

**STATE OF NEW MEXICO
WORKFORCE CONNECTION
OF CENTRAL NEW MEXICO**

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITORS' REPORT**

For the Fiscal Year Ended June 30, 2008

**HINKLE & LANDERS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
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**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
BOARD OF DIRECTORS
As of JUNE 30, 2008**

Randy Sanchez
Jim Summers
Bob Davey
Sherry TenClay

Board Member
Board Member
Board Member
Board Member

Chief Elected Officials

Mayor Martin Chavez
Mayor Larry Abraham
Chairman Alan Armijo
Mayor Ronnie Torres
Chairman Orlando Lucero
Mayor Patricia Chavez
Governor Stuart Paisano
Governor Ulysses Leon
Mayor Anthony DaSilva
Governor Joseph Suina
Mayor Philip Gasteyer
Mayor Rick Valarde
Mayor Robert Stearley
Mayor Edward Archuleta
Mayor John Philips
Chairman Leroy Candelaria
Mayor Martin Hibbs
Governor Robert Benavidez
Governor Paul Chinana
Mayor John Garcia
Chairman Pedro Rael
Mayor Louis Huning
Mayor Adan Encinias
Mayor Velta Gilley
Mayor Wayne Ake
Mayor Thomas Swisstack
Governor Ronald Tenorio
Mayor Steve Lucero
Governor Sisto Quintana
Mayor Gloria Chavez
Mayor Robert Chavez
Governor Ivan Pino

Representing

City of Albuquerque
Village of Los Ranchos de Albuquerque
Bernalillo County
City of Belen
Sandoval County
Town of Bernalillo
Sandia Pueblo
Santa Ana Pueblo
Village of Cochiti Lake
Cochiti Pueblo
Village of Corrales
Village of Cuba
Town of Edgewood
Town of Peralta
Village of Encino
Torrance County
Town of Estancia
Pueblo of Isleta
Jemez Pueblo
Village of Jemez Springs
Valencia County
Village of Los Lunas
City of Moriarty
Town of Mountainair
Village of Bosque Farms
City of Rio Rancho
San Felipe Pueblo
Village of San Ysidro
Santo Domingo Pueblo
Village of Tijeras
Village of Willard
Zia Pueblo

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Workforce Connection of Central New Mexico
Albuquerque, NM
and
Mr. Hector H. Balderas, State Auditor

We have audited the accompanying financial statements of the governmental activities, the major fund and the major fund budgetary comparison for the Workforce Connection of Central New Mexico (WCCNM) for the year ended June 30, 2008, which collectively comprises the WCCNM's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the WCCNM's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the WCCNM, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2008 on our consideration of the WCCNM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 8, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information, However we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and budgetary comparison. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, flowing script.

Hinkle & Landers, PC
November 17, 2008

**WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

This *Management's Discussion & Analysis (MD&A)* is provided pursuant to the requirements of Statement 34 of the *Government Accounting Standards Board (GASB-34)*. The MD&A provides an overview of the WCCNM's mission and function, recent program opportunities, and an overview of the organization's financial activities.

WCCNM'S Mission and Function

The Workforce Connection of Central New Mexico (WCCNM) is the local Workforce Development Board in the four-county region of central New Mexico (including Bernalillo, Sandoval, Torrance and Valencia Counties). WCCNM was established July 1, 2000, under the authority of the New Mexico Workforce Development Act [Chapter 50, Article 14 NMSA 1978] and the federal Workforce Investment Act of 1998.

WCCNM coordinates regional training efforts under the Workforce Investment Act (WIA) to assure the availability of high quality training opportunities that will assist workers with developing marketable skills and provide employers with well-trained workers. Training opportunities are offered at postsecondary and other educational institutions. The WCCNM also partners with local businesses to provide On-the-Job training and Customized Training opportunities.

The major goal of WCCNM is to establish an integrated employment and training system meeting employer and job seeker needs in central New Mexico. This is accomplished by maintaining a Business and Career Center system to guide customers to employment and training opportunities; supporting a Youth Council to oversee a provider system that assists young people in the region in completing their education and achieving initial work experience competencies; and devising means to better meet the workforce needs of area employers.

The vision of the WCCNM is an integrated employment and training system that increases employment, job retention, occupational skills and earnings of the area workforce; reduces welfare dependency; enhances productivity and competitiveness of area business and industry; and encourages lifelong learning for worker preparation and development. The WCCNM Board has adopted a new service strategy, which is to develop and implement strategies for Board-selected priority industries and businesses, and following through with service requests from and service delivery for priority industries and businesses in priority industries.

