

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
 JUNE 30, 2005

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STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
JUNE 30, 2005

OFFICIAL ROSTER

Board Members

Jimmie Shearer	Chair
Christina Bourgeois	Vice Chair
Dora Batista	Board Member
Margie Barnett	Board Member
Ray Battaglini	Board Member
Tracy Belcher	Board Member
Mary Lou Bloom	Board Member
Sue Bracksieck	Board Member
Angelita Bob Buurma	Board Member
Tonk Chester	Board Member
Judith Cooper	Board Member
Gina Corliss	Board Member
Stanley W. Crosby, III	Board Member
Anne Dean	Board Member
Richard Delgado	Board Member
Bettie Ditto	Board Member
Terri Douglass	Board Member
Marion Duryea	Board Member
Elbert A Garcia	Board Member
Sonia Gomez	Board Member
John Hemphill	Board Member
Chris Herbert	Board Member
Jerry Ingram	Board Member
Becky Lane	Board Member
Linda Lewis	Board Member
Eileen Lovelace	Board Member
Lori Martinez	Board Member
Patrick Martinez	Board Member
Gail Melpolder	Board Member
John Merchant	Board Member
Mary Pat Miles	Board Member
Carolyn Mitchell	Board Member
Jean Morrow	Board Member
Barry Nateman	Board Member
Skip Overdier	Board Member
Stacy Owens	Board Member
Alfredo Pacheco	Board Member
Ed Perales	Board Member
Steve Reshetar	Board Member
Lynetta Richards	Board Member
Chris Roberts	Board Member
Becky Rowley	Board Member
Donna Smith	Board Member
Larry Smith	Board Member
Allen Sparks	Board Member
Lisa Thomassie	Board Member
James G. Townsend	Board Member

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
JUNE 30, 2005

OFFICIAL ROSTER – continued

Board – continued

Patricia Tupper	Board Member
Al Wilson	Board Member
Alex Uriguides	Board Member
Mercedes Fernandez-Wells	Board Member
Pam Zalewski	Board Member

Officials

Leland D Tillman	Executive Director
Nick Brady	WIA Program Director
Ruby Witt	Workforce Coordinator
Glenns Erramouspe	Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

Mr. Hector Balderas, State Auditor
The Board of Directors
Eastern Area Workforce Development Board
Clovis, New Mexico

We have audited the accompanying financial statements of the governmental activities, and the major fund of the TANF Program, Eastern Area Workforce Development Board, as of and the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of Eastern Area Workforce Development Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note A, the financial statements of the TANF Program, Eastern Area Workforce Development Board, are intended to present the financial position and the changes in financial position of the Eastern Area Workforce Development Board that is attributable to the transactions of the TANF Program. They do not purport to, and do not, present fairly the financial position of the Eastern Area Workforce Development Board as of June 30, 2005, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Eastern Area Workforce Development Board – TANF Program, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2010, on our consideration of the TANF Program, Eastern Area Workforce Development Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Eastern Area Workforce Development Board has not presented the managements discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the TANF Program, Eastern Area Workforce Development Board. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedule listed as "supplemental information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Frey Woodward & Associates

February 12, 2010
Portales, New Mexico

FINANCIAL SECTION

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - TANF PROGRAM
 (GOVERNMENT-WIDE)
 STATEMENT OF NET ASSETS

AS OF JUNE 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 568
Due from other governments	<u>619,969</u>
Total Current Assets	<u>\$ 620,537</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 619,733
Deferred Revenue	<u>235</u>
Total Current Liabilities	619,969
Net Assets	
Unrestricted	<u>568</u>
Total Net Assets	<u>568</u>
Total Liabilities and Net Assets	<u>\$ 620,537</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - TANF PROGRAM
 (GOVERNMENT-WIDE)
 STATEMENT OF ACTIVITIES

AS OF JUNE 30, 2005

	<u>Expenses</u>	<u>Program Operating Grants & Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets for Governmental Activities</u>
Total Governmental Activities:			
TANF program			
Contract Payments	2,143,256	2,143,248	(7)
	<u>2,143,256</u>	<u>2,143,248</u>	<u>(7)</u>
General Revenues:			
Interest Income			<u>576</u>
Change in Net Assets			568
Net assets, beginning of year			<u>-</u>
Net assets, end of year			<u><u>568</u></u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - TANF PROGRAM
 BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF JUNE 30, 2005

