



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

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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

**Official Roster**

**June 30, 2013**

<b>Directors</b>	<b>Position</b>
Stephanie Hanosh	Chair
Odes Armijo-Caster	Chair-elect
William Alberti	Board Member
M. Steve Anaya	Board Member
Odes Armijo-Caster	Board Member
Paul Baca	Board Member
Diane Burke	Board Member
Celina Bussey	Board Member
Doug Calderwood	Board Member
Linda Callaghan	Board Member
Marni Goodrich	Board Member
Reyes Gonzales	Board Member
Victoria Hernandez	Board Member
Michelle Jones	Board Member
Mindy Koch	Board Member
Samuel Kolapo	Board Member
Paul Kress	Board Member
Diane M. Lacen	Board Member
Kyle Lee	Board Member
Patricia Lincoln	Board Member
Rita Gallegos Logan	Board Member
Kathy McCormick	Board Member
Anotonio Medina, Ph.D.	Board Member
Virginia Murphy	Board Member
Debbie Ortiz	Board Member
Norman Ration	Board Member
Eric Renz-Whitmor	Board Member
Alex O. Romero	Board Member
Paul Sanchez	Board Member
Randy Sanchez	Board Member
Senator John Sapien	Board Member
Mike Swisher	Board Member
Sherry TenClay	Board Member
Honorable Jack Torres	Board Member
Carolyn VandeGiesen	Board Member
Bob Walton	Board Member

## Report of Independent Auditors

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the major fund budgetary comparison for the State of New Mexico Workforce Connection of Central New Mexico (WCCNM) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise WCCNM's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the WCCNM's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of WCCNM as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the WCCNM's basic financial statements. The schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedule of expenditures of federal awards 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. Such 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 26, 2013 on our consideration of the WCCNM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 26, 2013

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2013**

Workforce Connection of Central New Mexico (WCCNM) management's discussion and analysis provides an overview of the 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 Management Discussion and Analysis, there are references to both PY and FY. The references to PY mean the Program Year, which is the State fiscal year with a June 30<sup>th</sup> year-end. The references to FY indicate the Federal year from October through June 30<sup>th</sup>.

**WCCNM'S Mission and Function**

The WCCNM is the local Workforce Development Board in the four-county region of central New Mexico (which includes Bernalillo, Sandoval, Torrance and Valencia Counties). WCCNM was established July 1, 2000, under the authority of the New Mexico Workforce Development Act [Chapter 50, Article 14 NMSA 1978] and the federal Workforce Investment Act of 1998. The local Workforce Development Boards in New Mexico are governmental entities, and therefore are placed under greater scrutiny than non-governmental workforce boards in other states.

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

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

The vision of the WCCNM is an integrated employment and training system that increases employment, job retention, occupational skills and earnings of the area workforce; reduces welfare dependency; enhances productivity and competitiveness of area business and industry; and encourages lifelong learning for worker preparation and development. The WCCNM Board continues with its service strategy, which is to develop and implement strategies for Board-selected

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2013**

priority industries at different tier levels of the select businesses, and following through with service requests from and service delivery for priority industries and businesses in priority industries.

A business and career center is located in each of the WCCNM's four counties. For each business and career center location, the WCCNM maintains a business plan that provides a strategy for that location.

WCCNM's role and responsibilities include developing the five-year local Workforce Development Plan; selecting the Administrative Entity/Fiscal Agent, Adult/Dislocated Worker Service Provider, and Youth Services Provider; overseeing program monitoring; and developing the budget for implementing the WIA program within the central region of New Mexico.

**Recent Program Opportunities**

*Workforce Investment Act:* The WCCNM is the local board responsible for administering the federal WIA program in central New Mexico. WIA funding provided to the WCCNM during PY11/FY12 included Adult, Dislocated Worker, Youth, Administrative, remaining American Reinvestment and Recovery Act (ARRA) funds NEG (National Emergency Grant) & SESP (State Energy Sector Partnership) grants. In PY12, WCCNM contracted with SER Jobs for Progress to serve as the Adult/Dislocated Worker Services Provider and Youth Development, Inc. (YDI) to serve as the Youth Services Provider.