The WCCNM is working to provide business-driven, integrated workforce services to implement the new service strategy. A Business and Career Center is located in each of the WCCNM's four counties. For each Business and Career Center location, the WCCNM has developed and documented a Business Plan that provides a strategy for that location.

WCCNM's role and responsibilities include developing the five-year local Workforce Development Plan; selecting the Administrative Entity/Fiscal Agent, One-Stop Operator, and youth services providers; overseeing program monitoring; and developing the budget for implementing the WIA program within the central region of New Mexico.

Recent Program Opportunities

Workforce Investment Act: The WCCNM is the local board responsible for administering the federal Workforce Investment Act (WIA) program in central New Mexico. WIA funding provided to the WCCNM during PY07/FY08 included Adult, Dislocated Worker, Youth, Administrative, and 10% Statewide Supplemental/Set-aside funds. During the past year, the WCCNM contracted with the New Mexico Department of Workforce Solutions (DWS) and SER Jobs for Progress to serve as the One-Stop Operators, and Youth Development Inc. (YDI) to serve as the Youth Services Program Operator.

Financial Highlights

The WCCNM's allocation of PY07 WIA Adult, Dislocated Worker, Youth, and Administrative funds decreased by \$1,198,901 compared to the PY06 allocation. Specifically, Adult funds decreased by \$104,562, Dislocated Worker funds decreased by \$865,391, Youth funds decreased by \$109,058, and Administrative funds decreased by \$119,890. No funds were transferred between the Dislocated Worker and the Adult funding streams.

In addition to the initial allocation, the New Mexico Department of Workforce Solutions awarded to the WCCNM \$350,000 10% Statewide Supplemental funds to make improvements to the Bernalillo County Business and Career Center. Also the US Department of Labor imposed a rescission totaling \$260,178 (Adult -\$83,803; Dislocated Worker -\$116,365; Youth -\$33,991; and Administrative -\$26,019), reflected in the final budget figures.

The WCCNM's total WIA expenditures decreased by \$7,481 compared to the previous year.

The WCCNM began PY07 with funds totaling \$1,819,961 carrying in from the previous year, and ended PY07 with funds totaling \$422,351 carrying over to the next year.

Financial Statements

This annual report consists of a series of financial statements. The *Statement of Net Assets* and the *Statement of Activities* (on pages 9 and 10) provide information about the activities of the WCCNM as a whole and present a longer-term view of the WCCNM's finances. The fund financial statements start on page 11. These statements tell how these services were financed in the short term as well as what remains for future spending. The fund financial statements also report WCCNM's operations in more detail than the government-wide statements by providing information about the WCCNM's most significant funds.

Governmental Activities

Table 1 presents the changes in the WCCNM's employment services activities compared to last year.

Table 1
Changes in the WCCNM's WIA Activities

	WIA Activities 6/30/07	WIA Activities 6/30/08
Core Services	\$ 1,641,999	\$ 1,623,311
Intensive Services	151,406	77,592
Training Services	1,282,337	1,178,108
Youth Services	398,264	399,560
Supportive Services	125,038	145,398
Administration	298,229	364,114
Total Expenditures	\$ 3,898,435	\$ 3,788,083

Core services expenses were similar to prior year because as the WCCNM works to implement an integrated workforce system, more core services are provided as additional partners are located in the Business and Career Centers. Intensive services and training services decreased due to the rescission and the fact that the Bernalillo County Business and Career Center was not easily accessible during the remodel.

Youth services expenses were similar to the previous year, while supportive services increased slightly.

Budgetary Highlights

The WCCNM's initial budget and all budgetary revisions are approved by the WCCNM Executive Committee and the WCCNM Full Board. In addition, WCCNM Board Policy WFCP-14-04 gives the Administrative Entity/Fiscal Agent the authority to move up to 25 percent of funds between program categories within funding streams.

The PY07 approved operating budget for the WIA fund decreased by approximately \$1 million compared to PY06. The decrease was due primarily to the decrease in the funding allocation. There were \$214,585 more carry-in funds in the PY07 budget; however, there was a reduction of funding in the amount of \$260,178 resulting from the USDOL's rescission.

The WCCNM's PY07 WIA Operating Budget was spent at approximately 85.5% of budget. The difference between Budget and actual expenses was primarily a result of:

- The One-Stop Service Provider (SER Jobs for Progress) contract was not fully expended;
- Expenditures on Adult/Dislocated Worker Client Services (ITAs, On-the-Job Training, and Intensive Services) were less than anticipated;
- The terms of several On-the-Job training contracts extended into the following program year and thus were not fully expended; and
- Youth participant services funding (youth elements) was not fully expended.

