



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

FINANCIAL STATEMENTS

JUNE 30, 2010

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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WORKFORCE CONNECTION of Central New Mexico

PY09 Board Members

WILLIAM ALBERTI
COO
Standard Parking

M. STEVEN ANAYA
Executive Vice President
Realtors Association of NM

JEFF ARMIJO
President
Paradise Travel, Inc.

MARIA ENCINIAS BOURASSA
Director, Workforce
Development
Goodwill of New Mexico

DOUG CALDERWOOD
Administrator
Aging and Long-Term
Services Department

KEN CARSON - CHAIRMAN
Owner
Nexus Brewery, LLC

ELVA CASTILLO
Field Office Director
US Department of HUD

ROBERT DAVEY
President & CEO
Valley Improvement Association

KEITH FRANKLIN
President
Albuquerque Metro Native
American Coalition

STEPHANIE HANOSH
CEO
Hanosh Resources

ROLANDO KLEIN
COO/General Manager
US Cotton, LLC

PAUL KRESS
Membership Development
Representative
Intn'l Brotherhood of Electrical
Workers Local Union 611

KYLE LEE
Director of Operations
MIOX Corporation

JUDY LEJEUNE
Field Operations Director
Department of Vocational
Rehabilitation

RITA GALLEGOS LOGAN
Manager, Community
Education Services
UNM, Valencia Campus

DR. SUSAN MURPHY
Vice President-External Affairs
Central NM Community College

VIRGINIA MURPHY
Deputy Director
NM Commission for the Blind

KEN ORTIZ
Cabinet Secretary
New Mexico Department of
Workforce Solutions

NORMAN RATION
Executive Director
National Indian Youth Council

JOSEPH RODMAN
Training & Education Director
Jaynes Companies

DR. EMILY SALAZAR
Business Community Liaison
Albuquerque Job Corps

PAUL SANCHEZ
Staffing Manager
PNM Resources, Inc.

RANDY SANCHEZ
Senior General Manager
Coronado Center

SENATOR JOHN SAPIEN - CHAIR-ELECT
Owner/Agent
State Farm Insurance Agency

JIM SUMMERS
Owner
Sanctuary Zone, Inc.

MIKE SWISHER
Treasurer
Central NM Labor Council

SHERRY TENCLAY
Community Education Programs
Supervisor
UNM, Continuing Education

HONORABLE JACK TORRES
Mayor of Bernalillo
Town of Bernalillo

CAROLYN VANDERGIESEN
Director
NM Works Program





WORKFORCE CONNECTION of Central New Mexico

Chief Elected Officials

| Title | First Name | Last Name | Organization | Address | City | State | Zip Code |
|--------------|------------|------------|--------------------------|--------------------------------|-------------------|------------|----------|
| Mayor | Richard | Berry | City of Albuquerque | PO Box 1293 | Albuquerque | New Mexico | 87103 |
| Mayor | Larry | Abraham | Village of Los Ranchos | 6718 Rio Grande Blvd., NW | Albuquerque | New Mexico | 87107 |
| Commissioner | Alan | Armijo | Bernalillo County | One Civic Plaza NW, 10th Floor | Albuquerque | New Mexico | 87102 |
| Mayor | Rudy | Jaramillo | City of Belen | 100 South Main | Belen | New Mexico | 87002 |
| Commissioner | Orlando | Lucero | Sandoval County | PO Box 40 | Bernalillo | New Mexico | 87004 |
| Mayor | Jack | Torres | Town of Bernalillo | PO Box 638 | Bernalillo | New Mexico | 87004 |
| Governor | Joe | Lujan | Pueblo of Sandia | PO Box 6008 | Bernalillo | New Mexico | 87004 |
| Governor | Bruce | Sanchez | Pueblo of Santa Ana | 02 Dove Road | Bernalillo | New Mexico | 87004 |
| Mayor | Ken | Kiesling | Village of Cochiti Lake | 6515A Hoochaneetsa Blvd. | Cochiti Lake | New Mexico | 87038 |
| Governor | Vernon | Garcia | Pueblo of Cochiti | PO Box 70 | Cochiti Pueblo | New Mexico | 87072 |
| Mayor | Philip | Gasteyer | Village of Corrales | 4324 Corrales Road | Corrales | New Mexico | 87048 |
| Mayor | Rick | Velarde | Village of Cuba | PO Box 426 | Cuba | New Mexico | 87013 |
| Mayor | Robert | Stearley | Town of Edgewood | PO Box 3610 | Edgewood | New Mexico | 87015 |
| Mayor | Bryan | Olguin | Town of Peralta | PO Box 3 | Peralta | New Mexico | 87042 |
| Mayor | John | Philips | Village of Encino | PO Box 163 | Encino | New Mexico | 88321 |
| Commissioner | Jim | Frost | Torrance County | PO Box 48 | Estancia | New Mexico | 87016 |
| Mayor | Theodore | Barela | Town of Estancia | PO Box 166 | Estancia | New Mexico | 87016 |
| Governor | Robert | Benavides | Pueblo of Isleta | PO Box 1270 | Isleta | New Mexico | 87022 |
| Governor | Joshua | Madalena | Pueblo of Jemez | PO Box 100 | Jemez Pueblo | New Mexico | 87024 |
| Mayor | Edmond | Temple | Village of Jemez Springs | PO Box 269 | Jemez Springs | New Mexico | 87025 |
| Commissioner | Pedro | Rael | Valencia County | PO Box 1119 | Los Lunas | New Mexico | 87031 |
| Mayor | Robert | Vialpondo | Village of Los Lunas | PO Box 1209 | Los Lunas | New Mexico | 87031 |
| Mayor | Ted | Hart | City of Moriarty | PO Drawer 130 | Moriarty | New Mexico | 87035 |
| Mayor | Chester | Riley | Town of Mountainair | PO Box 115 | Mountainair | New Mexico | 87036 |
| Mayor | Wayne | Ake | Village of Bosque Farms | PO Box 660 | Peralta | New Mexico | 87042 |
| Mayor | Thomas | Swisstack | City of Rio Rancho | 3200 Civic Center Circle NE | Rio Rancho | New Mexico | 87144 |
| Governor | Feliciano | Candelaria | Pueblo of San Felipe | PO Box 4339 | San Felipe Pueblo | New Mexico | 87001 |
| Mayor | Steve | Lucero | Village of San Ysidro | PO Box 190 | San Ysidro | New Mexico | 87053 |
| Governor | Tony | Tortalita | Santo Domingo Pueblo | PO Box 99 | Santo Domingo | New Mexico | 87052 |
| Mayor | Gloria | Chavez | Village of Tijeras | PO Box 9 | Tijeras | New Mexico | 87059 |
| Mayor | Robert | Chavez | Village of Willard | PO Box 204 | Willard | New Mexico | 87063 |
| Governor | Maracellus | Medina | Pueblo of Zia | 135 Capital Square Drive | Zia Pueblo | New Mexico | 87053 |

