



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

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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CONNECTION OF CENTRAL NEW MEXICO**

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

**Official Roster**

**June 30, 2011**

<b>Directors</b>	<b>Position</b>
Senator John Sapien	Chair
Stephanie Hanosh	Chair-elect
Judy LeJeune	Treasurer
Robert Davey	Board Member
Ken Carson	Board Member
William Alberti	Board Member
M. Steve Anaya	Board Member
Jeff Armijo	Board Member
Doug Calderwood	Board Member
LeAnn Collins	Board Member
Keith Franklin	Board Member
Paul Kress	Board Member
Kyle Lee	Board Member
Rita Gallegos Logan	Board Member
Kathy McCormick	Board Member
Dr. Susan Murphy	Board Member
Virginia Murphy	Board Member
Norman Ration	Board Member
Dr. Emily Salazar	Board Member
Paul Sanchez	Board Member
Randy Sanchez	Board Member
Jim Summers	Board Member
Mike Swisher	Board Member
Sherry TenClay	Board Member
Honorable Jack Torres	Board Member
Joseph Rodman	Board Member
Carolyn VanderGiesen	Board Member

## Report of Independent Auditors

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, 2011, 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, 2011, 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 11, 2011 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 4 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 11, 2011

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2011**

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. 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 30<sup>th</sup> year-end. The references to FY indicate the Federal year from October through June 30<sup>th</sup>.

**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 (which includes 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 a business driven 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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2011**

worker preparation and development. The WCCNM Board continues with its service strategy, which is to develop and implement strategies for Board-selected priority industries at different tier levels of the select businesses, and following through with service requests from and service delivery for priority industries and businesses in priority industries.

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 (WIA):* The WCCNM is the local board responsible for administering the federal WIA program in central New Mexico. WIA funding provided to the WCCNM during PY10/FY11 included Adult, Dislocated Worker, Youth, Administrative, remaining American Reinvestment and Recovery Act (ARRA) funds and two new ARRA grants called NEG (National Emergency Grant) & SESP (State Energy Sector Partnership) grants. During the 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 PY10 WIA Adult, Dislocated Worker, Youth, and Administrative funds increased by \$582,769 compared to the PY09 allocation. Specifically, Adult funds increased by \$40,500, Dislocated Worker funds increased by \$402,860, Youth funds increased by \$81,133, and Administrative funds increased by \$58,276. Additionally, \$376,323 was transferred from the Dislocated Worker funding stream to the Adult funding stream.

In addition to the initial allocation, the WCCNM received another portion of formula monies from FY09 in the amount of \$250,000, of which \$225,000 goes to Dislocated Worker and \$25,000 to Administrative. Another \$60,000 was passed through New Mexico Department of Workforce Solutions (NMDWS) from a U.S. Department of Labor (USDOL) special project called Career Pathways.



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WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2011**

As mentioned earlier, additional ARRA monies were awarded WCCNM beginning July 2010 for the National Emergency Grant (NEG) in the amount of \$266,630, which was directed as follows: Dislocated Workers \$251,818 and Administrative \$14,812. The ARRA SESP (State Energy Sector Partnership) grant was issued in March 2011 in the total amount of \$491,485. The ARRA SESP grant is different than the usual WIA Grants and is intended by the USDOL to support green energy jobs & training in the NM Central areas for the State's solar region. It also includes \$34,211 for Administrative. It is linked to Adult, Dislocated Worker or Youth specifically. (For your information, the Northern Board has the Green Building Materials program, the Eastern Board has the Wind program & the Southern Board has the Bio Fuels program. While each are focus points, each board may fund another's intended green job industry).

The WCCNM's total WIA Grants increased by \$1,045,462 compared to the previous year.

The WCCNM began PY10 with carry-in funds totaling \$1,391,235. Carry-in funds are unspent/unforfeited funds brought in from the previous year. PY10 ended the year with unspent/unforfeited funds of \$1,108,490 which will carry into PY11. This included \$468,723 of the ARRA SESP received in March 2011.

### **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, 2011 were entirely federal revenues that were reimbursements to the WCCNM for administering the Workforce Investment Act program. Revenues received during PY10 were \$4,777,730 compared to revenues of the previous PY09 year of \$4,926,330.