Net Assets

The WCCNM's change in net assets for PY07/FY08 was an increase of \$117,876. The increase was due to the difference between the capital purchases (\$145,185) less depreciation expense (\$44,789) plus amount (\$17,480) of prepaid rent for the Sandoval county one-stop office.

Fund Balance

The WCCNM's governmental funds balance was the same as the previous year. The fund balance is \$300,000, which is from the sale of a lease in June 2007.

Capital Assets

The WCCNM's investment in capital assets for the WIA program as of June 30, 2008 amounted to \$247,120 (net book value). The capital assets consist mainly of office equipment (computers, telephone systems and copiers). Depreciation expense of \$44,789 was recorded in the current year. Additions of \$145,185 were purchased during the year ended June 30, 2008. These were cubicles at the Bernalillo County Business and Career Center.

Debt

The WCCNM had no debt at June 30, 2008, or during the year.

Request for Information

This financial report is designed to provide a general overview of the WCCNM's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Executive Director, WCCNM/MRCOG, 809 Copper Ave. NW, Albuquerque, NM 87102.

FINANCIAL SECTION

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 (GOVERNMENT-WIDE)
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2008**

	<u>Governmental Activities</u>
ASSETS	
<i>Current</i>	
Cash and cash equivalents	\$ 115,973
Grant receivables	800,428
Prepaid assets	17,480
Total current assets	<u>933,881</u>
 <i>Non current</i>	
Capital assets, net	247,120
Total assets	<u>\$ 1,181,001</u>
 LIABILITIES:	
<i>Current</i>	
Accounts payable	\$ 616,401
Total current liabilities	<u>616,401</u>
 NET ASSETS:	
Investment in capital assets	247,120
Unrestricted	317,480
	<u>564,600</u>
Total liabilities and net assets	<u>\$ 1,181,001</u>

See independent auditors' report
 The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 (GOVERNMENT-WIDE)
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Functions/Programs	<u>Expenses</u>	<u>Program Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets for Governmental Activities</u>
Governmental activities:			
Workforce Investment Act program:			
Program year 07/Fiscal year 08	\$ 1,968,122	2,085,998	\$ 117,876
Program year 06/Fiscal year 07	<u>1,819,961</u>	<u>1,819,961</u>	<u>-</u>
	<u>3,788,083</u>	<u>3,905,959</u>	
Change in net assets			117,876
Net assets, beginning of year			<u>446,724</u>
Net assets, end of year			<u><u>\$ 564,600</u></u>

See independent auditors' report
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**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 BALANCE SHEET - GOVERNMENTAL FUND
 AS OF JUNE 30, 2008**

	<u>WIA</u>
ASSETS:	
Cash and cash equivalents	\$ 115,973
Grant receivables	800,428
Prepaid rent	<u>17,480</u>
Total assets	<u><u>\$ 933,881</u></u>
 LIABILITIES:	
Accounts payable	\$ <u>616,401</u>
Total liabilities	<u>616,401</u>
 FUND BALANCE:	
Unreserved	<u>317,480</u>
Total fund balance-governmental funds	<u>317,480</u>
Total liabilities and fund balance	<u><u>\$ 933,881</u></u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets (net) used in governmental activities are not financial resources and therefore, are not reported	<u>247,120</u>
Net assets of governmental activities	<u><u>\$ 564,600</u></u>

See independent auditors' report
 The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

WIA

Revenues:

Intergovernmental - federal	S	3,884,070
Intergovernmental - state		21,889
		3,905,959

Expenditures:

Current:

Program year 07/Fiscal year 08		
Adult		437,814
Dislocated Worker		554,014
Youth		600,377
Administration		104,424
Program year 06/Fiscal year 07		-
Adult		1,003,425
Dislocated Worker		281,720
Youth		294,773
Administration		240,043
10% state set aside		204,815
Resource sharing		21,889

Non current:

Capital outlay		145,185
		3,888,479

Net change in fund balance		17,480
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Fund balance, beginning of year		300,000
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Fund balance, end of year	S	317,480
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. These assets consist of:

Furniture, fixtures and equipment		145,185
Accumulated depreciation		(44,789)
Total capital assets		100,396

