



AGENDA

(Hybrid Meeting)

Monday, June 5, 2023

1:30 pm

809 Copper Avenue NW

<https://us06web.zoom.us/j/89521286349?pwd=VIJOVFM4RnVrdXVyanNIL0xRaEdKZz09>

Passcode: 624618

John Mierzwa, Chair

Krista Kelley, Chair-Elect

AGENDA

- Call to Order**
- Roll Call** - Determination of Quorum

Carl Adams, Youth Standing Committee Chair

Beth Barela, Treasurer

Doug Calderwood – Operations Standing Committee Chair

Honorable Gregg Hull, CEO

Krista Kelley – Chair-Elect, Sandoval County Rep

John Mierzwa - Chair

Debbie Ortiz-, Torrance County Rep.

Diane Saya - Bernalillo County Rep

Jerry Schalow, Past Chair

Mark Zientek, Economic Development Standing Committee, Chair

Vacant – Valencia County Rep.

Approval of Thursday, June 5, 2023, Agenda

Motion

Second

Action

Tab 1 **PY21 Audit Report**

Tab 2 **Approval of Minutes: December 22, 2022**

Motion

Second

Action

ACTION ITEMS

Tab 3 **Approval of WFCP-05-22, PY22 BAR #4**

Motion

Second

Action

Tab 4 **Approval of Policy OP-427 Parameters for Utilization of “Unrestricted”, Non-WIOA Funds**

Motion

Second

Action

Tab 5 **Approval of Authorizing Budget Allocation to Establish Non-Profit 501C3
(amount to be determined and to most likely exceed \$10,000)**

Motion
Second
Action

INFORMATION & DISCUSSION ITEMS

Tab 6 **WIOA Updates**

PUBLIC COMMENT/ADJOURNMENT

- Public Comments** - Anyone who wishes to address the Board must register with the secretary of the Board
- Adjournment**

NOTES

Next Meeting: July 17, 2023, 1:30 pm

*Anyone requiring special accommodations please notify the MRCOG office at
247-1750 seven (7) days prior to the meeting.
"Equal Opportunity Program"*

Workforce Connection of Central New Mexico PY21 Annual Financial Statements and Audit Report

Background:

The Annual Financial Statements and Independent Auditor's Report for the year ending June 30, 2022 (PY21) was presented and discussed at an exit conference with a WCCNM CEO Member and MRCOG staff on November 9, 2022. The audit is required on an annual basis by the NM Audit Act and the Single Audit Act. The report was submitted by the December 1, 2022 due date, as set by the Office of the State Auditor, as required by state law. The audit report was accepted by the State Auditor on December 9, 2022.

Policy Ramifications:

The audit is identified as Unmodified, there were no findings detected for the program year under review.

Financial Impact:

Cost of the PY 2021 audit was \$35,600.



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

**WORKFORCE CONNECTION
OF CENTRAL NEW MEXICO**

June 30, 2022

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Workforce Connection of Central New Mexico
Official Roster (unaudited)
June 30, 2022

<u>Directors</u>	<u>Position</u>
Jerry Schalow	Chair
John Mierzwa	Chair-Elect
Beth Barela	Treasurer
Marvis Aragon	Board Member
Odes Armijo – Caster	Board Member
Joseph Bizzell	Board Member
Celina Bussey	Board Member
Doug Calderwood	Board Member
Theresa Carson	Board Member
Danielle Casey	Board Member
Johnna Chapman	Board Member
Eleanor Chavez	Board Member
Troy Clark	Board Member
Herb Crosby	Board Member
Kristen Gamboa	Board Member
Marni Goodrich	Board Member
Bob Grassberger	Board Member
Tracy Hartzler	Board Member
Victoria Hernandez	Board Member
Antoinette Holmes	Board Member
Greg Hull	Board Member
Krista Kelley	Board Member
Samuel Kolapo	Board Member
Joseph LiRosi	Board Member
Vaadra Martinez	Board Member
John Mierzwa	Board Member
Laura Musselwhite	Board Member
Debbie Ortiz	Board Member
Stacey Sacco	Board Member
James Salas	Board Member
Waldy Salazar	Board Member
Leslie Sanchez	Board Member
Diane Saya	Board Member
Raymond Trujillo	Board Member
Gina Urias- Sandoval	Board Member
David Valdez	Board Member
Carolyn VanderGiesen	Board Member

Report of Independent Auditors

The Board of Directors
Workforce Connection of Central New Mexico

Mr. Brian S. Colón, Esq.
New Mexico State Auditor

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the general fund, and the general fund budgetary comparison of Workforce Connection of Central New Mexico (WCCNM) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise WCCNM's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Workforce Connection of Central New Mexico as of June 30, 2022, and the respective changes in financial position and respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, WCCNM adopted GASB Statement No. 87 *Leases* during the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WCCNM's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WCCNM's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
November 9, 2022

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

The management's discussion and analysis for Workforce Connection of Central New Mexico (WCCNM) provides an overview of WCCNM's mission and function, recent program opportunities, and a brief discussion of the basic financial statements and the significant differences in information they provide. 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 year-end. The references to FY indicate the Federal year from October 1 through September 30.

WCCNM'S Mission and Function

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 and now the 2014 reauthorized Workforce Innovation and Opportunity Act (WIOA). The local Workforce Development Boards in New Mexico are governmental entities (local public bodies), and therefore are placed under greater scrutiny than non-governmental workforce boards in other states.

WCCNM coordinates regional training efforts under the WIOA to assure the availability of high-quality training opportunities that will assist qualifying 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, customized/incumbent trainings, work experience (transitional jobs), apprenticeships, and internships.

The major goal of WCCNM is to establish a business-driven integrated employment and training system that meets employer and job seeker needs in central New Mexico. This is accomplished by maintaining Workforce Connection offices supporting the public workforce system to guide qualifying customers to employment and training opportunities, supporting various Standing Committees to oversee a provider system that assists 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, partner and training system that increases employment, job retention, occupational skills, and earnings of the area's 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 continues with its service strategy, which is to develop and implement strategies for Board-selected priority industries at different tier levels of select businesses and following through with service requests from and service delivery for priority industries and businesses in priority industries.

There is a Workforce Connection office located in each of WCCNM's four counties. For each Workforce Connection office location, the WCCNM has developed and maintains a business strategy and a partner network.

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

WCCNM's role and responsibilities include developing the four-year local Workforce Development Plan; selecting the Administrative Entity/Fiscal Agent, Operator, Adult/Dislocated Worker Service Provider, and Youth Services Provider; overseeing program monitoring; and developing the budget for implementing the WIOA program within central New Mexico. There are mandates that all WIOA required partners (whether co-located or not) contribute to the Workforce Connection Offices.

Recent Program Opportunities

Workforce Innovation and Opportunity Act: WCCNM is the local board responsible for administering the federal WIOA program in central New Mexico. WIOA funding provided to the WCCNM board during PY21/FY22 included Adult, Dislocated Worker, Youth and Administrative funds. In PY21, WCCNM contracted with SER Jobs for Progress to serve as the Adult Dislocated Worker Services Provider through August 27, 2021. Effective August 28, 2021, Mid-Region Council of Governments (MRCOG) became the service provider for the Adult Dislocated Worker program for the remainder of the fiscal year. Youth Development, Inc. (YDI) serves as the Youth Services Provider and MRCOG serves as the Administrative Entity / Fiscal Agent and the Business Career Center Operator.