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 Year Ended June 30, 2011**

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

	6/30/11	6/30/10
Core Services	\$ 1,716,967	\$ 1,844,201
Intensive Services	79,039	180,292
Training Services	1,981,056	1,082,504
Youth Services	473,470	1,316,787
Supportive Services	60,163	62,494
Administration	414,192	440,052
Career Pathways Project	52,843	-
<b>Total Expenditures</b>	<b>\$ 4,777,730</b>	<b>\$ 4,926,330</b>

Core and Intensive service expenses were lower than the previous year mainly due to ARRA FY09 funds ending. The reduction of ARRA funds did not allow for a continuation of contracts with training institutions which lessened the appeal of Intensive service training. Fortunately, we received two additional grants and were able to increase training services due to a National Emergency Grant (NEG) and a State energy initiative through the New Mexico Department of Workforce Solution's State Energy Sector Partnership (SESP) grant.

The youth services in the previous year included a well-planned Summer Work Experience program. Unfortunately, the funding was not available and did not occur in PY10. However, formula funds provided a year round Work Experience program which allowed us to serve additional youth, but not at the level previously experienced.

**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.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2011**

The PY10 approved operating budget for the WIA fund decreased by \$895,847 compared to PY09, including all new ARRA (NEG, SESP) & the Career Pathways grants. The decrease was mainly due to the depletion of the original FY09 American Reinvestment and Recovery Act funding of \$3,038,937, although unspent carry-in in the amount of \$524,936 PY09 was expended in PY10. We did, however, receive a total of \$756,115 for the new ARRA NEG & SESP during PY10 and an additional FY09 Dislocated Worker formula funding allocation of \$250,000. The PY09 Formula carried into PY10 was \$866,299.

The WCCNM's PY10 operating budget, including the SESP monies, was spent at approximately 82% of budget; whereas in the previous year, PY09 WIA Operating Budget was spent at approximately 74% of budget. No grant monies were forfeited. The PY10 difference between budget and actual expenses was primarily a result of:

- The additional ARRA SESP received and allocated late in the fiscal year; resulted in an amount of \$468,723 carried into PY11.
- 30 OJT contracts / obligations written mid to late PY10 extended beyond 6-30-11 and into PY11. This amount was \$211,381 and will be paid in PY11.
- The service provider contracts with MRCOG (AE) and SER Jobs for Progress were not fully billed out. This amounted to a \$57,049 favorable variance.

**Total Assets**

The WCCNM's total assets as of June 30, 2011 amounted to \$862,873. These total assets consisted of cash, \$354,943, receivables, \$362,150, and net capital assets \$145,780. The WCCNM's change in assets for PY10/FY11 was a decrease of \$106,839. The decrease was primarily due to the capital assets depreciation expense of \$37,599, cash increase of \$94,324 and A/R decrease of \$163,604. The main issue was with the receivable decrease was due to more timely billings of training contracts before year end thus resulting in less drawn down amounts necessary to cover for these at year end via additional cash requests or A/R.

**Net Assets**

Ending net assets as of June 30, 2011 totaled \$445,780 and consisted of capital assets, \$145,780, and unrestricted funds of \$300,000.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2011**

**Fund Balance**

The WCCNM's unrestricted governmental funds 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. However, with the implementation of GASB 54, this fund balance is now classified as committed.

**Capital Assets**

The capital assets consist mainly of office equipment (computers, telephone systems and copiers). Depreciation expense of \$37,559 was recorded in the current year. No capital assets were purchased during the year ended June 30, 2011.

**Total Liabilities**

The WCCNM's total liabilities as of June 30, 2011 amounted to \$417,093 and consisted of accounts payable, \$374,692, unearned grant advances, \$3,697, and accrued wages, \$38,704. The WCCNM had no debt, either current or long-term, at June 30, 2011, 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 Ave. NW, Albuquerque, NM 87102.