Change in net assets of governmental activities	S	117,876
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See independent auditors' report
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
WORKFORCE INVESTMENT ACT FUND - MAJOR FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-WIA- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental-federal	\$ 4,730,877	4,592,941	3,884,070	708,871
Intergovernmental-state	-	21,889	21,889	-
Local miscellaneous	-	-	-	-
Total Revenues	\$ 4,730,877	4,614,830	3,905,959	708,871
Expenditures:				
Employment services:				
Program year 07/Fiscal year 08				
Adult	635,868	552,065	437,814	114,251
Dislocated Worker	806,190	689,825	554,014	135,811
Youth	679,167	645,176	600,377	44,799
Administration	235,691	231,914	104,424	127,490
Program year 06/Fiscal year 07				
Adult	1,003,425	1,003,425	1,003,425	-
Dislocated Worker	281,720	281,720	281,720	-
Youth	294,773	294,773	294,773	-
Administration	240,043	240,043	240,043	-
10% state set aside	250,000	350,000	350,000	-
Resource sharing	-	21,889	21,889	-
Other funding	304,000	304,000	-	304,000
Total general governmental	4,730,877	4,614,830	3,888,479	726,351
Excess (deficiency) of revenues over expenditures	-	-	17,480	(17,480)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	-	17,480	17,480

See independent auditors' report
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

The Workforce Connection of Central New Mexico (WCCNM) was organized pursuant to Section 117 of Public Law 105-220 (Workforce Investment Act of 1998) and New Mexico State Legislative Law, Chapter 260, dated April 7, 1999, to set policy for the portion of the statewide workforce investment system within the local area serviced by the Board. WCCNM sets policy for Bernalillo, Sandoval, Torrance and Valencia Counties in the State of New Mexico.

During the year ended June 30, 2008, WCCNM contracted with Mid Region Council of Governments, a governmental entity to provide administrative and fiscal agent services. WCCNM also contracted with the New Mexico Department of Workforce Solutions (formerly known as the New Mexico Department of Labor) for the first quarter of the fiscal year to manage and service the four local area Business and Career Centers then for the last three quarters WCCNM contracted with SER Jobs for Progress, Inc. to manage and operate the four local area Business and Career Centers. WCCNM contracted with Youth Development Inc. to provide youth services in those area Business and Career centers.

The basic activities authorized by the State of New Mexico (50-14-5, NMSA, 1978) to be carried out by the local board are as follows:

- a. Advise the state board on issues relating to regional and local workforce development needs;
- b. Develop and submit to the state board and governor a local five-year workforce plan that shall be updated and revised annually in accordance with the requirements of the federal Workforce Investment Act of 1998;
- c. Designate or certify one-stop program operators in accordance with the federal Workforce Investment Act of 1998;
- d. Terminate, for cause, the eligibility of the one-stop operator;
- e. Select and provide grants to youth activity providers in accordance with the Workforce Investment Act of 1998;
- f. Identify eligible training and intensive service providers in accordance with Workforce Investment Act of 1998;
- g. Develop a budget subject to approval of the chief elected official;
- h. Develop and negotiate local performance measurements as described in the Workforce Investment Act of 1998 with the chief elected official and the governor;
- i. Assist in development of an employment statistics system;
- j. Ensure linkages with economic development activities;
- k. Encourage employer participation and assist employers in meeting hiring needs;
- l. In partnership with the chief elected official, conduct oversight of local programs of youth activities authorized pursuant to the federal Workforce Investment Act of 1998

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- and employment and training activities authorized pursuant that act, and the one-stop delivery system in the local area;
- m. Establish as a subgroup, a youth council, appointed by the local board in cooperation with the chief elected official, and
 - n. Prior to submission of the local plan, provide information regarding the following:
 - i. the local plan
 - ii. membership
 - iii. designation and certification of one-stop operators and
 - iv. the award of grants or contracts to eligible providers of youth activities

The local board shall be appointed in accordance with criteria established by the governor. The WCCNM's board is required to be made up of at least fifty-one percent of its members coming from the private sector and shall include representation of education, labor, government, economic development and community-based organizations and others as appropriate and shall be appointed or ratified by the local chief public official.

In evaluating how to define the Board, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the election of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the WCCNM and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Board is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units included in the reporting entity.

B. Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

relationship between the government-wide statements and the statements for governmental funds. The government-wide financial statements do not include any fiduciary funds the entity may have.

GAAP Presentation

The government wide financial statements of WCCNM are prepared in accordance with Generally Accepted Accounting Principles generally accepted in the United States of America (GAAP). WCCNM's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Net assets should be reported as restricted when constraints placed on net assets' use is either externally imposed by law through constitutional provisions or enabling legislation.

Program Revenues:

WCCNM received program specific operating grants from the U.S. Department of Labor passed through the New Mexico Department of Workforce Solutions during the year ended June 30, 2008. These revenues are program revenues for the carrying out program activities of the Workforce Investment Act grant cluster.

2. Fund Financial Statements

Fund financial statements report detailed information about WCCNM. WCCNM has one major fund and no non-major funds for the year ended June 30, 2008.

