Recommendation: We recommend that Nevadaworks design controls to ensure proper reporting is performed and reports are maintained in Nevadaworks grant files.

Views of responsible officials: Nevadaworks management concurs with the recommendation.



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