Independent Auditors' Report

To the Board of Directors
Workforce Connection of Central New Mexico
and
Mr. Hector H. Balderas
New Mexico 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) as of and for the year ended June 30, 2010, which collectively comprise WCCNM's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCCNM's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of WCCNM as of June 30, 2010, and the respective changes in its financial position and the respective budgetary comparisons for the major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2010 on our consideration of 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 9 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 the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, 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.

Mess Adams LLP

Albuquerque, New Mexico
November 22, 2010

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2010**

This Management's Discussion and 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. As presented throughout the financial statements, there are references to both PY and FY. The references to PY mean the Program Year, which is the State fiscal year with a June 30th year-end. The references to FY indicate the Federal year from October through June 30th.

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. The local Workforce Development Boards in New Mexico are governmental entities, and therefore are placed under greater scrutiny than non-governmental workforce boards in other states.

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 and integrated employment and training system meeting employer and job seeker need 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.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2010**

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 maintains 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, Adult/Dislocated Worker Service Provider, and Youth Services Provider; 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 WIA program in central New Mexico. WIA funding provided to the WCCNM during PY09/FY10 included Adult, Dislocated Worker, Youth, Administrative, and American Reinvestment and Recovery Act (ARRA) funds. During the past year, the WCCNM contracted with SER Jobs for Progress to serve as the Adult/Dislocated Worker Services Provider and Youth Development Inc. (YDI) to serve as the Youth Services Provider.

Financial Highlights

The WCCNM's allocation of PY09 WIA Adult, Dislocated Worker, Youth, and Administrative funds increased by \$78,160 compared to the PY08 allocation. Specifically, Adult funds decreased by \$13,920, Dislocated Worker funds increased by \$104,367, Youth funds decreased by \$20,104, and Administrative funds increased by \$7,817. Additionally, \$170,310 was transferred from the Dislocated Worker funding stream to the Adult funding stream.

In addition to the initial allocation, the WCCNM received \$447,295 of American Recovery and Reinvestment Act (ARRA) funds as follows: Dislocated Worker \$312,565; Administrative \$34,730; and 10% State Setaside \$100,000.

The WCCNM's total WIA expenditures increased by \$2,235,460 compared to the previous year.

The WCCNM began PY09 with funds totaling \$2,958,692 carrying in from the previous year (primarily ARRA funds), and ended PY09 with funds totaling \$1,391,237 carrying over to the next year.

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Year Ended June 30, 2010**

Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) 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 12. 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

Program revenues for the year ending June 30, 2010 were entirely federal revenues that were reimbursements to the WCCNM for administering the Workforce Investment Act program. Revenues received during PY09 were \$4,926,330, compared to revenues of \$2,775,659 during PY08.

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

| | 6/30/10 | 6/30/09 |
|---------------------|---------------------|------------------|
| Core Services | \$ 1,844,201 | 1,544,101 |
| Intensive Services | 180,292 | 9,480 |
| Training Services | 1,082,504 | 427,606 |
| Youth Services | 1,316,787 | 395,368 |
| Supportive Services | 62,494 | 55,549 |
| Administration | 440,052 | 343,555 |
| Total expenses | <u>\$ 4,926,330</u> | <u>2,775,659</u> |

Core services expenses were approximately \$300,000 higher than the previous year because the American Reinvestment and Recovery Act (ARRA) funds that were awarded to the WCCNM allowed the Adult and Dislocated Worker Service Provider to hire additional staff. These staff provided core services to participants, such as resume writing, job searching, and interview techniques. Intensive services and training services expenses tripled compared to the previous year, as a result of the ARRA funding. Youth services expenses were also significantly higher due to the ARRA funding. Youth work experience expenditures during PY09 were four times greater than the previous year.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2010**

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 WFCP14-04 gives the Administrative Entity/Fiscal Agent the authority to move up to 25% of funds between program categories within funding streams.