New Mandates for Business and Career Centers Partners: A mandated component for WCCNM is to establish a financial plan and operating budget, including terms and conditions, to fund the services and operating costs of the WCCNM's American Job Center network. The goal of the operating budget is to develop a funding mechanism that:

- Establishes and maintains the local workforce delivery system at a level that meets the needs of the job seekers and businesses in the local area;
- Reduces duplication and maximizes program impact through the sharing of services, resources, and technologies among Partners (thereby improving each program's effectiveness);
- Reduces overhead costs for any one partner by streamlining and sharing financial, procurement, and facility costs. Additionally, the WCCNM WIOA Grant Agreement specifies a goal that Local Workforce Boards is to expend a minimum of 60% on direct participant training, and;
- Ensures that costs are appropriately shared by WCCNM's American Job Center Partners by determining contributions based on the proportionate use of the one-stop centers and relative benefits received. This requires that all funds are spent solely for allowable purposes in a manner consistent with the applicable authorizing statutes and all other applicable legal requirements, including the Uniform Guidance.

WCCNM's Partners consider the one-stop operating budget the master budget that is necessary to maintain the WCCNM's American Job Center network. It includes the following cost categories, as required by WIOA and its implementing regulations:

- Infrastructure costs (also separately outlined in the Infrastructure Funding Agreement,
- Career services, and
- Shared services.

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

All costs must be allocated according to Partners' proportionate use and relative benefits received and reconciled on a quarterly basis against actual costs incurred and adjusted accordingly. The one-stop operating budget is expected to be transparent and negotiated among Partners on an equitable basis to ensure costs are shared appropriately. All Partners must negotiate in good faith and seek to establish outcomes that are reasonable and fair.

Financial Highlights

The WCCNM's PY21 preliminary allocation of WIOA funds was \$9,726,505. Specifically, it was allocated as \$2,409,214 of Adult, \$4,267,460 Dislocated Worker, \$2,077,181 Youth, and Administrative funds of \$972,650. This was \$109,985 less or 1.1% lower compared to the PY20's preliminary allocation of \$9,836,490. Specifically, Adult funds decreased by \$306,030, Dislocated Worker funds increased by \$491,030, Youth funds decreased by \$283,985 and Administrative funds decreased by \$11,000. Within this formula allocation, WCCNM elected to transfer an allowable 35% or \$1,500,000 from the Dislocated Worker funding stream to the Adult funding stream to meet service needs.

WIOA Formula grants (Formula grants are NM Department of Workforce Solutions systematic allocations) have a two-year life. Any unspent funds the 1st grant year become 2nd year carry-in funds for the following program year. The PY21 year budget consisted of carry-in funds of \$3,403,239 from the prior year PY20 allocation of \$9,836,490.

In March 2022 (late PY21), NM Department of Workforce Solutions (NMDWS) redistributed funds from another region to WCCNM in the amount of \$780,300 of second year Youth monies to be spent immediately in lieu of current use of PY21 funds, and an amount of \$500,000 Dislocated Worker funds to be spent in the same manner as the Youth. No Administration monies were included with these funds. WCCNM was allowed to transfer all \$500,000 of this Dislocated Worker over to Adult funding streams hence the total \$2,000,000 total for the year transfers in part mentioned above.

NMDWS awarded WCCNM a grant of \$1,104,570, the Dislocated Worker NEG (National Emergency Grant) in October 2020 PY20 that had a balance carry-in for the PY21 of \$596,158 which continued through this PY21 year. NMDWS also continued in PY21 with its Apprenticeship project started back in PY19 with an PY21 re-award amount of \$175,000 for an Administrative Grant.

The TechHire NM 4-year grant that WCCNM directly sourced from the U.S. Department of Labor (DOL) was completed in the prior fiscal year, PY20.

WCCNM's retained its PY07's \$300,000 Sale of Lease in fund balance and Non-Federal Ticket to Work Revenue of \$46,613.

AE Staff monitor the grant balances by customer types to ensure leaving enough funding to cover the transition period from July 1 to October 1, the new federal fiscal year. It is prudent for the WCCNM to ensure that carryover monies are available to ensure businesses and job seekers will still continually be served in the first quarter of the program year, and priority of service is always active under WIOA.

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

Central New Mexico allocation (WCCNM's formula allocation) is based on the State's demographics of our counties, business needs, prior year utilization of grant monies and other State determined factors. This formula allocation also means that large amounts of dislocated worker funds may be available for WCCNM to transfer into the adult fund or for carryover into the new program year.

WCCNM's grant defines the term of time as two years knowing that there are delays in setting up the state of New Mexico purchasing orders each year and the fact that the larger portion of the monies is with the Federal Year (FY) or the bulk of Federal monies are accessible October 1st each year rather than the Program Year (PY) State monies that are accessible in theory with the start of the new year, July 1, 2021.

WCCNM adopted GASB No. 87 *Leases* during the year ended June 30, 2022. This statement requires recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as expenses based on the payment provisions of the contracts. WCCNM has contracts to lease buildings and equipment that meet the definition of a lease and WCCNM calculated and recognized right-to-use assets and corresponding lease liabilities at July 1, 2021.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the WCCNM's basic financial statements. The WCCNM's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the WCCNM's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the WCCNM's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the WCCNM is improving or deteriorating. The statement of activities presents information showing how the WCCNM's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as depreciation expense. All of WCCNM's activities are reported under governmental-type activities and there are no component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The WCCNM, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The WCCNM's general fund is a governmental fund. Governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

**Workforce Connection of Central New Mexico
Management's Discussion and Analysis
Year Ended June 30, 2022**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental Activities

Program revenues for the year ended June 30, 2022 (PY21) consisted almost entirely of federal revenues that were reimbursements to the WCCNM for administering the WIOA program.

Revenues received during PY21 were \$12,413,841 compared to revenues of the previous PY20 were \$10,105,439, a \$2,308,402 increase in activities or 22.8%.

The main change resulted from PY21 having an unusually high carry-in of \$3,403,239 partially due to COVID in the prior year (PY20) and our efforts to catch up in activities to avoid forfeitures, and from being given an additional \$1,280,300 in Youth and Adult monies redistributed from another region.

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

	Table 1	
	Changes in WIOA Activities	
	Year Ended June 30,	
	2022	2021
Core services	\$ 3,320,303	\$ 2,928,625
Intensive services - career center expense	-	2,000
Training services	5,919,868	4,911,408
Youth services	1,516,166	569,277
Supportive services	239,973	210,970
Administration	1,304,332	1,281,412
NM TechHire H-1B	-	195,243
Other SS ticket to work	3,621	10,644
	\$ 12,304,263	\$ 10,109,579

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

Overall, WIOA expenses increased by \$2,194,684. The increase to core services of \$391,678 was in part due to increases in contracted services, staff wage increases, and increased costs for the business and career centers, including continued phone systems, website services and development, security costs, building glass, and other costs including COVID supplies. The \$1,008,460 increase in Training was due mainly to an increase in Individual Training Account (ITA) activities and On Job Training (OJT) contracts. Youth services increase of \$946,889 was primarily due to significant increase in Youth ITA's, specifically \$819,000. Increase in Youth Experience included in Youth services was modest due to left over COVID-19 fears of returning to workplaces. Administrative increase of \$22,920 is due to partly to the increase of costs on the business and career centers plus increase of administration staff working on the apprenticeship project. The NM Techhire H-1B program was completed during prior year (PY20).

Budgetary Highlights

WCCNM's initial budget and all budgetary revisions are approved by the WCCNM Board. In addition, WCCNM Board Policy WFCP-14-04 gives the Administrative Entity/Fiscal Agent the authority to move up to 25% of funds between program categories within funding streams, with the additional allowability to transfer up to 100% between Adult and Dislocated Worker funds based on an approval from NMDWS.

The PY21 approved total operating budget of \$15,527,815 increased by \$1,084,519 or 7.5% compared to PY20's \$14,443,296. This net increase was not an increase from WIOA regular allocations but rather due to the additional \$1,280,300 Youth & Dislocated Worker fund (ultimately budgeted as Adult funding) from a forementioned NM DWS redistribution & higher PY20 carry in put in place.

Included in PY21 final budget is \$46,613 of Ticket to Work monies, which are non-Federal dollars, along with the \$300,000 in fund balance left over from the sale of a lease in PY07.