**Financial Highlights**

The WCCNM's PY12 allocation of \$5,100,938 of Adult, Dislocated Worker, and Youth, and Administrative funds was \$366,208 (7.7%) higher compared to the PY11 allocation of \$4,734,730. Specifically, Adult funds increased by \$199,537, Dislocated Worker funds decreased by \$140,652, Youth funds increased by \$270,701, and Administrative funds increased by \$36,622. Additionally, WCCNM elected to transfer an allowable \$200,000 from the Dislocated Worker funding stream to the Adult funding stream to meet service needs.

Additional NEG (Formula) monies were awarded WCCNM in PY12 in the amount of \$380,072, of which \$20,072 was Administrative. The State Energy Sector Partnership (SESP) award, granted late in PY10 from ARRA funding, had carry-in funds of \$232,946. These funds were fully expended in PY12 by the grant end date of May 31, 2013, totaling \$754,916 for the three years. The Formula NEG funds are to be used for long term unemployed Dislocated Workers and the ARRA SESP funds are to support green energy jobs and training in the NM Central areas for the State's

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2013**

solar region. (The Northern Board has the Green Building Materials program, the Eastern Board has the Wind program & the Southern Board has the Bio Fuels program. While each are focus points, each board may fund another's intended green job industry).

Formula grants have a two year life. Carry-in funds are unspent/unforfeited funds brought in from the previous year. The WCCNM began PY12 with Formula carry-in funds totaling \$832,420 and ARRA SESP carry-in funds totaling \$232,946. PY12 ended the year with unspent/unforfeited funds of \$970,473 which will carry into PY13, which consists of \$318,495 of the formula NEG award received in April 2013, and \$651,978 of formula PY12/FY13 monies. As discussed above, the ARRA SESP was completely expended this year.

**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 are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the 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 report 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 expenses depreciation expense. All of WCCNM's activities are reported under governmental-type activities and there are no component units. The government-wide financial statements can be found on pages 12-13 of this report.

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
 Year Ended June 30, 2013**

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.

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 ending June 30, 2013 (PY12) were entirely federal revenues that were reimbursements to the WCCNM for administering the Workforce Investment Act program. Revenues received during PY12 were \$5,581,993 compared to revenues of the previous PY11 year of \$5,106,742, a \$475,251 increase in activities or 9%.

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

	6/30/2013	6/30/2012
Core services	\$ 2,016,500	1,824,562
Intensive services	80,904	196,061
Training services	2,082,953	1,944,704
Youth services	786,741	692,964
Supportive services	50,459	33,918
Administration	587,081	439,371
Career Pathways project	-	1,870
<b>Total expenditures</b>	<b>\$ 5,604,638</b>	<b>5,133,450</b>

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2013**

Core service expenses were higher than the previous year mainly due to mandated registration for partner services accessed in our centers. These individuals were introduced to services offered in our centers and in some cases getting them back to work quicker allowing for improved performance measures. Generally, Intensive service expenses were lower due to updated definitions of those services imposed by the New Mexico Administrative Code and close out our targeted funding from NEG and SESP programs. The increase in youth services in PY12 was mostly year round Work Experience training and due to the increase in funding from PY11.

**Budgetary Highlights**

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

The PY12 approved total operating budget of \$6,546,376 increased by \$381,330 or 6.2% compared to PY11's \$6,165,046. This includes the PY11 Career Pathways, ARRA (NEG, SESP) and PY12's SESP and Formula NEG grants. These operating budgets also include all carry-in or unspent, unforfeited monies brought into the years as well as the modifications received during the years. In PY12, WCCNM received additional formula NEG monies of \$380,072 and in the prior year PY11 received an additional \$308,998 formula, an additional amount of \$263,431 of the SESP grant monies and an additional \$58,396 of ARRA NEG.

The WCCNM's PY12 operating budget, including the ARRA, was expended at approximately 85% of total budget; whereas in the previous year, PY11 was spent at approximately 83% of budget. Unspent/unforfeited monies, or carry-in, are required to sustain an even flow of availability while traversing program years. Uncertain variables exist associated with the particular types of customers who come in to be serviced between July 1, beginning of PY and October 1, when Federal dollars are accessible. The PY12 difference between budget and actual expenses was primarily a result of:

- Managing the grant balances by customer types and leaving enough funding to cover the transition period from July 1 to October 1, the new federal fiscal year. Approximately \$970,000 will carry into PY13, which consists of approximately \$318,000 of the formula NEG award received in April 2013, and approximately \$652,000 of formula PY12/FY13 monies.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2013**

- 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 any other criteria their extensive multi part formula.