The PY09 approved operating budget for the WIA fund increased by \$668,005 compared to PY08. The increase was due to an additional American Reinvestment and Recovery Act funding allocation of \$347,295; an additional Dislocated Worker formula funding allocation of \$158,127; and approximately \$180,000 more carry-in funds.

The WCCNM's PY09 WIA Operating Budget was spent at approximately 75% of budget. The difference between budget and actual expenses was primarily a result of:

- The additional Dislocated Worker American Reinvestment and Recovery Act funds were allocated late in the fiscal year;
- 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.

Total Assets

The WCCNM's total assets as of June 30, 2010 amounted to \$969,712. These total assets consisted of cash (\$260,619), receivables (\$525,754) and net capital assets (\$183,339).

Net Assets

The WCCNM's change in net assets for PY09/FY10 was a decrease of \$25,783. The decrease was due to the capital assets acquired during the year (\$13,155) less the depreciation expense (\$38,938). Ending net assets as of June 30, 2010 totaled \$483,339 and consisted of capital assets (\$183,339) and unrestricted funds (\$300,000).

Fund Balance

The WCCNM's unrestricted governmental fund balance was the same as the previous year (\$300,000). The WCCNM had no restricted funds at any time during the year. There was no change in the fund balance compared to the previous year because all governmental activity during the year was WIA program revenues and expenses.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2010**

Capital Assets

The WCCNM's investment in capital assets for the WIA program as of June 30, 2010 amounted to \$183,339 (net book value). The capital assets consist mainly of office equipment (computers, telephone systems and copiers). Depreciation expense of \$38,938 was recorded in the current year. Capital assets purchased during the year ended June 30, 2010 were a copier and a telephone system (\$13,155).

Total Liabilities

The WCCNM's total liabilities as of June 30, 2010 amounted to \$486,373 and consisted of accounts payable (\$451,106), unearned grant advances (\$2,422), and accrued wages (\$32,845). The WCCNM had no debt, either current or long-term, at June 30, 2010, or at any time 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 Avenue NW, Albuquerque, NM 87102.

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 (GOVERNMENT-WIDE)
 STATEMENT OF NET ASSETS
 June 30, 2010**

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current | |
| Cash and cash equivalents | \$ 260,619 |
| Accounts receivable | 75,878 |
| Grants receivable | 449,876 |
| Total current assets | <u>786,373</u> |
| Noncurrent | |
| Capital assets, net | <u>183,339</u> |
| Total assets | <u><u>\$ 969,712</u></u> |
| LIABILITIES AND NET ASSETS | |
| LIABILITIES | |
| Current | |
| Accounts payable | \$ 451,106 |
| Unearned grant advances | 2,422 |
| Accrued work experience wages payable | 32,845 |
| Total current liabilities | <u>486,373</u> |
| NET ASSETS | |
| Investment in capital assets | 183,339 |
| Unrestricted | 300,000 |
| Total liabilities and net assets | <u><u>\$ 969,712</u></u> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
(GOVERNMENT-WIDE)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010**

| Functions/Programs | Expenses | Program Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets for Governmental Activities |
|--|---------------------|--|--|
| Governmental Activities | | | |
| Workforce Investment Act program: | | | |
| Program year 07/fiscal year 08 | \$ 158,127 | 158,127 | - |
| Program year 08/fiscal year 09 | 445,205 | 445,205 | - |
| American Recovery and Reinvestment Act Funds | 2,318,212 | 2,318,212 | - |
| Program year 09/fiscal year 10 | 2,004,786 | 1,979,003 | (25,783) |
| | <u>\$ 4,926,330</u> | <u>4,900,547</u> | |
| Change in net assets | | | \$ (25,783) |
| Net assets, beginning of year | | | <u>509,122</u> |
| Net assets, end of year | | | <u>\$ 483,339</u> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2010**

ASSETS

| | |
|---------------------------|---------------------------------|
| Cash and cash equivalents | \$ 260,619 |
| Accounts receivable | 75,878 |
| Grant receivables | <u>449,876</u> |
| Total assets | <u><u>\$ 786,373</u></u> |

LIABILITIES

| | |
|---------------------------------------|-----------------------|
| Accounts payable | \$ 451,106 |
| Unearned grant advances | 2,422 |
| Accrued work experience wages payable | <u>32,845</u> |
| Total liabilities | <u>486,373</u> |

FUND BALANCE

| | |
|---|---------------------------------|
| Unreserved | <u>300,000</u> |
| Total liabilities and fund balance | <u><u>\$ 786,373</u></u> |

Reconciliation

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>\$ 183,339</u> |
| Net assets of governmental activities | <u><u>\$ 483,339</u></u> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUND
Year Ended June 30, 2010**