WCCNM's WIOA formula portion of the PY21 operating budget, which does not include the \$300,000 sale of lease or the \$46,613 Ticket to Work, totaled \$15,181,202. These WIOA activities were expended at 81% or \$12,304,263 of the available budget; whereas in the previous year, PY20, approximately 73% of the WIOA budget was spent. The operating budget includes current year allocations and prior year carry-in. Carry-in funds are set aside because they are required to sustain an even flow of availability of funds between July 1st, the beginning of the state program year (PY), and October 1st, the beginning of the federal fiscal year (FY) when the federal dollars are accessible. Included in the PY21 difference between WIOA budget and actual expenses was \$2,837,636, which became the actual carry-in funds for our PY22 year beginning July 1, 2022. No WIOA monies were forfeited that would have expired as of June 30, 2022.

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

The main reasons for the PY21 carryover WIOA funds of \$2,880,560 are:

- Unspent administrative monies were \$289,718. Administration money is spent proportionately with program dollars and because they flow together and WCCNM did not finish spending a large part of the current year's budget, these funds are of part the carry in. Part of the Administrative carry in are attributable to the following contractors: MRCOG Operator Contract left a balance of \$8,836; NMDWS Apprenticeship project, and DW NEG staffing left a balance of \$89,670 and \$41 of Administrative Apprenticeships project was forfeited.
- Youth carry-in of \$1,140,309 is mainly because of the late year redistributed old money of \$780,300. Additionally, there is continued impacts of COVID in that many potential participants are not willing to work on job sites, so the participation level is well below pre-COVID amounts. The Youth service Provider had a contract of \$1,570,000 spent \$1,307,147 leaving \$262,853.
- The Adult and Dislocated Worker carry-in of \$654,199 and \$796,334, respectively, was due to, in part, to a carve out for second year planning in the budget of \$450,000 Adult and \$250,000 Dislocated Worker. Amounts remaining that are higher than planned are primarily the results of the March redistribution and efforts to spend late in the fiscal year those additional monies. The Dislocated Worker NEG grant also redirected attention away from regular Dislocated Worker program. Also contributing is a reduced Dislocated Worker population seeking services.
- Other category budget variance includes PY07's \$300,000 sale of a lease funds that are in fund balance and \$42,992 of Ticket to Work. WCCNM tries to maintain the \$300,000 in fund balance to help with cash management and Ticket to Work monies are used for the occasional costs that are non-allowable for federal reimbursement.

Total Assets

Total assets as of June 30, 2022 are \$2,040,620. These total assets consisted of cash \$11,721, accounts receivables of \$157,550, net grant receivables of \$755,917 and net capital assets \$1,115,432. The WCCNM's change in assets for PY21 is an increase of \$323,936, a 19% increase over PY20's \$1,716,684. In cash there was \$1,295,963 less than PY20 due to cash draws that were performed later in June as required by NMDWS, to cover all final estimated May and June expenses eventually funded early July 2022. There was an increase in accounts receivables of \$91,410 for partners reimbursing the Infrastructure Agreements of the Operator. There was an increase in grant receivable of \$505,247 for a final year draw requests done late in June. In summary changes in cash and accounts receivable were simply the result of the timing of receiving June's draw requests received and June's cash disbursements. Capital assets increased by \$1,023,241. \$170,000 was a web development software purchased, (\$24,007) the current years additional asset depreciation, the \$877,248 balance is GASB No. 87 lease capitalization, net of accumulated amortization of \$89,823.

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

Net Position

During the prior year PY20 ended June 30, 2021, WCCNM's net position was \$438,758. It increased by \$132,339, which is primarily due to the net effect of the changes in capital assets and lease liability. Capital assets and lease payments are expensed on the fund financials, but on the Statement of Activities and Net Position, capital assets in the amount \$170,000 were capitalized, depreciation and amortization in the amount of \$113,830 was recorded as expenses on the Statement of Activities, but not on the fund financials, and lease payments of \$79,497 was recorded as expenditures on the fund financials, but reduced lease liability on the Statement of Net Position.

Fund Balance

WCCNM's unassigned governmental fund balance of PY20, June 30, 2021 was \$346,567. This current PY21 year has a decrease of \$3,328 which was due to Ticket to Work. Ending balance at June 30, 2022 totaled \$343,239. The WCCNM had no restricted funds at any time during the year.

Capital Assets

Capital assets consist primarily of office equipment (furniture, servers, software licenses, telephone, and copiers). Beginning July 1, 2021, WCCNM implemented GASB 87, and capitalized leases of equipment and buildings as Right-to-use, and recorded amortization of capitalized leases in accordance with GASB 87. Depreciation of \$24,007 and amortization of \$89,823 was recorded during the year ended June 30, 2022. A client access web-based software program project was completed in PY21 and added to capital in June 2022 in the amount of \$170,000. Right-to-use equipment in the amount of \$38,462 and Right-to-use buildings in the amount of \$928,609 were also added to capital assets. No disposals were made during the year.

Total Liabilities

WCCNM's total liabilities as of June 30, 2022 amounted to \$1,469,523 and consisted of accounts payables of \$581,949 and lease liability of \$887,574. (With the implementation of GASB 87, WCCNM recorded the corresponding liability with the Right-to-use assets). PY20's accounts payable was \$876,826. In PY21 the amount is \$581,949 a decrease of \$294,877. The decrease is merely due to the timing of check runs – note the relational decrease in cash. The WCCNM has no debt, either current or long-term, at June 30, 2022, or at any time during the year.

Currently Known Facts and Conditions

The following are currently known facts, conditions, and decisions for the year ending June 30, 2023:

- For the year ending June 30, 2023, called PY22, the WIOA formula initial funding level is \$9,310,916 versus the PY21 year's initial \$9,726,505 formula-funded levels down \$415,589 or 4.27%. Note these figures are reported initial because one doesn't know what may become added to the budget in redistributions such as the \$1,200,000 reported in March of PY21. There has been no formal additional or redistributions put to paper yet in PY22 10-31-22. Actual carry-in of PY21 unspent and unforfeited monies into PY22 was \$2,837,636 compared to the \$3,403,239 carried into PY21 from PY20. COVID-19 fears have decreased significantly in PY22, and many participants have begun to seek services in-person again.

Workforce Connection of Central New Mexico Management's Discussion and Analysis Year Ended June 30, 2022

- The additional National Emergency Grant Dislocated Worker will end and be completely expended NLT the grants end date December 31, 2022. This Grant's carry-in to PY22 was a residual \$42,883.
- WCCNM received a U.S. DOL grant in PY22 called New Opportunities or Chances in the amount of \$1,999,999 for three- & one-half-years July 1, 2022 to December 31, 2025. This grant is a Title 1 grant similar to WIOA that is to service current incarcerated people that are soon to be released and get them training to sustain a livelihood back in the working world. It partners WCCNM with local detention centers to meet intended qualified inmates with potential trainings prior to exit detention.
- Discussions exist from the State NM DWS system's State Workforce Board following the Legislative Finance Committee recommendation of redesignating the current four region workforce boards – WCCNM being one, into new regions. The recommendation has been made to the New Mexico's Governor however it's an election year. Once the elected Governor is in place discussions will begin again. No official plan has been adopted yet and the directive decision is expected to be determined by end of year PY22 or June 30, 2023.
- WCCNM is relocating its Valencia County business & career center in Los Lunas New Mexico 87031 from 428 Los Lentos Road SE to 121 Don Diego St NE effective October 31, 2022.
- The MRCOG restructured the Workforce Organization. The new structure creates a MRCOG Workforce Division and a reporting structure that is compliant with the WCCNM Firewall Policy to ensure that any potential conflict-of-interest risks are properly mitigated.
- The COVID-19 pandemic required a shutdown of the Workforce Connection Offices for in-person services beginning in April 2020. Therefore, the workforce system immediately pivoted to provide virtual services. To accommodate this activity, the WCCNM made significant investments in infrastructure to include a cloud-based telephone and virtual meeting systems, and continued development in a web-based system for both employer and participants. PY21 sees slowed services at our BCC still with some restricted visiting systems in place.