**Total Assets**

The WCCNM's total assets as of June 30, 2013 amounted to \$894,468. These total assets consisted of cash (\$560,020), receivables (\$238,021) and net capital assets (\$96,427). The WCCNM's change in assets for PY12/FY13 was a 25% increase of \$177,815. The increase was mainly due to the cash being up by \$328,285. Changes in cash were the result of more timely collections of grants receivable at year end and the timing of the payment of vendor invoices in accounts payable.

**Net Position**

Ending net position as of June 30, 2013 totaled \$396,427, a decrease of \$22,645 from prior year. The decrease was due to the capital assets depreciation expense (\$22,645). Net position at June 30, 2013 consisted of net investment in capital assets of \$96,427 and unrestricted funds of \$300,000.

**Fund Balance**

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

**Capital Assets**

The capital assets consist mainly of office equipment (computers, telephone systems and copiers). Depreciation expense of \$22,645 was recorded in the current year. No capital assets were purchased during the year ended June 30, 2013.

**Total Liabilities**

The WCCNM's total liabilities as of June 30, 2013 amounted to \$498,041 and consisted of accounts payable (\$435,897) unearned grant advances (\$3,130), and accrued wages (\$59,014). The WCCNM had no debt, either current or long-term, at June 30, 2013, or at any time during the year.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2013**

**Currently Known Facts, Conditions and Decisions**

The following are currently known facts, conditions and decisions:

- PY13 fund levels are similar to PY12 funded levels.
- The lease on WCCNM's Sandoval office Business and Career Center ended July 31, 2013. WCCNM decided to move the office to the 550 Transportation Center located at 301 Rail Runner Dr., Bernalillo, NM 87004, resulting in a significant cost savings. This facility is owned and operated by the Rio Metro Regional Transit District, which is under the administrative scope of Mid Region Council of Governments. PY13's facility cost saving approximates \$42,000, or 32%, compared to PY12's lease in the previous facility.
- The WCCNM Workforce Administrator position will become vacant in December of 2013, and WCCNM is currently seeking candidates to fill the position.

**Request for Information**

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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
(GOVERNMENT-WIDE)  
STATEMENT OF NET POSITION  
June 30, 2013**

	Governmental Activities
<b>ASSETS</b>	
Current	
Cash and cash equivalents	\$ 560,020
Accounts receivable	63,914
Grants receivable	174,107
<b>Total current assets</b>	<u>798,041</u>
Noncurrent	
Capital assets, net	<u>96,427</u>
<b>Total assets</b>	<u><u>\$ 894,468</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current	
Accounts payable	\$ 435,897
Unearned grant advances	3,130
Accrued work experience wages payable	59,014
<b>Total current liabilities</b>	<u>498,041</u>
<b>NET POSITION</b>	
Net investment in capital assets	96,427
Unrestricted	300,000
	<u>396,427</u>
<b>Total liabilities and net position</b>	<u><u>\$ 894,468</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
(GOVERNMENT-WIDE)  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position for Governmental Activities
Governmental Activities			
Employment Services			
American Recovery and Reinvestment Act Funds	\$ 232,945	232,945	-
Workforce Investment Act Program	5,330,188	5,307,543	(22,645)
Other funding	41,505	41,505	-
	<u>\$ 5,604,638</u>	<u>5,581,993</u>	<u>(22,645)</u>
<b>Change in net position</b>			\$ (22,645)
Net position, beginning of year			<u>419,072</u>
<b>Net position, end of year</b>			<u>\$ 396,427</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 560,020
Accounts receivable	63,914
Grant receivables	<u>174,107</u>

<b>Total assets</b>	<b>\$ <u>798,041</u></b>
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**LIABILITIES**

Accounts payable	\$ 435,897
Unearned grant advances	3,130
Accrued work experience wages payable	<u>59,014</u>

<b>Total liabilities</b>	<b><u>498,041</u></b>
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**FUND BALANCE**

Unassigned	<u>300,000</u>
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<b>Total liabilities and fund balance</b>	<b>\$ <u>798,041</u></b>
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**Reconciliation**