REVENUES

Intergovernmental - federal \$ 4,926,330

EXPENDITURES

Current

| | |
|--|------------------|
| American Recovery and Reinvestment Act Funds | |
| Adult | 470,012 |
| Dislocated worker | 499,963 |
| Youth | 1,044,190 |
| Administration | 204,047 |
| 10% state setaside | 100,000 |
| Program year 07/fiscal year 08 | |
| Dislocated worker | 142,315 |
| Administration | 15,812 |
| Program year 08/fiscal year 09 | |
| Adult | 203,761 |
| Dislocated worker | 147,806 |
| Youth | 45,950 |
| Administration | 47,688 |
| Program year 09/fiscal year 10 | |
| Adult | 648,399 |
| Dislocated worker | 406,102 |
| Youth | 777,781 |
| Administration | 172,504 |
| | <u>4,926,330</u> |

Change in fund balance -

Fund balance, beginning of year 300,000

Fund balance, end of year \$ 300,000

Reconciliation

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:

| | |
|---|-----------------|
| Capital assets acquired during the year | 13,155 |
| Depreciation expensed during the year | (38,938) |
| Total | <u>(25,783)</u> |

Change in net assets of governmental activities \$ (25,783)

**WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
WORKFORCE INVESTMENT ACT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-WIA-BUDGET AND ACTUAL
Year Ended June 30, 2010**

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| Intergovernmental-federal | \$ 5,212,198 | 6,284,722 | 4,926,330 | (1,358,392) |
| Total revenues | <u>5,212,198</u> | <u>6,284,722</u> | <u>4,926,330</u> | <u>(1,358,392)</u> |
| EXPENDITURES | | | | |
| Employment services: | | | | |
| American Recovery and Reinvestment Act Funds | | | | |
| Adult | 548,771 | 637,624 | 470,012 | 167,612 |
| Dislocated Worker | 598,010 | 794,910 | 499,963 | 294,947 |
| Youth | 880,848 | 1,044,190 | 1,044,190 | - |
| Administration | 211,328 | 266,425 | 204,047 | 62,378 |
| 10% state set aside | - | 100,000 | 100,000 | - |
| Program year 07/fiscal year 08 | | | | |
| Dislocated Worker | - | 142,315 | 142,315 | - |
| Administration | - | 15,812 | 15,812 | - |
| Program year 08/fiscal year 09 | | | | |
| Adult | 30,000 | 203,761 | 203,761 | - |
| Dislocated Worker | 30,000 | 147,806 | 147,806 | - |
| Youth | 75,000 | 45,950 | 45,950 | - |
| Administration | - | 47,688 | 47,688 | - |
| Program year 09/fiscal year 10 | | | | |
| Adult | 800,035 | 970,345 | 648,399 | 321,946 |
| Dislocated Worker | 851,551 | 681,241 | 406,102 | 275,139 |
| Youth | 902,831 | 902,831 | 777,781 | 125,050 |
| Administration | 283,824 | 283,824 | 172,504 | 111,320 |
| Other funding | - | - | - | - |
| Total general governmental | <u>5,212,198</u> | <u>6,284,722</u> | <u>4,926,330</u> | <u>1,358,392</u> |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Fund balance, beginning of year | - | - | 300,000 | 300,000 |
| Fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>300,000</u> | <u>300,000</u> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

WCCNM and Mid Region Council of Governments of New Mexico (MRCOG), a related governmental entity, have entered into a Professional Services Agreement contract, for up to \$650,000 per year, through which MRCOG provides personnel, insurance, documentation, administration, monitoring, oversight and other fiscal services. WCCNM does not have employees and relies on MRCOG's financial system and control structure. WCCNM also contracts with SER Jobs for Progress, Inc. to manage and operate the four local area Business and Career Centers. WCCNM contracts 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;

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

- 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 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 elected official.

In evaluating how to define the Board, for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the reporting entity is 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.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

Basis of Accounting

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 relationship between the government-wide statements and the statements for governmental funds. Internal activities are eliminated, and the government-wide financial statements do not include any fiduciary funds or component units the entity may have. Since WCCNM has only the WIA program, it does not employ indirect cost allocation.

Net assets on the Statement of Net Assets include the following:

Invested in Capital Assets – the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – 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. The WCCNM had no restricted net assets as of June 30, 2010.

Unrestricted – the difference between the assets and liabilities that is not reported in net assets invested in capital assets or restricted net assets. WCCNM has \$300,000 of non-program income that it received in a prior year from the release of a lease agreement for the one-stop offices.

In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Portions of the fund balances have been reserved for subsequent year's expenditures. The reservation represents the amount of cash appropriated in subsequent year's budget.

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, 2010. These revenues are program revenues for the carrying out of program activities of the Workforce Investment Act (WIA) grant cluster.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

GAAP Presentation. The financial statements of the WCCNM are prepared in accordance with Generally Accepted Accounting Principles (GAAP) generally accepted in the United States of America. The 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 pronouncement, in which case, GASB prevails. The WCCNM has no proprietary funds or component units.

Fund Financial Statements

Fund financial statements report detailed information about WCCNM. WCCNM has only one fund for the year ended June 30, 2010.

Governmental Funds-Method of Accounting

All government 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.