3. Governmental Funds-Method of Accounting

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

4. Revenue Recognition

The governmental fund types for financial statement purposes follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and other governmental fund financial resources are recognized in the accounting period in which they become susceptible to accrual; then they become both measurable and available to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and other taxes as available if they are collected within sixty (60) days after year end. However, WCCNM did not receive any type of tax revenue during the year ended June 30, 2008. WCCNM primarily received grant revenue during the year.

WCCNM is implementing GASB Statement No. 33 on any non-exchange transaction. A non-exchange transaction occurs when a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. There are four types of non-exchange transactions: derived tax revenues (income and motor fuel taxes)' imposed non-exchange revenues (property tax, fines and penalties, and property forfeitures)' government-mandated non-exchange transaction revenues (federal programs that state or local governments are mandated to perform), and voluntary non-exchange transactions (grants, entitlements, and donations by non-governmental entities, including private donations). WCCNM recognizes non-exchange transactions in the financial statements as income unless it is not measurable (reasonably estimate), if any.

Revenues from grants that are restricted for specific uses are recognized as revenues when the related costs are incurred and all eligibility requirements imposed by the grantor are met. Other miscellaneous revenues are recognized when received since they generally are not measurable until received in cash. It is WCCNM's policy to utilize restricted resource first when applying resources to expenses before using unrestricted funds.

5. Expenditure Recognition

The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. WCCNM did not have any general long-term debt as of June 30, 2008.

Expenditures, other than vacation and sick pay, are recorded when the related fund liability is incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

6. Fund Accounting

The accounts of WCCNM are organized on a basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. The funds are governmental fund types and are grouped as General Fund and Special Revenue Funds.

The General Fund is the general operating fund, however the WCCNM has no General Fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The Special Revenues Fund is used to account for the proceeds of specific revenues sources that are legally restricted to expenditures for specified purposes. The Board of Directors authorizes the establishment of Special Revenue Funds.

The following are the special revenue funds created by Federal and State contractually specific authority, active in the fiscal year ended June 30, 2008

Workforce Investment Act Fund – Provides employment services at three levels, which are core, intensive and training services, to adults, dislocated workers and youth.

C. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the WCCNM as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and are capitalized on the government-wide financial statements. The valuation bases for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Sub-grantees purchasing equipment by sub-grant made by the WCCNM to other agencies is accounted for in capital assets. Purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Estimated Useful Life</u>
	<u>-years</u>
Furniture, fixtures, software and equipment	3-10

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WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

D. Budgets

The State Workforce Development Board provides WCCNM with a breakdown of the funds allocated for adult, dislocated worker, youth and state set aside to that region each year. Those allocations are based upon the State Workforce Development Board's approved state plan. WCCNM prepares a budget based upon the allocation by the State Workforce Development Board to be approved by WCCNM's Board. Any adjustments to the State Board's allocations made by WCCNM must be first approved by the State Workforce Development Board. Any adjustments to WCCNM's budget must be approved by WCCNM's Board. Budgets are figured on the modified accrual basis of accounting.

Any federal funds that have been used for any purpose not within the purposes of the Workforce Investment Act, shall be reimbursed to the State Workforce Investment Board.

E. 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.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of short-term highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

G. Allowances

WCCNM expects to receive the full amount of receivables for funds requested from the Office of Workforce Training and Development and therefore, has not set up any allowance for any uncollectible receivables.

2. DEPOSIT AND INVESTMENTS

Due to restriction on Workforce Investment Act funds by the granting agency monies deposited into the account of WCCNM and any program revenue earned by WCCNM are not allowed to be invested. In accordance with Section 6-10-17, NMSA, 1978 Compilation, deposits of public money are required to be collateralized. Pledged collateral is required in amounts in an aggregated equal to one half of the amount of public money in each account. Securities, which are obligations of the United States, State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions are accepted as security at market

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation, or the National Credit Union Administration.

Custodial credit risk that in the event of a bank failure, WCCNM's deposits may not be returned to it. WCCNM's deposit policy is to collateralize one half of the uninsured public money in each account. At June 30, 2008 all of WCCNM's bank deposits were collateralized as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateral held by pledging bank's trust department, not in WCCNM's name	\$	284,939

WCCNM's remaining uninsured collateralized deposits of \$284,939 are exposed to custodial credit risk.

Deposits at June 30, 2008 were held in First Community Bank. Deposits (cash or cash equivalents) are carried at cost, which approximates market value. At June 30, 2008 the carrying amount of the WCCNM's deposits was \$115,973.