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

Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported	<u>\$ 96,427</u>
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<b>Net position of governmental activities</b>	<b>\$ <u>396,427</u></b>
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*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - GOVERNMENTAL FUND  
 Year Ended June 30, 2013**

**REVENUES**

Intergovernmental - federal	\$ 5,581,993
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**EXPENDITURES**

Current-Employment Services	
American Recovery and Reinvestment Act Funds	232,945
Workforce Investment Act Program	
Adult	1,687,247
Dislocated Worker	1,517,095
Youth	1,564,220
Administration	538,981
Other funding	41,505
	<u>5,581,993</u>

<b>Change in fund balance</b>	<u>-</u>
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<b>Fund balance, beginning of year</b>	<u>300,000</u>
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<b>Fund balance, end of year</b>	<u><u>\$ 300,000</u></u>
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**Reconciliation**

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

	-
Depreciation expensed during the year	(22,645)
Total	<u>(22,645)</u>

<b>Change in net position of governmental activities</b>	<u><u>\$ (22,645)</u></u>
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*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
WORKFORCE INVESTMENT ACT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental-federal	<u>\$ 6,099,542</u>	<u>6,546,376</u>	<u>5,581,993</u>	<u>(964,383)</u>
<b>EXPENDITURES</b>				
Employment services:				
American Recovery and Reinvestment Act Funds	271,904	232,946	232,945	1
Workforce Investment Act Program				
Adult	1,659,494	1,977,053	1,687,247	289,806
Dislocated Worker	1,842,292	1,670,002	1,517,095	152,907
Youth	1,719,057	1,735,279	1,564,220	171,059
Administration	606,795	571,096	538,981	32,115
Other funding	-	360,000	41,505	318,495
	<u>-</u>	<u>360,000</u>	<u>41,505</u>	<u>318,495</u>
<b>Total general governmental</b>	<u>6,099,542</u>	<u>6,546,376</u>	<u>5,581,993</u>	<u>964,383</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance, beginning of year	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
<b>Fund balance, end of year</b>	<u><u>\$ 300,000</u></u>	<u><u>300,000</u></u>	<u><u>300,000</u></u>	<u><u>300,000</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

WCCNM and Mid Region Council of Governments of New Mexico (MRCOG), a related governmental entity, have entered into a Professional Services Agreement contract, for up to \$750,000 per year, through which MRCOG provides personnel, insurance, documentation, administration, monitoring, oversight and other fiscal services. WCCNM does not have employees and relies on MRCOG's financial system and control structure. WCCNM also contracts with SER Jobs for Progress, Inc. to manage and operate the four local area business and career centers. WCCNM contracts with a local non-profit, Youth Development Inc., to provide youth services in those area business and career centers.

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

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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

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

- j. Ensure linkages with economic development activities;
- k. Encourage employer participation and assist employers in meeting hiring needs;
- l. In partnership with the chief elected official, conduct oversight of local programs of youth activities authorized pursuant to the federal Workforce Investment Act of 1998 and employment and training activities authorized pursuant that act, and the one-stop delivery system in the local area;
- m. Establish as a subgroup, a youth council, appointed by the local board in cooperation with the chief elected official, and
- n. Prior to submission of the local plan, provide information regarding the following:
  - i. The local plan
  - ii. Membership
  - iii. Designation and certification of one-stop operators and
  - iv. The award of grants or contracts to eligible providers of youth activities.

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

In evaluating how to define the Board, for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the election of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the WCCNM and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

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

from the reporting entity is the existence of special financing relationships, regardless of whether the Board is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units included in the reporting entity.

**Basis of Accounting**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net 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 has only the WIA program, it does not employ indirect cost allocation. Direct expenses are those that are specifically associated with the program and, therefore, identifiable to a particular function.

Net position on the Statement of Net Position may include 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 the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

*Restricted* – Net position should be reported as restricted when constraints placed on net position use is either externally imposed by law through constitutional provisions or enabling legislation. The WCCNM had no restricted net position as of June 30, 2013.

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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

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

Fund Financial Statements

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.

*Fund Balance.* In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. WCCNM classifies governmental fund balances as follows:

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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

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

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

*Program Revenues.* WCCNM received program specific operating grants from the U.S. Department of Labor passed through the New Mexico Department of Workforce Solutions during the year ended June 30, 2013. These revenues are program revenues for the carrying out of program activities of the Workforce Investment Act (WIA) grant cluster.