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 (GOVERNMENT-WIDE)  
 STATEMENT OF NET ASSETS  
 June 30, 2011**

	Governmental Activities
<b>ASSETS</b>	
Current	
Cash and cash equivalents	\$ 354,943
Accounts receivable	2,611
Grants receivable	359,539
<b>Total current assets</b>	<u>717,093</u>
Noncurrent	
Capital assets, net	<u>145,780</u>
<b>Total assets</b>	<u><u>\$ 862,873</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Current	
Accounts payable	\$ 374,692
Unearned grant advances	3,697
Accrued work experience wages payable	38,704
<b>Total current liabilities</b>	<u>417,093</u>
<b>NET ASSETS</b>	
Investment in capital assets	145,780
Unrestricted	300,000
	<u>445,780</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 862,873</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, 2011

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 08/fiscal year 09	\$ 250,000	250,000	-
Program year 09/fiscal year 10	866,299	866,299	-
American Recovery and Reinvestment Act Funds	689,817	689,817	-
Program year 10/fiscal year 11	2,971,614	2,934,055	(37,559)
	<u>\$ 4,777,730</u>	<u>4,740,171</u>	
<b>Change in net assets</b>			\$ (37,559)
Net assets, beginning of year			<u>483,339</u>
<b>Net assets, end of year</b>			<u>\$ 445,780</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2011**

**ASSETS**

Cash and cash equivalents	\$ 354,943
Accounts receivable	2,611
Grant receivables	<u>359,539</u>

<b>Total assets</b>	<b>\$ <u><u>717,093</u></u></b>
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**LIABILITIES**

Accounts payable	\$ 374,692
Unearned grant advances	3,697
Accrued work experience wages payable	<u>38,704</u>

<b>Total liabilities</b>	<b><u>417,093</u></b>
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**FUND BALANCE**

Committed	<u>300,000</u>
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<b>Total liabilities and fund balance</b>	<b>\$ <u><u>717,093</u></u></b>
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**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>\$ 145,780</u>
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<b>Net assets of governmental activities</b>	<b>\$ <u><u>445,780</u></u></b>
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*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUND  
Year Ended June 30, 2011**

**REVENUES**

Intergovernmental - federal	\$ 4,777,730
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**EXPENDITURES**

Current

American Recovery and Reinvestment Act Funds

Adult	167,612
Dislocated Worker	294,947
Administration	63,869
NEG	142,119
SESP	21,270
Program year 08/fiscal year 09	
Dislocated Worker	225,000
Administration	25,000
Program year 09/fiscal year 10	
Adult	321,946
Dislocated Worker	275,138
Youth	157,895
Administration	111,320
Program year 10/fiscal year 11	
Adult	1,091,487
Dislocated Worker	791,514
Youth	830,607
Administration	205,163
Other funding	52,843
	<u>4,777,730</u>

<b>Change in fund balance</b>	<u>-</u>
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<b>Fund balance, beginning of year, as restated</b>	<u>300,000</u>
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<b>Fund balance, end of year</b>	<u><u>\$ 300,000</u></u>
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**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	\$ -
Depreciation expensed during the year	(37,559)
Total	<u>(37,559)</u>

<b>Change in net assets of governmental activities</b>	<u><u>\$ (37,559)</u></u>
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STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 WORKFORCE INVESTMENT ACT  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental-federal	\$ 4,141,010	5,388,875	4,777,730	(611,145)
<b>EXPENDITURES</b>				
Employment services:				
American Recovery and Reinvestment Act Funds				
Adult	90,000	167,612	167,612	-
Dislocated Worker	-	546,765	294,947	251,818
Administration	30,000	77,189	63,869	13,320
NEG	-	-	142,119	(142,119)
SESP	-	-	21,270	(21,270)
Program year 08/fiscal year 09				
Dislocated Worker	-	225,000	225,000	-
Administration	-	25,000	25,000	-
Program year 09/fiscal year 10				
Adult	200,000	321,946	321,946	-
Dislocated Worker	200,000	275,138	275,138	-
Youth	100,000	157,895	157,895	-
Administration	100,000	111,320	111,320	-
Program year 10/fiscal year 11				
Adult	1,216,858	1,216,858	1,091,487	125,371
Dislocated Worker	878,088	878,088	791,514	86,574
Youth	983,964	983,964	830,607	153,357
Administration	342,100	342,100	205,163	136,937
Other funding	-	60,000	52,843	7,157
<b>Total general governmental</b>	<b>4,141,010</b>	<b>5,388,875</b>	<b>4,777,730</b>	<b>611,145</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance, beginning of year	-	-	300,000	300,000
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>300,000</b>	<b>300,000</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

**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 \$700,000 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, 2011**

**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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

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

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.

**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, which incorporates long-term assets. WCCNM does not have long-term liabilities. 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. Direct expenses are those that are specifically associated with the program and, therefore, identifiable to a particular function.

Net assets on the Statement of Net Assets may 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, 2011.