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. WCCNM did not receive any type of tax revenue during the year ended June 30, 2010.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

WCCNM implemented GASB Statement No. 33 on non-exchange transactions. 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 statement as income unless it is not measureable (reasonable 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 resources first when applying resources to expenses before using unrestricted funds.

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 long-term debt, which has not matured, are recognized when paid. WCCNM did not have any long-term debt as of June 30, 2010.

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.

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. WCCNM only has a special revenue fund.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The following is the special revenue fund created by Federal and State contractually specific authority, active in the fiscal year ended June 30, 2010:

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

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 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 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 per Section 12-6-10 NMSA 1978.

Depreciation of capital assets is computed and recorded by the straight-line method. A half-year's depreciation is taken on additions in the first year of acquisition and followed by a full year's going forward. Estimated useful lives of the various classes of depreciable capital assets are as follows:

| | Estimated Useful Life Years |
|---|-----------------------------------|
| Furniture, fixtures, software and equipment | 3-10 |

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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. The legal level of budgetary control is at the total fund level.

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.

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.

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.

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.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

NOTE 2. DEPOSIT AND INVESTMENTS

Due to restriction on Workforce Investment Act (WIA) funds by the granting agency, monies deposited into the account of WCCNM and any program revenues earned by WCCNM, funds 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 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. Deposits at June 30, 2010 were held in First Community Bank. Deposits (cash or cash equivalents) are carried at cost, which approximates market value. At June 30, 2010, the carrying amount of WCCNM's deposits was \$260,619. 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. None of WCCNM's bank deposits were exposed to custodial credit risk as of June 30, 2010. At June 30, 2010, 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 | \$ - |

WCCNM's remaining uninsured collateralized deposits of \$0 are exposed to custodial credit risk. The following is a listing of deposits of public money and collateral pledged at values acceptable per state statute, by the depositing financial institution as of June 30, 2010:

| Account Name | Type | Bank Balance | Book Balance |
|---------------------------------------|-----------------|----------------|----------------|
| First Community Bank checking account | Demand deposits | \$ 407,600 | <u>260,619</u> |
| Less: FDIC coverage | | <u>407,600</u> | |
| Uninsured balance | | <u>-</u> | |
| 50% collateral requirement | | - | |
| (Under) Over collateralized | | <u>\$ -</u> | |

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2010**

NOTE 2. DEPOSIT AND INVESTMENTS (CONTINUED)

Deposits held at First Community Bank accounts were 100% collateralized at June 30, 2010. First Community Bank covers this account with unlimited FDIC insurance through the FDIC's Temporary Liquidity Guarantee Program. This program provides depositors with unlimited coverage for non-interest bearing accounts, including demand deposit accounts; therefore, WCCNM is fully collateralized through December 31, 2010.

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):

| Bank Name | Bank Balance | Outstanding Checks | Outstanding Deposits | Book Balance |
|-----------------------|--------------|--------------------|----------------------|--------------|
| First Community Bank: | | | | |
| Checking WIA | \$ 407,600 | (146,981) | - | 260,619 |

NOTE 3. RECEIVABLES

Receivables in the amount of \$449,876 represents grant receivable from the NM Department of Workforce Solutions, fiscal/administrative agent for the State Workforce Development Board, for costs incurred for the WIA program as of June 30, 2010, respectively. Other receivables of \$75,878 represent reimbursements for resource sharing agreements. All receivables are deemed to be fully collectible.

NOTE 4. OPERATING LEASES AND PREPAID EXPENSE

WCCNM has entered into various leasing agreements for office space. F&E Plaza and Moriarty Chamber of Commerce agreements are renewable on an annual basis and Collatz, Inc.'s agreement is renewable for two additional terms of five years. Management anticipates that future rental commitments will be equal to, or greater than the amount paid in the year ended June 30, 2010, which was \$120,345.

WCCNM leased offices during the year from Moriarty Chamber of Commerce, F&E Plaza and Collatz, Inc. Moriarty Chamber of Commerce leases the premises from the City of Moriarty who consented to the sublease to WCCNM. The City of Moriarty is a related party to WCCNM. The Mayor is a Chief Elected Official of WCCNM's Board of Directors. Total payments made for the year ended June 30, 2010 was \$5,400, which is included in the total payments made as discussed in Note 8.

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2010**

NOTE 4. OPERATING LEASES AND PREPAID EXPENSE (CONTINUED)

Remaining obligations on the leases as of June 30, 2010 are as follows:

| | |
|-------|------------------|
| 2011 | \$104,700 |
| 2012 | 107,820 |
| 2013 | <u>111,060</u> |
| Total | <u>\$323,580</u> |

NOTE 5. CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

| | June 30, 2009 | Additions | Deletions | June 30, 2010 |
|--|-------------------|-----------------|-----------|------------------|
| Furniture, fixtures and equipment | \$ 612,952 | 13,155 | - | <u>626,107</u> |
| Accumulated depreciation: Furniture, fixtures and equipment | <u>(403,830)</u> | <u>(38,938)</u> | - | <u>(442,768)</u> |
| Total net capital assets | <u>\$ 209,122</u> | <u>(25,783)</u> | - | <u>183,339</u> |

Current year depreciation expense was \$38,938 and was allocated in the statement of activities to program year 2009/fiscal year 2010.