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

**Fund Financial Statements**

Fund financial statements report detailed information about WCCNM. WCCNM has only one fund for the year ended June 30, 2013.

**Governmental Funds-Method of Accounting**

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

**Cash and Cash Equivalents**

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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

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

**Allowances**

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

**Revenue Recognition**

The governmental fund types for financial statement purposes follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and other governmental fund financial resources are recognized in the accounting period in which they become susceptible to accrual; then they become both measurable and available to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes and other taxes as available if they are collected within sixty days after year end. WCCNM did not receive any type of tax revenue during the year ended June 30, 2013.

Non-exchange transactions occur when a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. There are four types of non-exchange transactions: derived tax revenues (income and motor fuel taxes) imposed non-exchange revenues (property tax, fines and penalties and property forfeitures) government mandated non-exchange transaction revenues (federal programs that state or local governments are mandated to perform), and voluntary non-exchange transactions (grants, entitlements, and donations by non-governmental entities, including private donations). WCCNM recognizes non-exchange transactions in the financial statement as income unless it is not measurable (reasonable estimate), if any.

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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

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

**Expenditure Recognition**

The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which has not matured, are recognized when paid. WCCNM did not have any long-term debt as of June 30, 2013.

Expenditures are recorded when the related fund liability is incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

**Fund Accounting**

The accounts of WCCNM are organized on a basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. WCCNM only has a special revenue fund.

The following is the special revenue fund created by Federal and State contractually specific authority, active in the fiscal year ended June 30, 2013:

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

**Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of WCCNM as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and are capitalized on the government-wide financial statements. The valuation bases for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Sub-grantees purchasing equipment by sub-grant made by WCCNM to other agencies is accounted for in capital assets. Purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000 per Section 12-6-10 NMSA 1978.

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended June 30, 2013**

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

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

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

**Budgets**

The State Workforce Development Board provides WCCNM with a breakdown of the funds allocated for adult, dislocated worker, youth and state set aside to that region each year. Those allocations are based upon the State Workforce Development Board's approved state plan. WCCNM prepares a budget based upon the allocation by the State Workforce Development Board to be approved by WCCNM's Board. Any adjustments to the State Board's allocations made by WCCNM must be first approved by the State Workforce Development Board. Any adjustments to WCCNM's budget must be approved by WCCNM's Board. Budgets are figured on the modified accrual basis of accounting. The legal level of budgetary control is at the total fund level. Any federal funds that have been used for any purpose not within the purposes of the Workforce Investment Act, shall be reimbursed to the State Workforce Investment Board.

**Use of Estimates**

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

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

**NOTE 2. DEPOSIT AND INVESTMENTS**

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

No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation, or the National Credit Union Administration. Deposits at June 30, 2013 were held in U.S. Bank. Deposits (cash or cash equivalents) are carried at cost, which approximates market value. At June 30, 2013, the carrying amount of WCCNM's deposits was \$560,020. Custodial credit risk is the risk that in the event of a bank failure, WCCNM's deposits may not be returned to it. WCCNM's deposit policy is to collateralize one half of the uninsured public money in each account. None of WCCNM's bank deposits were exposed to custodial credit risk as of June 30, 2013. At June 30, 2013, WCCNM's bank deposits were collateralized as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateral held by pledging bank's trust department, not in WCCNM's name		345,249

The following is a listing of deposits of public money and collateral pledged at values acceptable per state statute, by the depositing financial institution as of June 30, 2013.

Account Name	Type	Bank Balance	Book Balance
U.S. Bank checking account	Demand deposits	\$ 595,249	<u>\$ 560,020</u>
Less: FDIC coverage		<u>250,000</u>	
Uninsured balance		<u>345,249</u>	
50% collateral requirement		<u>\$ 172,625</u>	

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

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

Pledged collateral held in the bank's name held	
FHLMC G01554, Cusip #31283HWP6	
maturing 5/1/2033, market value to be used	\$ 59,846
FNMA Pool AE9229, Cusip #31419LKM4	
maturing 11/1/2025, market value to be used	<u>458,013</u>
Total collateral	<u>\$ 517,859</u>
(Under) Over collateralized	<u>\$ 345,234</u>

Deposits held at U.S. Bank accounts were 100% collateralized at June 30, 2013. U.S. Bank covers this account with standard FDIC insurance of \$250,000 for interest bearing accounts.