The following is a listing of deposits of public money and collateral pledged at values acceptable per state statute, by the depositing financial institutions as of June 30, 2008:

Account Name	Type	Bank Balance	Book Balance
Government Checking Account	Demand Deposits	\$ 384,939	115,973
Less: FDIC coverage		<u>(100,000)</u>	
Uninsured balance		<u>284,939</u>	
50% collateral requirement		142,469	
Pledged collateral:	Rate, Matures		
FHLB Cusip #31339YVV1	3.38%, 7/21/08	285,129	(market value)
FHLB Cusip #31339YVV1	3.38%, 7/21/08	150,068	(market value)
SJ Cnty JC #798360DT7	2.53%, 8/15/08	<u>200,090</u>	(market value)
Held by First State Bank		<u>635,287</u>	
Over collateralized		<u>\$ 492,818</u>	

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Deposits held at First Community Bank accounts were 100% collateralized at June 30, 2008. First Community Bank covers this account with FDIC insurance at \$100,000.

The following schedule is presented to comply with the requirements of New Mexico State Statute 12-6-5 NMSA, 1978 as interpreted by the New Mexico State Auditor's Rule, State of NM Administrative Code 2.2.2.10 N(3):

<u>Bank Name</u>	<u>Bank Balance</u>	<u>Outstanding Checks</u>	<u>Outstanding Deposits</u>	<u>Book Balance</u>
First Community Bank: Checking WIA	\$384,939	(269,263)	297	115,973

3. RECEIVABLES

Receivable in the special revenue fund in the amount of \$800,428 represents grant receivable from the Office of Workforce Training and Development, fiscal/administrative agent for the State Workforce Development Board, for costs incurred for the WIA program as of June 30, 2008, respectively. All receivables are deemed to be fully collectible.

4. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP BASIS

Because the WCCNM kept their budgets on the modified accrual basis of accounting during the year ending June 30, 2008, there was no need to reconcile the budget financial statements to fund financial statements.

5. OPERATING LEASES AND PREPAID EXPENSE

WCCNM has entered into various leasing agreements for office space. All of the agreements are renewable on an annual basis. Management anticipates that future rental commitments will be equal to, or greater than the amount paid in the years ended June 30, 2008, which were \$60,495. WCCNM has made a deposit for cleaning and last months rent for the Sandoval location that is considered prepaid in the amount of \$17,480.

WCCNM leased offices during the year from its related party, NM Department of Workforce Solutions, of which one of WCCNM's board members is employed and is a mandated by law to be a member of the workforce board. Total payments made for year ended June 30, 2008 were \$14,400, which is not included in the total payments made as discussed in note 10.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

6. CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2008:

	<u>2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>2008</u>
Furniture, fixtures and equipment-WIA	\$ 467,766	145,185	-	612,951
<i>Accumulated Depreciation:</i>				
Furniture, fixtures and equipment-WIA	<u>(321,042)</u>	<u>(44,789)</u>	-	<u>(365,831)</u>
Total net capital assets	<u>\$ 146,724</u>	<u>100,396</u>	-	<u>247,120</u>

Current year depreciation expense is as follows:

Employment services-WIA	\$44,789
-------------------------	----------

All of WCCNM's property and equipment have been purchased under government contracts and are restricted as to their use as designated by granting agencies.

7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN

During the fiscal year ended June 30, 2008, the WCCNM had no employees eligible for retirement benefits and therefore had no retirement benefit expenditures during the year.

8. RISK MANAGEMENT

The WCCNM is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which its fiscal agent MRCOG carried commercial insurance in the name of WCCNM. Settled claims have not exceeded this commercial coverage in the past year.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2008, the WCCNM did not have any probable risk of loss.

9. RELATED PARTY TRANSACTIONS

WCCNM board members include community leaders who are involved in and concerned with providing opportunities for employment in the areas services by WCCNM. The area partners, one stop providers, and training providers are required to have representation on the WCCNM Board of directors in accordance with New Mexico State Statutes, 1978, 15-14-4 D. These contracts were consummated at arm's length for each of the activities.

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

During the year ended June 30, 2008, purchases for goods and services were made by WCCNM with companies or organizations in which various board members are associated with. The following schedule details those purchases by organization/company/association:

<u>Board Member</u>	<u>Organization</u>	<u>Association to WCCNM</u>	<u>Amount</u>
Rita Logan	UNM-Valencia	Training provider & lessor	15,614
Lois Johnson	Department of Workforce Solutions	Business and career service provider & lessor	92,713
Sherry TenClay	UNM- Continuing Education	Training provider	62,204
Total			<u>\$170,531</u>

10. COMMITMENTS

At June 30, 2008, WCCNM had the following contracts outstanding:

On The Job Training Contracts	\$ 138,290
Individual Training Accounts	<u>5,013</u>
Total	<u>\$ 143,303</u>