*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.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

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

Fund Financial Statements

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54—Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which WCCNM is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures. The Statement is effective for years beginning after June 15, 2010. WCCNM implemented this standard effective July 1, 2010.

*Fund Balance.* 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. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), the WCCNM classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (WCCNM’s Board of Directors) and does not lapse at year-end. The WCCNM’s Board has committed the fund balance of \$300,000 to be used to cover any immediate cash claims in excess of grantor reimbursements received.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the management.
- Unassigned includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

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

The WCCNM requires *restricted* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring matching spending. WCCNM does not currently have a minimum fund balance policy.

*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, 2011. These revenues are program revenues for the carrying out of program activities of the Workforce Investment Act (WIA) grant cluster.

*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, 2011.

**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 measureable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measureable.

**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.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

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

**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 an allowance for uncollectible receivables.

**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, 2011.

Non-exchange transactions occur 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 measurable (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.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

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

**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, 2011.

Expenditures 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.

The following is the special revenue fund created by Federal and State contractually specific authority, active in the fiscal year ended June 30, 2011:

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.



**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

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

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

**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.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

**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, 2011 were held in First Community Bank. Deposits (cash or cash equivalents) are carried at cost, which approximates market value. At June 30, 2011, the carrying amount of WCCNM's deposits was \$453,351. Custodial credit risk is the 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, 2011. At June 30, 2011, 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		203,351

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, 2011:

Account Name	Type	Bank Balance	Book Balance
First Community Bank checking account	Demand deposits	\$ 453,351	<u>354,943</u>
Less: FDIC coverage		<u>250,000</u>	
Uninsured balance		<u>203,351</u>	
50% collateral requirement		<u>\$ 101,676</u>	

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 2011**

**NOTE 2. DEPOSIT AND INVESTMENTS (CONTINUED)**

Pledged collateral held in the bank's name held	
FNMA Pool #781651, Cusip #36225BZQ4	
maturing 9/15/18, market value to be used	\$ 122,028
FNMA Pool #2009-67, Cusip #38373AQK5	
maturing 11/20/36, market value to be used	138,303
FNMA Pool #2007-7, Cusip #38375JJB2	
maturing 5/16/32, market value to be used	<u>157,996</u>
 Total collateral	 <u>\$ 418,327</u>
 (Under) Over collateralized	 <u>\$ 316,651</u>

Deposits held at First Community Bank accounts were 100% collateralized at June 30, 2011. First Community Bank covers this account with standard FDIC insurance of \$250,000 for interest bearing accounts.

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	\$ 453,351	(98,408)	-	354,943

**NOTE 3. RECEIVABLES**

Receivables in the amount of \$359,539 represents grant receivable from the New Mexico Department of Workforce Solutions, fiscal/administrative agent for the State Workforce Development Board, for costs incurred for the WIA program as of June 30, 2011. Other receivables of \$2,611 represent reimbursements for resource sharing agreements. All receivables are deemed to be fully collectible.

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 2011**

**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, 2011, which was \$123,405.

Remaining obligations on the leases as of June 30, 2011 are as follows:

2012	\$	107,820
2013		<u>111,060</u>
Total	\$	<u>218,880</u>

**NOTE 5. CAPITAL ASSETS AND DEPRECIATION**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

	June 30, 2010	Additions	Deletions	June 30, 2011
Furniture, fixtures and equipment	\$ 626,107	-	-	<u>626,107</u>
Accumulated depreciation: Furniture, fixtures and equipment	<u>(442,768)</u>	<u>(37,559)</u>	-	<u>(480,327)</u>
Total net capital assets	\$ <u>183,339</u>	<u>(37,559)</u>	-	<u>145,780</u>

Current year depreciation expense was \$37,559 and was allocated in the statement of activities to program year 2010/fiscal year 2011.

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.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

**NOTE 6. RETIREMENT PLAN**

During the fiscal year ended June 30, 2011, the WCCNM had no employees eligible for retirement benefits and therefore had no retirement benefit expenditures during the year.