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, Workforce Connection of Central New Mexico, 809 Copper Avenue NW, Albuquerque, NM 87102.

Workforce Connection of Central New Mexico
Statement of Net Position
June 30, 2022

ASSETS	
Current assets	
Cash and cash equivalents	\$ 11,721
Accounts receivable	157,550
Grants receivable	755,917
Total current assets	925,188
Noncurrent assets	
Capital assets, net of accumulated depreciation	238,184
Right-to-use assets, net of accumulated amortization	877,248
Total noncurrent assets	1,115,432
TOTAL ASSETS	\$ 2,040,620
LIABILITIES	
Current liabilities	
Accounts payable	\$ 581,949
Lease liability, current portion	57,582
Total current liabilities	639,531
Lease liability, net of current portion	829,992
Total liabilities	1,469,523
NET POSITION	
Net investment in capital assets	227,858
Unrestricted	343,239
Total net position	571,097
TOTAL LIABILITIES AND NET POSITION	\$ 2,040,620

See accompanying notes to these financial statements.

Workforce Connection of Central New Mexico
Statement of Activities
Year Ended June 30, 2022

	Expenses	Program Operating Grants and Contributions	Net Revenue and Changes in Net Position for Governmental Activities
FUNCTIONS/PROGRAMS			
Employment services			
WIOA program	\$ 12,164,975	\$ 12,300,642	\$ 135,667
Other	3,621	293	(3,328)
	\$ 12,168,596	\$ 12,300,935	
 CHANGE IN NET POSITION			132,339
 NET POSITION			
Beginning of year			438,758
End of year			\$ 571,097

See accompanying notes to these financial statements.

Workforce Connection of Central New Mexico
Balance Sheet – General Fund
June 30, 2022

ASSETS	
Cash and cash equivalents	\$ 11,721
Accounts receivable	157,550
Grant receivable	<u>755,917</u>
TOTAL ASSETS	<u><u>\$ 925,188</u></u>
LIABILITIES	
Accounts payable	\$ 581,949
FUND BALANCE	
Unassigned	<u>343,239</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 925,188</u></u>
RECONCILIATION	
Fund balance	\$ 343,239
Amount reported for governmental activities in the statement of net position is difference because:	
Net capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental fund	<u>227,858</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 571,097</u></u>

See accompanying notes to these financial statements.

Workforce Connection of Central New Mexico
Statement of Revenues, Expenditures, and Changes in Fund Balance –
General Fund
Year Ended June 30, 2022

REVENUES	
Intergovernmental - federal	\$ 12,300,642
Other	293
Total revenues	<u>12,300,935</u>
EXPENDITURES	
Current - employment services	
WIOA program	
Adult	5,014,730
Dislocated worker	2,800,137
Youth	3,181,443
Administration	1,304,332
Other	3,621
Total expenditures	<u>12,304,263</u>
CHANGE IN FUND BALANCE	(3,328)
FUND BALANCE	
Beginning of year	<u>346,567</u>
End of year	<u><u>\$ 343,239</u></u>
RECONCILIATION	
Change in fund balance	\$ (3,328)
Amount reported for governmental activities in the statement of activities are different because:	
Capital asset additions used in governmental activities are not financial resources and, therefore, are not reported	170,000
Reduction of lease liability	79,497
Depreciation and amortization expense are not recorded as financial uses	<u>(113,830)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 132,339</u></u>

See accompanying notes to these financial statements.

Workforce Connection of Central New Mexico
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental - federal	\$ 13,858,505	\$ 15,181,202	\$ 12,300,642	\$ (2,880,560)
Other	348,000	346,613	293	(346,320)
Total revenues	<u>14,206,505</u>	<u>15,527,815</u>	<u>12,300,935</u>	<u>(3,226,880)</u>
EXPENDITURES				
Current - employment services				
WIOA program				
Adult	3,814,214	5,668,929	5,014,730	654,199
Dislocated worker	5,144,460	3,596,471	2,800,137	796,334
Youth	3,457,181	4,321,752	3,181,443	1,140,309
Administration	1,442,650	1,594,050	1,304,332	289,718
Other	348,000	346,613	3,621	342,992
Total expenditures	<u>14,206,505</u>	<u>15,527,815</u>	<u>12,304,263</u>	<u>3,223,552</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(3,328)	(3,328)
FUND BALANCE				
Beginning of year	-	-	346,567	346,567
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,239</u>	<u>\$ 343,239</u>

See accompanying notes to these financial statements.

Workforce Connection of Central New Mexico

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Description of Entity

Workforce Connection of Central New Mexico (WCCNM) was organized pursuant to Section 117 of Public Law 105-220 (Workforce Innovation and Opportunity Act or WIOA) 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.

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

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

Workforce Connection of Central New Mexico

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The local board is appointed in conformity with criteria established by the governor. WCCNM's board is required to be made up of at least 51% of its members coming from the private sector and includes representation of education, labor, government, economic development and community-based organizations and others as appropriate and is appointed by the local chief elected official.

In evaluating how to define the government, 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 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, management determined there are no component units included in the reporting entity.

Basis of Accounting

Government-Wide Financial Statements – The Statement of Net Position 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 administers only federal programs, WCCNM does not employ indirect cost allocation. Direct expenses are those that are specifically associated with the program and, therefore, identifiable to a particular function.

Governmental Fund Statements – Governmental funds are accounted for using the 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.

Workforce Connection of Central New Mexico Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

New Accounting Standard

Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases* (GASB 87) defines a lease as a contract that conveys control of the right to use another entity’s nonfinancial asset (e.g., buildings, land, vehicles, equipment) as specified in the contract for a period of time in an exchange or exchange-like transaction. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources (revenues), or outflows of resources (expenses) based on the payment provisions of the contract. A lessee is required to recognize a lease liability, measured at the present value of payments expected to be made during the lease term, and an intangible right-to-use lease asset, measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessor is required to recognize a lease receivable, measured at the present value of lease payments expected to be received during the lease term, and a deferred inflow of resources, measured at the value of the lease receivable, plus any payments received at or before the commencement of the lease term that relate to future periods. This statement includes an exception for short-term leases (those with a maximum possible term of 12 months or less), contracts that transfer ownership, leases of assets that are investments, and certain regulated leases.

WCCNM adopted GASB No. 87 during the year ended June 30, 2022. WCCNM evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB No. 87. WCCNM has contracts to lease office space and contracts to lease office equipment (see Note 4) that met the definition of a lease and WCCNM calculated and recognized right-to-use assets of \$967,072 and lease liabilities of \$967,072 as of July 1, 2021.

Net Position

Net position includes the following:

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

Restricted – Net position reported as restricted when constraints placed on net position use is either externally imposed by law through constitutional provisions or enabling legislation. WCCNM has no restricted net position as of June 30, 2022.

Unrestricted – The difference between the assets and liabilities that is not reported in net position invested in capital assets or restricted net position.

Workforce Connection of Central New Mexico

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances

Fund balance classifications are 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. WCCNM has only one fund for the year ended June 30, 2022.

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. WCCNM classifies governmental fund balances as follows:

- *Non-spendable* – Fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – 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* – 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.
- *Assigned* – Fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the management.
- *Unassigned* – Positive fund balances within the General Fund which have not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

WCCNM requires restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents and 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 has received one program-specific operating grant from the U.S. Department of Labor. The WIOA Grant is passed through the New Mexico Department of Workforce Solutions. This revenue is program revenue for carrying out program activities of the WIOA grant cluster.

GAAP Presentation

The financial statements of WCCNM are prepared in accordance with accounting principles generally accepted in the United States of America. WCCNM's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. WCCNM has no proprietary funds or component units.

Workforce Connection of Central New Mexico

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 days after year end. WCCNM did not receive any type of tax revenue during the year ended June 30, 2022.