These contracts will be paid with remaining program funds not expended in the current year that will be carried forward in the budget into the next year.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/Program Title	Federal CFDA Number	Identifying Grant No.	Grant Award Expended
U.S. Department of Labor passed through the New Mexico Department of Workforce Solutions			
Major programs:			
WIA State Set Aside and Rapid Response Program year 2006/Fiscal year 2007	17.258	07-001-PY06	\$ 350,000
WIA Adult Program:			
Program year 2007/Fiscal year 2008	17.258	08-001-PY07	437,814
Program year 2006/Fiscal year 2007		07-001-PY06	1,003,425
WIA Youth Activities:			
Program year 2007/Fiscal year 2008	17.259	08-001-PY07	600,377
Program year 2006/Fiscal year 2007		07-001-PY06	294,773
WIA Dislocated Workers:			
Program year 2007/Fiscal year 2008	17.260	08-001-PY07	554,014
Program year 2006/Fiscal year 2007		07-001-PY06	281,720
WIA Administration			
Program year 2007/Fiscal year 2008		08-001-PY07	
Adult	17.258		42,730
Dislocated worker	17.260		36,916
Youth	17.259		24,778
Program year 2006/Fiscal year 2007		07-001-PY06	104,424
Adult	17.258		98,225
Dislocated worker	17.260		84,861
Youth	17.259		56,958
Total expenditures			\$ 3,866,590

Selected Disclosures

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Workforce Connection of Central New Mexico, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the statement.

2. The Workforce Connection of Central New Mexico did not receive any noncash assistance.

3. Payments to subrecipients

<u>Organization</u>		<u>Amount</u>
Youth Development Incorporated	17.259	\$ 365,978
SER Jobs for Progress, Inc.	17.258,17.260	\$ 491,537
NM Department of Workforce Solutions	17.258,17.260	136,890
Total		\$ 994,405

See independent auditors' report
The accompanying notes are an integral part of these financial statements.

COMPLIANCE SECTION

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

The Board of Directors
Workforce Connection of Central New Mexico
Albuquerque, New Mexico and
Mr. Hector H. Balderas, State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund and the major fund budgetary comparison of the Workforce Connection of Central New Mexico (WCCNM), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the WCCNM's internal control over financial reporting as a basis for designing our auditing procedures 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 WCCNM's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the WCCNM's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the WCCNM's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the WCCNM's financial statements that is more than inconsequential will not be prevented or detected by the WCCNM's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the WCCNM's internal control.

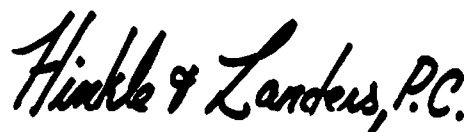
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the WCCNM's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned costs as 08-01.

WCCNM's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the WCCNM's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Workforce Connection of Central New Mexico's Board of Directors, the NM Department of Finance and Administration, the NM Legislature, management, others within the organization, federal awarding agencies and pass-through entities and the Office of the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, flowing script.

Hinkle & Landers, P.C.
November 17, 2008

Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

2500 9th Street NW
Albuquerque, New Mexico 87102
Tel (505) 883-8788
Fax (505) 883-8797

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Workforce Connection of Central New Mexico
Albuquerque, New Mexico and
Mr. Hector H. Balderas, State Auditor
Santa Fe, New Mexico

Compliance

We have audited the compliance of Workforce Connection of Central New Mexico (WCCNM) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. WCCNM's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of WCCNM's management. Our responsibility is to express an opinion on WCCNM's compliance based on our audit.

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

In our opinion, WCCNM, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 08-01.

Internal Control Over Compliance

The management of the WCCNM, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the WCCNM's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the WCCNM's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

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

This report is intended solely for the information and use of Workforce Connection of Central New Mexico's Board of Directors, the NM Department of Finance and Administration, the NM Legislature, management, other within the organization, federal awarding agencies and pass-through entities and the Office of the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Hinkle & Landers, P.C.

Hinkle & Landers, P.C.
November 17, 2008

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal Control over financial reporting:

Material weaknesses identified? __ yes X no

Significant deficiencies identified that are
not considered to be material weaknesses? __ yes X no

Non-compliance material to financial statements noted? __ yes X no

Federal Awards

Internal Control

Material weaknesses identified? __ yes X no

Significant deficiencies identified that are
not considered to be material weaknesses? __ yes X no

Type of auditors' report issued on major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes __ no

Identification of major program as noted below:

CFDA Numbers Funding Source	Name of Federal Programs	Funding Source
17.258	Workforce Investment Act: Adult	U.S. Dept. of Labor Passed through the New Mexico Dept. Of Workforce Solutions
17.259	Youth	
17.260	Dislocated Worker	