**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, 2011, 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, 2011, 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
Sherry TenClay	UNM – Cont Ed	Training provider	\$ 99,118
Paul Sanchez	PNM	Electric Services	43,638
Leann Collins	Tricore	Training provider	13,566
Rita Logan	UNM - Valencia	Training provider	1,786
Susan Murphy	CNM	Training provider-classes	55,477
Susan Murphy	CNM	Training provider-books	41,001
N/A	Mid Region Council of Gvmts	Professional Services	<u>678,739</u>
			<u>\$ 933,325</u>

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2011**

**NOTE 9. RESTATEMENT OF FUND BALANCE/GASB 54**

GASB Statement No. 54 clarifies the existing governmental fund type definitions and provides clearer fund balance categories and classifications. The new hierarchical fund balance classifications are based primarily on the extent to which a government is bound to follow constraints on resources in governmental funds and includes terms: nonspendable, restricted, committed, assigned, and unassigned. GASB 54 was implemented in the current fiscal year. Details of WCCNM's fund balance classifications and policies are reflected in Note 1.

The governmental fund types used by WCCNM were evaluated based on the provisions of GASB 54 and there were no changes from prior years. The fund balance classifications were also examined by management, and the Board has committed the prior year's fund balance of \$300,000, as shown as restated on the balance sheet.

## **COMPLIANCE SECTION**

STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2011

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	\$ 167,612
Dislocated worker	17.278	09-001-PY08	294,947
Admin:			
Adult	17.258	09-001-PY08	\$ 23,349
Dislocated worker	17.278	09-001-PY08	40,520
Subtotal ARRA administration			<u>63,869</u>
National Emergency Grant	17.277	EM-20544-10-60-A-35	142,119
State Energy Sector Partnership	17.275	GJ-20032-10-60-A-35	21,270
Subtotal ARRA funding			<u>689,817</u>
WIA Adult Program			
Program year 2009/fiscal year 2010	17.258	10-001-PY09	321,946
Program year 2010/fiscal year 2011	17.258	11-001-PY10	1,091,487
WIA Dislocated Worker Program			
Program year 2008/fiscal year 2009	17.278	09-001-PY08	225,000
Program year 2009/fiscal year 2010	17.278	10-001-PY09	275,138
Program year 2010/fiscal year 2011	17.278	11-001-PY10	791,514
WIA Youth Program			
Program year 2009/fiscal year 2010	17.259	10-001-PY09	157,895
Program year 2010/fiscal year 2011	17.259	11-001-PY10	830,607
WIA Administration			
Program year 2008/fiscal year 2009			
Dislocated worker	17.278	09-001-PY08	25,000
Program year 2009/fiscal year 2010			
Adult	17.258	10-001-PY09	47,470
Dislocated worker	17.278	10-001-PY09	40,569
Youth	17.259	10-001-PY09	23,281
Program year 2010/fiscal year 2011			
Adult	17.258	11-001-PY10	82,257
Dislocated worker	17.278	11-001-PY10	59,972
Youth	17.259	11-001-PY10	62,934
WIA Career Pathways	17.269	MI-20631-10-75-A-35	52,843
Total expenditures			<u>\$ 4,777,730</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	\$ 395,530
SER Jobs for Progress, Inc.	834,532
	<hr/>
Total	<u>\$ 1,230,062</u>



**Report of Independent Auditors 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, 2011, and have issued our report thereon dated November 11, 2011. 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

Management of WCCNM is responsible for establishing and maintaining effective internal controls 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.

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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, 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 11, 2011

**Report of Independent Auditors 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, 2011. 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.

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

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, 2011.

#### 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.

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, 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 11, 2011



**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2011**

10-1	Segregation of Duties	Cleared
10-2	Accounts Receivable	Cleared
10-3	WIA Cluster - Allowable Costs	Cleared
10-4	WIA Cluster - Procurement	Cleared
10-5	Travel and Per Diem	Cleared

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 June 30, 2011**

**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 Programs**

CFDA Number	Name of Federal Program or Cluster
WIA Cluster:	
17.258	WIA Adult (Cluster and ARRA)
17.259	WIA Youth (Cluster and ARRA)
17.278	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  
EXIT CONFERENCE  
June 30, 2011**

We discussed the results of the audit during the exit conference held on November 1, 2011, in a closed session. That exit conference was attended by the following individuals:

Representing Workforce Connection of Central New Mexico:

Robert Davey	Board Member
Dewey Cave	Executive Director
Amy Myer, CPA	Finance Manager
Jesse D. Turley	Accounting Manager
Ramona N. Chavez	Workforce Administrator
Thaddeus Lucero	Director of Planning and General Services

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.