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 nongovernmental 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.

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, 2022.

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 balance, revenue, and expenditures. WCCNM only has a general fund.

Workforce Connection of Central New Mexico

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

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-grants made by WCCNM to other agencies are 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. Depreciable capital assets consist of furniture, software, and equipment with estimated useful service lives of 3-10 years. Right-to-use assets are amortized over the lesser of the lease term or the useful life of the leased asset

Right-to-Use Assets

WCCNM recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceed \$5,000 that meet the definition of a right to use asset. WCCNM uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using WCCNM's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Budgets

The New Mexico Department of Workforce Solutions 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 New Mexico Department of Workforce Solutions Board's approved state plan. WCCNM prepares a budget based upon the Federal Rules of Government Distributions 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 New Mexico Department of Workforce Solutions 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 WIOA program, 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.

Workforce Connection of Central New Mexico Notes to Financial Statements

Note 2 – Deposit and Investments

Due to restriction on WIOA 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, deposits of public money are required to be collateralized. Pledged collateral is required in amounts in 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 as of June 30, 2022 were held at a commercial bank. Cash and cash equivalents are carried at cost, which approximates market value. At June 30, 2022, WCCNM's deposit bank balance was \$950,253. 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.

Account Name	Type	Bank Balance	Book Balance
U.S. Bank checking account	Demand deposits	\$ 950,253	<u>\$ 11,721</u>
Less FDIC coverage		<u>250,000</u>	
Uninsured balance		<u>\$ 700,253</u>	
50% collateral requirement		<u>\$ 350,127</u>	
Pledged collateral in the bank's name held			
FNMA Pool AE9299 CUSIP #31419LKM4			
maturing 11/1/2025, market value to be used		316,500	
FNMA pool MA4235, CUSIP #31418DV58			
maturing 1/1/2051, market value to be used		590,543	
FNMA Pool MA4370 CUSIP #31418D2C5			
maturing 6/1/2051, market value to be used		490,026	
FNMA Pool MA4215 CUSIP #3148DVH2			
maturing 12/1/2050, market value to be used		<u>299,838</u>	
Total collateral		<u>1,696,907</u>	
Over collateralized		<u>\$ 1,346,781</u>	

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	Bank Balance	Outstanding Checks	Outstanding Deposits	Book Balance
U.S. Bank checking account	<u>\$ 950,253</u>	<u>\$ 938,532</u>	<u>\$ -</u>	<u>\$ 11,721</u>

Workforce Connection of Central New Mexico Notes to Financial Statements

Note 3 – Receivables

Grants receivable represent amounts due from the New Mexico Department of Workforce Solutions, fiscal/administrative agent for the State Workforce Development Board, for costs incurred for the WIOA program at year end. Accounts receivable in the amount of \$157,550 represent reimbursements for resource sharing agreements. All receivables are deemed to be fully collectible and therefore no allowance for doubtful accounts has been provided.

Note 4 – Capital Assets and Right-to-Use Assets

The following is a summary of changes in capital assets and right-to-use assets for the year ended June 30, 2022.

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Capital assets				
Furniture and equipment	\$ 476,870	\$ 170,000	\$ -	\$ 646,870
Accumulated depreciation	(384,679)	(24,007)	-	(408,686)
Capital assets, net	<u>\$ 92,191</u>	<u>\$ 145,993</u>	<u>\$ -</u>	<u>\$ 238,184</u>
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Right-to-use assets				
Equipment	\$ -	\$ 38,462	\$ -	\$ 38,462
Building	-	928,609	-	928,609
	-	967,071	-	967,071
Accumulated amortization	-	(89,823)	-	(89,823)
Right-to-use assets, net	<u>\$ -</u>	<u>\$ 877,248</u>	<u>\$ -</u>	<u>\$ 877,248</u>

During the year ended June 30, 2022, depreciation expense and amortization expense totaled \$24,007 and \$89,823, respectively. Depreciation and amortization expenses were allocated in the statement of activities. All of WCCNM's capital assets have been purchased under government contracts and are restricted as to their use as designated by granting agencies. WCCNM has evaluated the right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2022.

WCCNM entered into noncancellable occupancy agreements for leases of office space with lease terms expiring through December 2034. WCCNM also entered into agreements for lease of office equipment with termination dates through February 2025. There are no residual value guarantees included in the measurements of WCCNM's lease liability nor recognized as an expense for the year ended June 30, 2022. WCCNM does not have any commitments that were incurred at the commencement of the leases. No termination penalties were incurred during the year ended June 30, 2022.

Workforce Connection of Central New Mexico Notes to Financial Statements

Note 4 – Capital Assets and Right-to-Use Assets (continued)

The change in lease liability for the year ended June 30, 2022 is as follows:

	Beginning Balance	GASB 87 Implementation	Payments	Ending Balance	Current Portion
Lease liability - equipment	\$ -	\$ 38,462	\$ (12,353)	\$ 26,109	\$ 12,640
Lease liability - building	-	928,609	(67,144)	861,465	44,942
	<u>\$ -</u>	<u>\$ 967,071</u>	<u>\$ (79,497)</u>	<u>\$ 887,574</u>	<u>\$ 57,582</u>

As of June 30, 2022, future principal and interest lease payments on lease liabilities are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 57,582	\$ 43,085	\$ 100,667
2024	51,205	40,355	91,560
2025	47,153	37,868	85,021
2026	50,223	35,459	85,682
2027	55,765	32,822	88,587
2028 - 2032	372,394	114,109	486,503
2033 - 2034	253,252	16,866	270,118
	<u>\$ 887,574</u>	<u>\$ 320,564</u>	<u>\$ 1,208,138</u>

Note 5 – Risks and Uncertainties

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.

WCCNM continues to monitor the potential impact of the COVID-19 pandemic on WCCNM's program revenues and net position. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

Workforce Connection of Central New Mexico

Notes to Financial Statements

Note 6 – Related Entity Transactions

Members of WCCNM's Board of Directors include community leaders who are involved in and concerned with providing opportunities for employment in the areas serviced by WCCNM. The area partners, one stop providers, and training providers are required to have representation on the WCCNM Board in accordance with Section 15-14-4D, NMSA 1978.

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 \$900,062 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 a local non-profit, Youth Development, Inc., to provide youth services in those area business and career centers.

During the year ended June 30, 2022, purchases for goods and services were made by WCCNM with companies or organizations in which various board members are associated with. The following schedule summarizes purchases from related organizations and associations:

Relationship	Purpose	Amount
Toni & Guy Hairdressing	OJT training & customized training	\$ 21,913
CNM & CNM Ingenuity-Tuition	ITA/ISA's training	\$ 513,116
Village of Los Lunas	OJT training & customized training	\$ 15,787
Real Time Solutions	Website development	\$ 78,420
Rio Rancho Regional Chamber of Commerce	OJT trainings	\$ 3,658
UNM Campus & Valencia Campus	ITA/ISA's training	\$ 80,819

During the year ended June 30, 2022, WCCNM received funds form organizations in which board members are associated with. The following schedule summarizes the receipts from related organizations:

Relationship	Purpose	Amount
NM Department of Workforce Solutions	Grant expenses	\$ 12,125,683
NM Department of Workforce Solutions	Resource sharing	\$ 459,543
NM Department of Workforce Solutions	Apprenticeship projects	\$ 174,959
CNM Community College	Resource sharing	\$ 23,016
CNM ABE	Resource sharing	\$ 257
NM Division of Vocational Rehabilitation	Resource sharing	\$ 27,400
NM LT Aging	Resource sharing	\$ 51