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

Bank Name	Bank Balance	Outstanding Checks	Outstanding Deposits	Book Balance
First Community Bank: Checking WIA	<u>\$ 595,249</u>	<u>(35,229)</u>	<u>-</u>	<u>560,020</u>

**NOTE 3. RECEIVABLES**

Grants receivable in the amount of \$174,107 represents grant receivable from the New Mexico Department of Workforce Solutions, fiscal/administrative agent for the State Workforce Development Board, for costs incurred for the WIA program as of June 30, 2013. Other receivables of \$63,914 represent reimbursements for resource sharing agreements. All receivables are deemed to be fully collectible.

**NOTE 4. OPERATING LEASES AND PREPAID EXPENSE**

WCCNM has entered into various leasing agreements for office space on terms from one month to five years. The amount paid during the year ended June 30, 2013, which was \$135,360.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

**NOTE 4. OPERATING LEASES AND PREPAID EXPENSE (CONTINUED)**

Remaining obligations on the leases expiring through June 30, 2017 as of June 30, 2013 are as follows:

2014	\$	21,780
2015		19,038
2016		19,420
2017		<u>3,247</u>
Total	\$	<u>63,485</u>

Subsequent to June 30, 2013, WCCNM entered into a new lease agreement for office space with Rio Metro’s Transit District to replace one of its existing leases. WCCNM’s agreement with the Rio Metro Transit District expires on June 30, 2018 with the option for an additional 18 month extension. The annual rent is \$53,930.

**NOTE 5. CAPITAL ASSETS AND DEPRECIATION**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	June 30, 2012	Additions	Deletions	June 30, 2013
Furniture, fixtures and equipment	\$ 423,889	-	-	423,889
Accumulated depreciation: Furniture, fixtures and equipment	<u>(304,817)</u>	<u>(22,645)</u>	-	<u>(327,462)</u>
Total net capital assets	<u>\$ 119,072</u>	<u>(22,645)</u>	-	<u>96,427</u>

Current year depreciation expense was \$22,645 and was allocated in the statement of activities to fiscal year 2013. All of WCCNM’s property and equipment have been purchased under government contracts and are restricted as to their use as designated by granting agencies.

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2013**

**NOTE 6. RISK MANAGEMENT**

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

**NOTE 7. RELATED ENTITY TRANSACTIONS**

WCCNM board members include community leaders who are involved in and concerned with providing opportunities for employment in the areas services by WCCNM. The area partners, one stop providers, and training providers are required to have representation on the WCCNM Board of Directors in accordance with New Mexico State Statutes, 1978, 15-14-4 D.

During 2013, purchases for goods and services were made by WCCNM with companies or organizations in which various board members are associated with. The following schedule details purchases by organization, company and association:

<u>Board Member</u>	<u>Relationship</u>	<u>Purpose</u>	<u>Amount</u>
Ortiz, Debbie	Moriarty Chamber of Commerce	Rent facility	\$ 6,000
Sanchez, Paul	PNM	Electric service	51,839
Armijo-Caster, Odes	Sacred Power	OJT Training	53,936
Goodrich, Marni	Yearout Mechanical	OJT Training	24,906
Lacen, Diane M.	MVD Express	OJT Training	5,314
Jones, Michelle	Pres. Healthcare	OJT Training	5,096
Medina, Antonio	Rio Grande Educational Collaborative	OJT Training	75,402
Romero, Alex	Albuquerque Hispano CC	OJT Training	12,994
Logan, Rita	UNM - Valencia	Training provider	13,443
TenClay, Sherry	UNM - Cont Ed	Training provider	111,252
Burke, Diane	CNM Cashiers	Tuition	37,709
Burke, Diane	CNM Bookstore	Books	28,486
N/A	MRCOG	Administrative Svcs	<u>750,000</u>
Total WIA Services Payouts to Third Party			<u>\$ 1,176,377</u>