Dollar threshold use to distinguish between
A and B programs: \$300,000

Auditee qualified as low-risk auditee? __ Yes X no

STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

SECTION II & SECTION III- FINANCIAL STATEMENTS FINDINGS and FEDERAL AWARD FINDINGS

	Status of Prior Year Findings	Financial Statement Finding	<u>SECTION III</u> Federal Awards Finding
Prior Years Findings:			
02-04 PARTICIPANT FILE DOCUMENTATION	Repeated-revised	no	yes
05-01 CONTROLS OVER DISBURSEMENT OF YOUTH PARTICIPANT CHECKS	Resolved		

Current Year Findings:

None

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

02-04 PARTICIPANT FILE DOCUMENTATION

Statement of Condition

We noted some problems during our testing of the participant files. Out of 20 adult/dislocated worker and 20 youth participants tested, the deficiencies in the files were as follows:

1. Follow-up: Of the files tested, 4 out of 20 files had not been followed up for more than 90 days. Case managers had let contact lapse more than 90 days before attempt to contact the participant was made before the files were audited

Criteria

Reference: CFDA # 17.258 WIA Adult, 17.259 WIA Youth, 17.260 WIA Dislocated Worker.
Federal Grantor: US Department of Labor passed through the New Mexico Department of Workforce Solutions

Proper follow-up procedures should be followed and documented in the participant's file. WIA also requires that participant files should be followed up on and if no contact can be made with the participant within 90 days, that person should be exited from the program. Worksite supervisors should not be signing the participant's name to the timesheets, only the participants should be signing.

Effect

Not all files have adequate documentation for the follow-up services provided as required by the WIA program grant.

Cause

Not all older files had been updated to provide information required by the WIA grant after transitioning from the previous business and career provider to the new business and career provider

Recommendation

More training in the case notes, exiting and follow up areas should be provided to the contractors. Perhaps there should be a more standardized operating timeline that should be implemented. For example a day each month could be set aside where appointments would not be taken to allow case managers to update and review files of participants not heard from in a while.






Management Response (provided by MRCOG)

In February of 2007, it was brought to our attention that the VOS system was not functioning properly in that participants were prematurely exited when in fact they were still receiving WIA services. New Mexico Department of Workforce Solutions (NMDWS) formerly known as NMDOL, through their program host, Geographic Solutions Inc. had business rules turned off so as not to jeopardize the addition of more incorrect information to the VOS system. The VOS system was not re-engaged until late August of 2008 in which we received a new version of the

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

system. Thus, Exit (case closure) and Follow-up oversight occurred. For those records identified for legitimate exit and follow up activities during the audit period, the VOS system did not allow staff to work on the exit (case closure) or follow-up records. However, WCCNM Administrative Entity did meet with contracted staff and provided training. Staff was directed to complete documentation of follow up on a paper document as the system was not functioning properly. Further, they were instruction to document the completion of the form in the participant's case note.

Beginning October 1, 2007, the Workforce Connection of Central New Mexico (WCCNM) contracted with a new provider of Adult/Dislocated Worker services, SER Jobs For Progress Inc. The new provider of services requires staff documentation of case notes of all activities including follow-up. Subsequently, Follow-up training was provided by WCCNM Administrative Entity staff with the new contractor. The training introduced follow up during initial operational training as well as a follow up training session. See training dates as follows:

 Subject	Location	Start	End	Recurrence Pattern	Categories
Recurrence: (none) (4 Items)					
 NMDOL Follow Up Tr...	MRCOG B...	Thu 10/26/2006 ...	Thu 10/26/2006 ...		
 YDI New Staff Traini...		Wed 1/17/2007 ...	Wed 1/17/2007 ...		
 WIA Follow Up Exit ...		Wed 10/1/2008 ...	Wed 10/1/2008 ...		
 WIA Follow Up Exit ...		Wed 10/8/2008 ...	Wed 10/8/2008 ...		

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
EXIT CONFERENCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

An exit conference was held on November 17, 2008, in a closed session. The contents of this report were discussed. Present at the exit conference were:

Representing WCCNM:

Jeff Armijo	WCCNM Board Treasurer
Dewey Cave	MRCOG Director of Planning and General Services
Pat Newman	WCCNM Program Administrator
Ramona Chavez	WCCNM Program
Jan Borchardt	MRCOG Fiscal Manager
Jesse Turley	WCCNM Accountant

Representing Hinkle & Landers, P.C.:

Odessa Hamilton	Audit Manager
Farley Vener, CPA, CFE	Partner

PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the WCCNM have been prepared by Hinkle & Landers, P.C., the organization's independent public auditors, however, the financial statements are the responsibility of management.