Compliance

Workforce Connection of Central New Mexico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Program Title	Federal Assistance Listing Number	Identifying Grant Number	Passed through to Subrecipients	Grant Award Expended
U.S. Department of Labor passed through the New Mexico Department of Workforce Solutions				
WIOA Cluster				
WIOA Adult Program				
Program Year 2020/Fiscal Year 2021	17.258	20-001-PY20	\$ 108,363	\$ 1,259,715
Program Year 2021/Fiscal Year 2022	17.258	20-001-PY21	703,030	3,755,015
WIOA Dislocated Worker Formula Grants				
Program Year 2020/Fiscal Year 2021	17.278	20-001-PY20	102,302	556,860
Program Year 2021/Fiscal Year 2022	17.278	20-001-PY21	508,996	1,743,369
Program Year 2020 Supplemental	17.278	DW-34821-20-60-A-35	2,617	499,908
WIOA Youth Activities				
Program Year 2020/Fiscal Year 2021	17.259	20-001-PY20	985,093	2,244,571
Program Year 2021/Fiscal Year 2022	17.259	20-001-PY21	322,099	936,872
WIOA Administration				
Program Year 2020/Fiscal Year 2021				
Adult	17.258	20-001-PY20	29,962	132,698
Dislocated Worker	17.278	20-001-PY20	13,757	59,171
Youth	17.259	20-001-PY20	18,109	201,164
Program Year 2021/Fiscal Year 2022				
Adult	17.258	20-001-PY21	47,825	388,758
Dislocated Worker	17.278	20-001-PY21	21,958	180,246
Dislocated Worker - supplemental	17.278	20-001-PY21	-	53,367
Youth	17.259	20-001-PY21	28,906	113,969
P19P Administration Apprent NMDWS Project	17.258	20-001-PY20	-	174,959
WIOA Cluster total and U.S. Department of Labor passthrough total			<u>2,893,017</u>	<u>12,300,642</u>
Total Expenditures of Federal Awards			<u>\$ 2,893,017</u>	<u>\$ 12,300,642</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Workforce Connection of Central New Mexico
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of WCCNM under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of WCCNM, it is not intended to and does not present the financial position, changes in net position or cash flows of WCCNM.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Outstanding Loans and Subrecipients

WCCNM does not receive non-cash assistance or have outstanding loans. Payments to subrecipients are as follows:

<u>Organization</u>	<u>Amount</u>
Youth Development Incorporated	\$ 1,307,192
SER Jobs for Progress, Inc.	228,273
Mid-Region Council of Governments	<u>1,357,552</u>
	<u>\$ 2,893,017</u>

Note 4 – Indirect Costs

WCCNM does not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Mr. Brian S. Colón, Esq.
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, general fund, and the general fund budgetary comparison of Workforce Connection of Central New Mexico (WCCNM) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise WCCNM's basic financial statements, and have issued our report thereon dated November 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
November 9, 2022

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Workforce Connection of Central New Mexico

Mr. Brian S. Colón, Esq.
New Mexico State Auditor

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Workforce Connection of Central New Mexico's (WCCNM's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on WCCNM's major federal program for the year ended June 30, 2022. WCCNM's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, WCCNM complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Mess Adams LLP

Albuquerque, New Mexico
November 9, 2022

**Workforce Connection of Central New Mexico
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

No matters reported in prior year.

Workforce Connection of Central New Mexico
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor’s report issued on compliance the major federal program:

<i>Assistance Listing Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for the Major Federal Program</i>
17.258; 17.259;17.278	Workforce Innovation and Opportunity Act Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

**Workforce Connection of Central New Mexico
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2022**

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

Section IV – Finding in Accordance with 2.2.2 NMAC

No matters reported.

Workforce Connection of Central New Mexico
Exit Conference
Year Ended June 30, 2022

An exit conference was held on November 9, 2022. The exit conference was attended by the following individuals:

Workforce Connection of Central New Mexico

Dewey Cave, Executive Director
John Mierzwa, Board Chair-Elect
Arthur Martinez, Workforce Administrator
Amy Myer, CPA, MRCOG Senior Finance Manager
Jesse D. Turley, Accounting Manager

Moss Adams LLP

Kory Hoggan, Partner
Lauren Casias, Assurance Senior

Preparation of Financial Statements

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of WCCNM. The financial statements and related footnotes remain the responsibility of management.

MINUTES



Special Executive Committee

Thursday, December 22, 2022

10:00 am

Mid-Region Council of Governments
Zoom

Call to Order – 10:01 am – John Mierzwa

Member

Beth Barela, Treasurer

- ✓ **Doug Calderwood** – Performance & Monitoring Chair
- ✓ **Honorable Gregg Hull**, CEO
- ✓ **Krista Kelley** – Sandoval County Rep
- ✓ **John Mierzwa** - Chair-Elect
- ✓ **Laura Musselwhite** – Valencia County Rep.
- ✓ **Debbie Ortiz**- Past Chair, Torrance County Rep.
- ✓ **Diane Saya** - Bernalillo County Rep
- ✓ **Jerry Schalow**, Chair
- ✓ **Mark Zientek**, Economic Development Chair

Non-Voting Member

Melodee Saiz- Youth Standing committee Chair

Approval of Thursday, December 22, 2022, Agenda & Minutes for November 30, 2022.

Motion: Krista Kelley

Second: Debbie Ortiz

No Discussion

Action: Passed unanimously by Roll Call Vote

	Yes	No	Abstain	No Vote
Beth Barela				
Doug Calderwood	X			
Gregg Hull	X			
Krista Kelley	X			
Laura Musselwhite	X			
John Mierzwa	X			
Debbie Ortiz	X			
Diane Saya			X	
Jerry Schalow	X			
Mark Zientek	X			

ACTION ITEMS

Tab 2

Approval of Home Pathway 3 – Chances RFP Award

By: Tawnya Rowland, WIOA Manager

- Ms. Rowland presented the award for the Chances RFP.
- She stated WCCNM was awarded the \$2M USDOL/ETA Pathway Home 3 Reentry Employment Opportunity (REO) grant in July 2022.
- Proposals were due on November 21, 2022. WCCNM received three (3) proposals in response to the RFP: 1) Gordon Bernell Charter School; 2) Youth Development Inc.; and 3) Women in Leadership.
- The RFP was written to provide the WCCNM with the flexibility to award all, a selected number, or even none of the Roles as proposed by each of the applicants. The RFP states: “This RFP may be canceled at any time and any and all Proposals may be rejected in whole or in part when the WCCNM determines such action to be in the best interest of the RFP.”
- The Evaluation Subcommittee consisted of Mark Zientek and Karla Causey, with Tawnya Rowland representing the WCCNM AE/FA.
- Proposals were scored using an Evaluation/Scorecard Form to ensure the same criteria was used in the proposal evaluations.
- The Evaluation Subcommittee identified two top proposals: YDI who proposed to provide Role A: Reentry Coordinators (3 case managers proposed), and Gordon Bernell who proposed to provide Role A, B, C, and D.
- After the evaluations, Gordon Bernell was asked to provide clarification on their proposed approach, which revealed they were only proposing to provide services within MDC. This limited approach will not provide the CHANCES grant with the needed 200 participants. In addition, the Gordon Bernell proposal includes many services that they are currently providing at MDC—services the CHANCES grant already has access to through leveraged resources and thereby not eligible for grant funding.
- By awarding YDI the Role A: Reentry Coordinator subaward, we will be able to provide the most critical piece of this subrecipient award. WCCNM will be able to appropriately address all other services through other means.

Discussion

Motion: Gregg Hull

Second: Debbie Ortiz

No Discussion

Action: Passed unanimously by Roll Call Vote.

	Yes	No	Abstain	No Vote
Beth Barela				
Doug Calderwood	X			
Gregg Hull	X			
Krista Kelley			X	
Laura Musselwhite	X			
John Mierzwa	X			
Debbie Ortiz	X			

	Diane Saya				
	Jerry Schalow			X	
	Mark Zientek			X	

PUBLIC COMMENT/ADJOURNMENT

Public Comments – None
Adjournment – 10:44 am

January 16, 2023 at 1:30 pm.