## **COMPLIANCE SECTION**

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013**

Federal Grantor/Program Title	Federal CFDA Number	Identifying Grant No.	Grant Award Expended
U.S. Department of Labor passed through the New Mexico Department of Workforce Solutions			
Workforce Investment Act (WIA) - National Energy Grant	17.277	13-001-F12	<u>\$ 41,505</u>
Program of Competitive Grants for Worker-Training and Placement in High Growth and Emerging Industry Sectors (ARRA) Subtotal ARRA funding	17.275	GJ-20032-10-60-A-35	<u>232,945</u> <u>232,945</u>
WIA CLUSTER:			
WIA Adult Program			
Program year 2011/fiscal year 2012	17.258	11-001-PY11	417,559
Program year 2012/fiscal year 2013	17.258	11-001-PY12	1,269,688
WIA Dislocated Worker - Formula Grant			
Program year 2011/fiscal year 2012	17.278	11-001-PY11	227,709
Program year 2012/fiscal year 2013	17.278	11-001-PY12	1,289,386
WIA Youth Activities			
Program year 2011/fiscal year 2012	17.259	11-001-PY11	146,222
Program year 2012/fiscal year 2013	17.259	11-001-PY12	1,417,998
WIA Administration			
Program year 2011/fiscal year 2012			
Adult Program	17.258	10-001-PY11	\$ 21,593
Dislocated Worker Formula Grant	17.278	10-001-PY11	11,776
Youth Activities	17.259	10-001-PY11	<u>7,562</u>
Program year 2012/fiscal year 2013			40,931
Adult Program	17.258	11-001-PY12	156,915
Dislocated Worker Formula Grant	17.278	11-001-PY12	159,350
Youth Activities	17.259	11-001-PY12	<u>181,785</u>
			<u>498,050</u>
WIA cluster total			<u>5,307,543</u>
Total expenditures of federal awards			<u><u>\$ 5,581,993</u></u>

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2013**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the WCCNM under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the WCCNM, it is not intended to and does not present the financial position, changes in net position or cash flows of the WCCNM.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts 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**

The WCCNM does not receive non-cash assistance or have outstanding loans, payments to subrecipients are as follows:

Organization	Amount
Youth Development Incorporated	\$ 576,677
SER Jobs for Progress, Inc.	<u>926,613</u>
Total	<u>\$ 1,503,290</u>

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

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

We have audited, 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, the major fund and the major fund budgetary comparison of the State of New Mexico Workforce Connection of Central New Mexico (WCCNM) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise WCCNM's basic financial statements, and have issued our report thereon dated November 26, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered WCNM's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WCNM's internal control. Accordingly, we do not express an opinion on the effectiveness of WCNM'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 may exist that have not been identified.

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

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 result 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 26, 2013

**Report of Independent Auditors on Compliance for Each Major Federal Program and  
 Report on Internal Control Over Compliance  
 Required by OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the State of New Mexico Workforce Connection of Central New Mexico's (WCCNM) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of WCCNM's major federal programs for the year ended June 30, 2013. WCCNM's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of WCCNM's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WCCNM's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of WCCNM's compliance.

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

***Opinion on Each Major Federal Program***

In our opinion, WCCNM complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of WCCNM is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered WCCNM's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WCCNM's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 26, 2013

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
SUMMARY OF PRIOR AUDIT FINDINGS  
June 30, 2013**

None

**STATE OF NEW MEXICO  
 WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 June 30, 2013**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(s) identified?  Yes  None Reported

Non-compliance material to financial statements noted  Yes  No

***Federal Awards***

Internal control over major programs:

- Material weakness (es) identified?  Yes  No
- Significant deficiency(s) identified?  Yes  None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes  No

**Identification of Major Programs**

CFDA Number      Name of Federal Program or Cluster

WIA Cluster:

17.258      WIA Adult Program  
 17.259      WIA Youth Activities  
 17.278      WIA Dislocated Worker Formula Grant

Dollar threshold used to distinguish between type A and type B programs

\$ 300,000

Auditee qualified as low-risk auditee?  Yes  No

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
June 30, 2013**

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS – MAJOR FEDERAL AWARD AUDIT**

None

**STATE OF NEW MEXICO  
WORKFORCE CONNECTION OF CENTRAL NEW MEXICO  
EXIT CONFERENCE  
June 30, 2013**

We discussed the results of the audit during the exit conference held on November 25, 2013, in a closed session. That exit conference was attended by the following individuals:

Representing Workforce Connection of Central New Mexico:

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

Representing Moss Adams LLP:

Scott Eliason, CPA	Partner
Jason Galloway, CPA	Senior Manager

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