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.

NOTE 6. RETIREMENT PLAN

During the fiscal year ended June 30, 2010, the WCCNM had no employees eligible for retirement benefits and therefore had no retirement benefit expenditures during the year.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010**

NOTE 7. 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, 2010, WCCNM did not have any probable risk of loss.

NOTE 8. RELATED ENTITY 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.

During the year ended June 30, 2010, 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 purchases by organization/company/association:

| Board Member | Organization | Association to WCCNM | Amount |
|----------------|--------------------------------|---------------------------|-------------------|
| Maria Bourassa | Goodwill of NM | Resource Sharing | \$ 1,205 |
| Judy Lajeune | Department of Vocational Rehab | Resource Sharing | 14,093 |
| Emily Salazar | Albuquerque Job Corps | Resource Sharing | 2,761 |
| Kenneth Carson | First Community Bank | Bank interest | 5,380 |
| Anna Ortiz | PNM | Electric Services | 48,653 |
| Anna Ortiz | PNM | Electric Services | 6,209 |
| Rita Logan | UNM - Valencia | Training provider | 7,057 |
| Sherry TenClay | UNM - Cont Ed | Training provider | 39,654 |
| Susan Murphy | CNM | Training provider-classes | 37,065 |
| Susan Murphy | CNM | Training provider-books | 34,847 |
| N/A | Moriarty Chamber of Commerce | Leasing building | 5,400 |
| N/A | Mid Region Council of Gvmts | Professional Services | 643,519 |
| | | | <u>\$ 845,843</u> |

COMPLIANCE SECTION

STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2010

| 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 American Recovery and Reinvestment Act Funds | | | |
| Adult | 17.258 | 09-001-PY08 | \$ 470,011 |
| Dislocated worker | 17.260 | 09-001-PY08 | 499,963 |
| Youth | 17.259 | 09-001-PY08 | 1,044,190 |
| 10% state setaside | 17.258 | 09-001-PY08 | 100,000 |
| Admin: | | | |
| Adult | 17.258 | 09-001-PY08 | \$ 47,615 |
| Dislocated worker | 17.260 | 09-001-PY08 | 105,783 |
| Youth | 17.259 | 09-001-PY08 | 50,650 |
| Subtotal ARRA funding | | | <u>204,048</u> |
| | | | <u>2,318,212</u> |
| WIA Adult Program | | | |
| Program year 2008/fiscal year 2009 | 17.258 | 09-001-PY08 | 203,761 |
| Program year 2009/fiscal year 2010 | 17.258 | 10-001-PY09 | 648,398 |
| WIA Dislocated Worker Program | | | |
| Program year 2007/fiscal year 2008 | 17.260 | 08-001-PY07 | 142,315 |
| Program year 2008/fiscal year 2009 | 17.260 | 09-001-PY08 | 147,806 |
| Program year 2009/fiscal year 2010 | 17.260 | 10-001-PY09 | 406,103 |
| WIA Youth Program | | | |
| Program year 2008/fiscal year 2009 | 17.259 | 09-001-PY08 | 45,950 |
| Program year 2009/fiscal year 2010 | 17.259 | 10-001-PY09 | 777,781 |
| WIA Administration | | | |
| Program year 2007/fiscal year 2008 | | | |
| Dislocated worker | 17.260 | 08-001-PY07 | 15,812 |
| Program year 2008/fiscal year 2009 | | | |
| Adult | 17.258 | 09-001-PY08 | 18,862 |
| Dislocated worker | 17.260 | 09-001-PY08 | 15,143 |
| Youth | 17.259 | 09-001-PY08 | 13,683 |
| Program year 2009/fiscal year 2010 | | | |
| Adult | 17.258 | 10-001-PY09 | 62,159 |
| Dislocated worker | 17.260 | 10-001-PY09 | 71,414 |
| Youth | 17.259 | 10-001-PY09 | 38,931 |
| | | | <u>172,504</u> |
| Total expenditures | | | <u>\$ 4,926,330</u> |

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 requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
2. The Workforce Connection of Central New Mexico did not receive any non-cash assistance.
3. Payments to subrecipients

| Organization | Amount |
|--------------------------------|---------------------|
| Youth Development Incorporated | \$ 358,319 |
| SER Jobs for Progress, Inc. | 951,648 |
| | <u>1,309,967</u> |
| Total | <u>\$ 1,309,967</u> |

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial
Statements Performed in Accordance With
*Government Auditing Standards***

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

We have audited the 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, 2010, and have issued our report thereon dated November 22, 2010. 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 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 WCCNM's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WCCNM's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questions costs as items 10-1 and 10-2 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 10-3 and 10-4.

We also noted a certain matter that is required to be reported under *Government Auditing Standards* paragraph 5.14 and 5.16, and pursuant to Section 12-6-5 NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as item 10-5.

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 WCCNM's responses and, accordingly, we express no opinion on the responses.

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

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

Mess Adams LLP

Albuquerque, New Mexico
November 22, 2010

**Report on Compliance With Requirements
That Could Have a Direct and Material Effect on
Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133**

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

Compliance

We have audited the compliance of the Workforce Connection of Central New Mexico (WCCNM), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. WCCNM's major federal programs are 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 each of its major federal programs is the responsibility of the WCCNM's management. Our responsibility is to express an opinion on the 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-03 and 10-04.