*A more detailed account of the meeting and discussions are available for review at the MRCOG offices at:
809 Copper NW, Albuquerque, NM 87102*

Approved at the WCCNM Executive Committee Meeting on June 5, 2023

John Mierzwa, WCCNM Chair

ATTEST:

Secretary

“Equal Opportunity Program”

**Workforce Connection of Central New Mexico
WFCP- 05-22
PY22 Budget Bar #4**

Action Requested:

Requesting approval of the Budget Adjustment Request # 4 for the PY22 year. This is based on the PY22 Bar #3 totaling \$14,984,673

Background:

The approved PY22 Bar #3 budget transferred \$850,000 additional monies from the Dislocated Worker into Adult & added \$300,000 additional youth monies redistributed to Central Area.

The PY22 Budget BAR #4 Adds an additional \$81,216 proved Central Area by NM DWS 4-3-23. This is 79,094 Dislocated Worker and with it 10% admin of \$8,122.00

The PY22 Budget BAR # 4 Adds \$25,000 to the MRCOG Adult / DW Service Provider role contract which comes from Adult Client Services line Adult bucket. The contract goes from \$1,606,880 to \$1,631,880. The contract is too close as of April 30th with expectations for expenses incurred in May & Junes to possibly cross over the original amount. Unexpended differences return to the new years PY23's carryin.

Policy Ramification:

Approval of Policy WFCP-05-22 will allow the WCCNM to adjust the PY22 budget by categories as reflected in the attached worksheet.

Financial Impact: PY22 WCCNM budget totals up \$81,216 now \$15,065,889.

Do Pass _____ Do Not Pass _____

WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
 PY22 BAR # 4
 June 5, 2023 - Executive Board Meeting

	PREVIOUS BUDGET PY22 Bar # 3	BUDGET ADJUSTMENT BAR # 4	REVISED BUDGET PY22
1 Adult/ Dislocated Service Provider SER & MRCOG			
Service Provider - Adult MRCOG \$1,606,880	\$ 921,870	\$ 25,000	\$ 946,870
Service Provider - Disl Wkr	685,010	-	685,010
Service Provider - NEG	-	-	-
Service Provider - Admin	-	-	-
Subtotal	\$ 1,606,880	\$ 25,000	\$ 1,631,880
2 Adult/Dislocated Wkr Client Services			
Participant Services - Adult	\$ 3,993,559	\$ (25,000)	\$ 3,968,559
Participant Services - Disl Wkr	558,836	73,094	631,930
Participant Services - Disl Wkr NEG	42,883	-	42,883
Participant Services - Chances Grant	-	-	-
Participant Services - Adult Workpersons Comp	12,013	-	12,013
Participant Services - Disl Wkr Workpersons Comp	18,019	-	18,019
Participant Services - Adult Support Services	65,000	-	65,000
Participant Services - Disl Wkr Support Services	65,000	-	65,000
Participant Services - Admin	-	-	-
Subtotal	\$ 4,755,310	\$ 48,094	\$ 4,803,404
3 Youth Service Provider			
Subtotal	\$ 1,570,000	\$ -	\$ 1,570,000
4 Youth Client Services			
Subtotal	\$ 1,642,485	\$ -	\$ 1,642,485
5 Business & Career Center Facility Operation			
Subtotal	\$ 700,000	\$ -	\$ 700,000
6 Business & Career Center Facility Reimbursement			
Subtotal	\$ (475,000)	\$ -	\$ (475,000)
7 Business & Career Center MRCOG - Operator			
Subtotal	\$ 202,368	\$ -	\$ 202,368
8 Business & Career Center MRCOG - Operations Staff			
Subtotal	\$ -	\$ -	\$ -
9 Business & Career Center MRCOG - Graduate ABQ Project Staff			
Business & Career Center Project Operation - Admin	-	-	-
Subtotal	\$ -	\$ -	\$ -
10 Business & Career Center MRCOG - DWS Apprenticeship Project Staff			
Subtotal	\$ 150,000	\$ -	\$ 150,000
11 Business & Career Center MRCOG Project DW NEG			
Subtotal	\$ -	\$ -	\$ -
12 Business & Career Management Reimbursement			
Subtotal	\$ -	\$ -	\$ -
13 Business & Career Center Improvements			
Subtotal	\$ 190,000	\$ -	\$ 190,000
14 Professional Services - AE/FA MRCOG Staff			
Subtotal	\$ 1,184,115	\$ -	\$ 1,184,115
15 Professional Services			
Program Support/Board Expense - Admin	\$ 60,000	\$ 8,122	\$ 68,122
Contract Services - Admin	60,000	-	60,000
Legal Services - Admin	20,000	-	20,000
Audit Services - Admin	35,600	-	35,600
Contingency - SS TTW	43,239	-	43,239
Contingency - Sale of Lease	300,000	-	300,000
Contingency - Admin	-	-	-
Subtotal	\$ 518,839	\$ 8,122	\$ 526,961
16 2nd year Monies - Planned Carryin			
Subtotal	\$ 939,677	\$ -	\$ 939,677
17 Total WIOA	\$ 12,984,674	\$ 81,216	\$ 13,065,890
18 USDOL CHANCES GRANT	\$ 1,999,999	\$ -	\$ 1,999,999
19 Total Chances Grant	\$ 14,984,673	\$ 81,216	\$ 15,065,889
20 Total WCCNM			