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

Internal Control Over Compliance

Management of 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 WCCNM's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WCCNM's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 10-3 and 10-4. 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.

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

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 WCCNM's responses and, accordingly, we express no opinion on the responses.

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

Mess Adams LLP

Albuquerque, New Mexico
November 22, 2010

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
June 30, 2010**

| | | |
|-------|--|---------|
| 02-04 | Participant File Documentation | Cleared |
| 09-01 | Board Certification | Cleared |
| 09-02 | Reporting of Program Income | Cleared |
| 09-03 | Staff Time Allocation | Cleared |
| 09-04 | Written Policy Concerning Close-out Procedures for Sub-recipients | Cleared |

**STATE OF NEW MEXICO
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2010**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness (es)? Yes None Reported
- Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness (es) Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of Major Program

| CFDA Number | Name of Federal Program or Cluster |
|--------------|--|
| WIA Cluster: | |
| 17.258 | WIA Adult (Cluster and ARRA) |
| 17.259 | WIA Youth (Cluster and ARRA) |
| 17.260 | WIA Dislocated Worker (Cluster and ARRA) |

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

WCCNM has entered into an operations, maintenance, and management agreement with Mid-Region Council of Governments of New Mexico (MRCOG). WCCNM reimburses MRCOG for payroll, rent, and other operating expenses, as disclosed in the footnotes to the financial statements. WCCNM does not have employees. Therefore, the internal controls of MRCOG are critical to the operation of and accounting for WCCNM, thus certain findings relating to MRCOG's controls that consequentially affect WCCNM are reported as findings in this report.

10-1 Segregation of Duties

CONDITION

During our testing and review of management's design and implementation of internal controls, we noted that the WCCNM Accounting Manager normally prepares journal entries and bank reconciliations and then the MRCOG Finance Manager approves them. However, since staffing is limited, they each have complete *access* to the entire financial system and process, such as receipts, payments, and journal entries, which is a risk to WCCNM. Management does limit employee access to accounting software wherever possible and is conscious of having dual-control over transactions.

CRITERIA

Good accounting practices require segregation of duties to mitigate internal control weaknesses and material misstatements due to error or fraud.

EFFECT

The lack of adequate segregation of duties in some cases has caused weaknesses in the internal controls at WCCNM and there is increased risk of error or unauthorized transactions.

CAUSE

The staff at MRCOG is limited and makes it difficult for adequate segregation of duties. WCCNM relies on MRCOG's internal control structure. However, WCCNM has not identified risks in segregation of duties where staffing is limited and then implemented mitigating controls with independent personnel outside the process.

STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

10-1 Segregation of Duties (Continued)

RECOMMENDATION

We recommend that WCCNM and MRCOG institute policies and procedures to correct the issues noted above. We recommend that someone independent of *access* to check preparation and deposits reconcile the bank statements and review journal entries.

MANAGEMENT RESPONSE

Segregation of duties is a deterrent to fraud because it requires collusion with another person to perpetrate a fraudulent act. Since the WCCNM Accounting Manager prepares journal entries and bank reconciliations, and the MRCOG Finance Manager approves them, it would require collusion between the WCCNM Accounting Manager and the MRCOG Finance Manager to perpetrate a fraudulent act.

The WCCNM Accounting Manager and the MRCOG Finance Manager **must** have *access* to the financial system in order to perform their job duties. Any person who reconciles the bank statements **must** have *access* to the accounting system in order to do so.

MRCOG management will re-examine the current segregation of duties to determine weaknesses and the most appropriate duty assignments utilizing existing staff.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

10-2 Accounts Receivable

CONDITION

During our test work of accounts receivable, we noted that there was no subsidiary ledger for accounts receivable, the accounts had not be reconciled, and the current year receivables were in an incorrect account. This resulted in an audit adjustment of \$417,031.

CRITERIA

Governmental Accounting Standards Board (GASB) Codification 1600.102 states that: "Under the *cash* basis of accounting, revenues and transfers in are not recognized until cash is received, and expenditures or expenses (as appropriate) and transfers out are recognized only when cash is disbursed. Under the *accrual* basis of accounting, most transactions are recognized when they occur, regardless of when cash is received or disbursed. Items not practicably measurable until cash is received or disbursed are accounted for at that time using either basis of accounting as may be items whose measurement would be approximately the same under either basis or that are immaterial."

EFFECT

This caused a large adjustment to accounts receivable/revenue and a material misstatement to the financial statements.

CAUSE

Accounts receivable had not been properly recorded or reconciled because WCCNM's Finance Department was concerned that the Organization would not be reimbursed for these invoices if WCCNM recorded them, as required by accrual accounting, into the fiscal year under audit since the reimbursement requests had already been submitted.

RECOMMENDATION

We recommend that a thorough review of subsequent receipts occur to ensure that accounts receivables posted for year end is properly recorded and that any timing issues with granting agencies be adjusted on the next reimbursement request. Additionally, it is important to roll forward receivables to ensure that amounts are accurate and billings and collections are occurring as they should.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

10-2 Accounts Receivable (Continued)

MANAGEMENT RESPONSE

An adjustment was made to accounts receivable, but no adjustments needed to be made to revenue. All expenses and revenues for the year ending June 30, 2010 were accrued correctly. In the future, the WCCNM will ensure that accounts receivable are properly recorded.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS

10-3 WIA Cluster – Allowable Costs

Federal Program

US Department of Labor – Passed Through the NM Department of Workforce Solutions
WIA Cluster – CFDA Various

QUESTIONED COSTS - None

CONDITION

During our testing, we noted 2 out of 40 Youth Program timesheets were miscalculated.

CRITERIA

WCCNM is responsible for and required to comply with OMB Circular A-133 requirements. Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

EFFECT

This resulted in a small overpayment of \$9.38. If the sample results were projected into the population, errors would be immaterial to compliance; however, this is a breakdown of the controls management has designed and implemented.

CAUSE

WCCNM's internal control of reviewing the timesheets did not include recalculating the time entered on the timesheet.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS
(CONTINUED)**

10-3 WIA Cluster – Allowable Costs (Continued)

RECOMMENDATION

We recommend that when timesheets are reviewed and approved, that they are recalculated as well to ensure that the correct payments are made.

MANAGEMENT RESPONSE

Timesheets will continue to be reviewed for accuracy by the worksite supervisor, an individual from the youth services provider organization, and the WCCNM Accounting Manager.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS
(CONTINUED)**

10-4 WIA Cluster – Procurement

Federal Program

US Department of Labor – Passed Through the NM Department of Workforce Solutions
WIA Cluster – CFDA Various

QUESTIONED COSTS - None

CONDITION

During our testing of procurement, we noted that the WCCNM does not check vendors against the EPLS website (Excluded Parties List System: <https://www.epls.gov/>). Note that WCCNM has no employees and contracts with Mid-Region Council of Governments (MRCOG) for these services.

CRITERIA

OMB Cost Circular A-102 states: “Debarment and Suspension. Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and sub-grantees (including contractors) at any tier do not make awards in violation of the non-procurement debarment and suspension common rule.”

EFFECT

WCCNM could unknowingly award federal assistance to applicants that are ineligible for participation in their programs, causing noncompliance with the grants and potential questioned costs.

CAUSE

Management was unaware of this requirement.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS
(CONTINUED)**

10-4 WIA Cluster – Procurement (Continued)

RECOMMENDATION

We recommend that WCCNM and MRCOG train staff and review each federal grant and federal guidance such as the OMB Circulars and the OMB Compliance Supplements for all the specific federal requirements such as this and implement policies and procedures to safeguard WCCNM against noncompliance.

MANAGEMENT RESPONSE

The WCCNM will check new vendors against the EPLS website (Excluded Parties List System: <https://www.epls.gov/>).

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

D. FINDINGS – COMPLIANCE AND OTHER MATTERS

10-5 Travel and Per Diem

CONDITION

During our testing of travel and per diem we noted the following:

- One instance where there was no department head approval noted. We did note that the Executive Director's signature was present; however, policy states that both signatures are required.
- One instance where an employee drove long distance and the cost exceeded the cost of a coach airplane ticket. We noted that the employee was properly reimbursed at the lower cost of the coach airplane ticket rather than actual mileage based on policy; however, there was a lack of documentation substantiating how the amount was calculated.

CRITERIA

Based on policies established at WCCNM, both the department head and the executive director's approvals are needed for travel. Further, good accounting procedures include requirements for supporting documentation.

EFFECT

WCCNM was not in compliance with their policies on approvals and supporting documentation.

CAUSE

The first instance was caused by quickly recording the expenditure into year-end transactions. Regarding the second item, a print out of the quote for the coach airline ticket was not obtained and filed to support the lower reimbursement.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

D. FINDINGS – COMPLIANCE AND OTHER MATTERS (CONTINUED)

10-5 Travel and Per Diem (Continued)

RECOMMENDATION

We recommend that WCCNM review the policies for travel and per diem to ensure that these breakdowns in controls are prevented from occurring in the future.

MANAGEMENT RESPONSE

WCCNM will make sure that both the Department Head and the Executive Director sign travel reimbursement forms. WCCNM will also ensure that the supporting documentation for the calculation is included when a traveler is reimbursed for mileage in lieu of commercial airfare.

**STATE OF NEW MEXICO
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
EXIT CONFERENCE
June 30, 2010**

We discussed the results of the audit during the exit conference held on November 29, 2010, in a closed session. That exit conference was attended by the following individuals:

Representing Workforce Connection of Central New Mexico:

| | |
|-------------------|-------------------------|
| William Alberti | Board Member |
| Dewey Cave | Executive Director |
| Janice Borchardt | Finance Manager |
| Jesse D. Turley | Accounting Manager |
| Ramona N. Chavez | WIA Manager |
| Patrick W. Newman | Workforce Administrator |

Representing Moss Adams LLP:

| | |
|-------------------------------|--------------------------|
| Scott Eliason, CPA | Assurance Partner |
| Audrey J. Jaramillo, CPA, CFE | Assurance Senior Manager |

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of the State of New Mexico Workforce Connection of Central New Mexico. The financial statements and related footnotes remain the responsibility of management.