WORKFORCE CONNECTION OF CENTRAL NEW MEXICO
PY22 Bar # 4
BUDGET Effective JULY 1, 2022

	<u>ADULT</u>	<u>DISL WKR</u>	<u>YOUTH</u>	<u>ADMIN</u>	<u>ADDITIONAL</u>	<u>TOTAL</u>	
WCCNM REVENUES							Prior Yr PY21 was
PY22/FY23 Allocation 4.27% Reduction (6/24)	\$ 2,324,135	\$ 3,964,307	\$ 2,091,382	\$ 931,092	\$ -	\$ 9,310,916	\$ 9,726,505 4.27% Low
PY21/FY22 Actual Formula Carry-in (Prior Yr)	654,199	753,451	1,140,309	289,677	-	2,837,636	
First Transfer Request DW to Adult 10-31-22	2,000,000	(2,000,000)	-	-	-	-	
Second Transfer Request DW to Adult 01-27-23	850,000	(850,000)	-	-	-	-	
NM DWS Redistribution Youth to Central 02-2023	-	-	300,000	-	-	300,000	
DW20 21-631-1001-00058 NEG (12/22) Actual Carry Fwd	-	42,883	-	-	-	42,883	
Additional DW Provided 4-23-23	-	73,094	-	8,122	-	81,216	
US DOL Chance Grant 3.5 Yr (July 2022 to Dec 2025)	-	-	-	-	1,999,999	1,999,999	
P19P DWS (6/24) Apprenticeship	-	-	-	-	150,000	150,000	
PY07 Sale Of Lease	-	-	-	-	300,000	300,000	
PY22 Ticket To Work Revenue Available Year Begin	-	-	-	-	43,239	43,239	
TOTAL REVENUES	\$ 5,828,334	\$ 1,983,735	\$ 3,531,691	\$ 1,228,891	\$ 2,493,238	\$ 15,065,889	Training Basis \$ 11,343,760
WIOA EXPENSES							
Adult/Dislocated Worker Service Provider							
MRCOG	946,870	685,010				\$ 1,631,880	
Subtotal	\$ 946,870	\$ 685,010	\$ -	\$ -	\$ -	\$ 1,631,880	
Adult/Dislocated Wkr Client Services							
Adult/Disl Wkr Participant Services	3,968,559	631,930	-	-	-	\$ 4,600,489	Yellow Plugs
DW20 NEG Dislocated Wkr Participant Services	-	42,883	-	-	-	42,883	
Worker's Compensation Insurance Policy	12,013	18,019	-	-	-	30,032	
Supportive Services	65,000	65,000	-	-	-	130,000	
Subtotal	\$ 4,045,572	\$ 757,832	\$ -	\$ -	\$ -	\$ 4,803,404	Adult DW Training 61.49%
Youth Service Provider							
Service Provider - YDI	-	-	1,570,000	-	-	\$ 1,570,000	
Subtotal	\$ -	\$ -	\$ 1,570,000	\$ -	\$ -	\$ 1,570,000	
Youth Client Services (min. 75% Out)							
Youth Participant Services YDI Work Experience	-	-	575,000	-	-	\$ 575,000	Overall Training 56.82%
Redistribution of Youth 2-2023	-	-	300,000	-	-	\$ 300,000	
Youth Participant Services ITA's MRCOG	-	-	657,485	-	-	\$ 657,485	
Youth Supportive Services MRCOG	-	-	110,000	-	-	110,000	
Subtotal	\$ -	\$ -	\$ 1,642,485	\$ -	\$ -	\$ 1,642,485	Youth Training 46.51%
Business & Career Center Operation							
Business & Career Center Facility Operation	315,000	160,000	225,000	-	-	\$ 700,000	
Business & Career Center Facility Operations Reimbursement	(190,000)	(130,000)	(155,000)	-	-	\$ (475,000)	
Business & Career Center Management -MRCOG Operator	-	-	-	202,368	-	\$ 202,368	
Business & Career Center - DWS Apprenticeship Proj	-	-	-	-	150,000	\$ 150,000	
Business & Career Center Improvements	75,000	75,000	40,000	-	-	190,000	
Subtotal	\$ 200,000	\$ 105,000	\$ 110,000	\$ 202,368	\$ 150,000	\$ 767,368	
Professional Services							
AE/FA - MRCOG	185,892	185,893	59,206	753,124	-	\$ 1,184,115	1184115
Program Support/Board Expense	-	-	-	68,122	-	\$ 68,122	
Contractual Services - Available	-	-	-	60,000	-	60,000	
Legal Services	-	-	-	20,000	-	20,000	
Audit Services	-	-	-	35,600	-	35,600	
Contingency, \$Ticket to Work & Sale Of Lease	-	-	-	-	343,239	343,239	
Carved Out Plan Carry In - Reserved for Initial part 2nd year - July - Sep	450,000	250,000	150,000	89,677	-	939,677	
Subtotal	\$ 635,892	\$ 435,893	\$ 209,206	\$ 1,026,523	\$ 343,239	\$ 2,650,752	
TOTAL WIOA EXPENSES	\$ 5,828,334	\$ 1,983,735	\$ 3,531,691	\$ 1,228,891	\$ 493,239	\$ 13,065,889	
USDOL Chances Grant Expenses 3.5 Yr 7-1-22 to 12-31-25							
US DOL Chances Client Services	-	-	-	-	408,738	\$ 408,738	
US DOL Chances Contracts to Sub Recipients	-	-	-	-	827,933	\$ 827,933	
MRCOG Admin for Chances - Staffing	-	-	-	-	733,328	\$ 733,328	
Audit Services - Chances Portion	-	-	-	-	30,000	\$ 30,000	
TOTAL CHANCES GRANT EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ 1,999,999	\$ 1,999,999	
TOTAL WCCNM EXPENSES	\$ 5,828,334	\$ 1,983,735	\$ 3,531,691	\$ 1,228,891	\$ 2,493,238	\$ 15,065,889	

John Mierzwa - WCCNM Chair

Dewey V. Cave, MRCOG Executive Director

June 5, 2023 (WCCNM Executive Board)

Workforce Connection of Central New Mexico Change 2 - Operational Policy NO. OP- 427

Action Requested:

Approval of recommendation of this amendment to the WCCNM Executive Committee Board for Change 2 WIOA Operational Policy NO. OP-427 Parameters for Utilization of “Unrestricted”, Non-WIOA Funds.

PURPOSE

The prior iteration of policy WIOA Operational Policy NO. OP-427 mentioned Ticket-to-Work as the revenue source for discretionary funds available to the WCCNM. However, there has been over \$300,000 available. This revenue was derived from the sale of a lease in 2002. Change 2 is to identify additional funds as “unrestricted”.

BACKGROUND

Not Applicable

Financial Impact:

None

Do Pass: _____

Do not Pass: _____



Operational Policy NO. OP- 427 - Change 24

Subject: Parameters for Utilization of “Unrestricted”, Non-WIOA Funds

Effective: PY220 – 2/22/20206/5/2022

BACKGROUND:

In March of 2008, the WCCNM board approved the participation as an Employment Network, a provider for the Ticket to Work Employment (EN) Program. The establishment of an EN assists in the expansion of services available for individuals with disabilities to obtain and maintain gainful employment, and to provide additional financial resources to the Central Region.

Since 2008 the WCCNM has generated revenue through the Ticket to Work program. The revenue generated is identified as unrestricted and may be used without restrictions, per SSA.

-Furthermore, the WCCNM has \$300,000 (Three-Hundred Thousand Dollars) of revenue that was generated from the sale of a lease in 2002. This revenue is identified as unrestricted and falls within the authority of the WCCNM for its use.

To that end, the WCCNM must set parameters on the use of the unrestricted, non-WIOA funds.

POLICY:

For the purpose of the Workforce Connection of Central New Mexico (WCCNM) and the New Mexico Workforce Connection - Central Region, parameters on the use of unrestricted, non-WIOA funds, such as the revenue identified above, from the Ticket to Work program, are as follows:

- Grant Writer or Grant Writing Assistance to generate opportunities for the Central Region;
- Workforce Board and Committee Meetings;
- Travel costs for workforce related travel for staff and Board members; and
- All other prudent workforce related needs.

**** Any purchases over \$1500.00, must be approved by the WCCNM Board Chair.**

**** Any Purchases over \$10,000.00, must be approved by the WCCNM Executive Committee or Full Board.**

**** Please note that all purchases must follow WCCNM procurement requirements and Generally Accepted Accounting Principles (GAAP).**

APPLICABILITY:

All Unrestricted, Non-WIOA funds

INQUIRIES:

WIOA ~~Manager 505-247-1750~~ Administrator 505 724-3636

This Policy has received approval by the Workforce Connection of Central New Mexico Board and rescinds any policy previously in effect.

WCCNM Board Chair

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Workforce Connection of Central New Mexico Allocation of Unrestricted Funds

Action Requested:

Request approval to allocate “unrestricted funds” for support in developing a WCCNM Non-Profit arm of the board.

PURPOSE

Approval by the WCCNM Executive Committee to utilize unrestricted funds for the development and creation of a non-profit arm of the WCCNM. The current Operational Policy No. OP-427 dictates that WCCNM Full Board or WCCNM Executive Committee approval is required prior to expenditure of funds that exceed \$10,000.00.

BACKGROUND

The WCCNM recommended that a non-profit arm of the WCCNM is to be established to seek funding from foundations and community-based organizations. The following is a description of the purpose:

New Mexico has a highly productive workforce with a diverse stock of employers and workers that are committed to making communities economically vibrant and strong. With local workforce boards, staff and research on the labor shed, the development of New Mexico Workforce Connection 501c3 is a visionary strategy to convene statewide leaders and experts to further support and address gaps that exists for employers and workers across the state of New Mexico. The development of 501c3 is to continue the work of creating economically vibrant and healthy communities across the state.

With the support of a consultant, this committee will be tasked with creating a vision and mission statement, signing, and filing the articles of incorporation for the non-profit with the help of a local CPA firm, as well as approve bylaws that are put in place to justly govern the operation of the New Mexico Workforce 501c3. The time commitment of participating committee members should be more than 2-4 hours over a six-month period. Local staff will help support the project in the initial implementation and timeline management of this project.

Unrestricted funding will be needed for consultant services, legal services, CPA services and staff support costs.

Fiscal Impact:

At this time, we are not sure of the total costs for this effort, but we are expecting the costs to exceed \$10,000.

Do Pass: _____

Do not Pass: _____