	<u>Major - Special Revenue - Workforce Investment Act</u>
ASSETS	
Cash and Cash Equivalents	\$ 568
Due from other governments	<u>619,969</u>
Total Assets	<u><u>620,537</u></u>
LIABILITIES	
Accounts Payable	619,733
Deferred Revenue	<u>235</u>
Total Liabilities	<u>619,969</u>
FUND BALANCE	
Unreserved	<u>568</u>
Total Fund Balance	<u>568</u>
Total Liabilities and Fund Balance	<u><u>\$ 620,537</u></u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - TANF PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Major-Special Revenue Workforce Investment Act</u>
REVENUES	
Federal Grants	\$ 2,143,248
Interest Income	<u>576</u>
Total Revenues	<u>2,143,824</u>
EXPENDITURES	
Current:	
Employment Services	<u>2,143,256</u>
Total Expenditures	<u>2,143,256</u>
Net Change in Fund Balance	568
Fund Balance, beginning of year	<u>-</u>
Fund Balance, end of year	<u><u>\$ 568</u></u>

The accompanying footnotes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

I. Summary of Significant Accounting Policies

A. Description of Entity

The purpose of these financial statements is to present the financial position and the changes in financial position for the TANF Program of the Eastern Area Workforce Development Board. The Eastern Area Workforce Development Board operates two programs, WIA and TANF. The board has presented the WIA program in separate financial statements for the fiscal years ended June 30, 2005 through June 30, 2009.

The Eastern Area Workforce Development Board (EAWDB) of the State of New Mexico is established in accordance with 29 U.S.C § 2832 of the federal Workforce Investment Act of 1998 (WIA), 29 U.S.C. § 2801 et seq., and Section 50-14-5, NMSA 1978 Compilation of the New Mexico Workforce Development Act (WDA), Section 50-14-1 et seq., NMSA 1978 Compilation.

The Eastern Area Workforce Development Board of the State of New Mexico was created on April 5, 2000, by the Chief Elected Officials of the Local Governments of the Eastern Plains Council of Governments and the Southeastern New Mexico Economic Development District/Council of Governments.

The day to day operations and fiscal management of the activities of EAWDB are managed by the Eastern Plains Council of Governments (EPCOG) in Clovis, New Mexico. As such, the financial information of EAWDB is reported as an agency fund on the financial statements of EPCOG.

It shall be the purpose of the Eastern Area Board to set policy for and provide operational oversight of the local workforce investment system geographically comprised of the counties of Union, Harding, Quay, Guadalupe, Curry, De Baca, Roosevelt, Chaves, Lincoln, Otero, Eddy, and Lea, of the State of New Mexico.

The objective of the EAWDB is to carry out its duties and responsibilities according to the federal TANF, the New Mexico HSD, and all federal and New Mexico regulations duly promulgated under those acts.

Specifically, as set forth in the HSD, the Eastern Area Board shall:

1. EAWDB – TANF Program must approve all sub-contractors
 - A. Must ensure that Work Program Services are being delivered as provided in the scope of work.
 - B. Provide timely plans, reports and billing invoices.
 - C. Meet specific FSP, E&T, and TANF/NMW outcomes.
 - D. Meet specific TANF/NMW performance measures.
2. EAWDB – TANF Program must ensure range of services intended to assist persons receiving assistance under Temporary Assistance to Needy Families (TANF), New Mexico Works program (NMW) and the Food Stamp Program (FSP), and the Employment and Training program (E&T) to become more employable as well as become employed.
3. EAWDB – TANF Program must ensure integrated participant services are comprehensive and business driven. The services must comply with Federal and State regulations and plans for the TANF, FSP, and the E&T programs as indicated in the Personal Responsibility Work Opportunity Reconciliation Act (PRWORA), NMW Act, TANF State Plan, Food Stamp Act, FSP/E&T State Plan, the New Mexico Administrative Code (NMAC), and the Work Verification Plan (WVP).

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

I. Summary of Significant Accounting Policies – continued

A. Description of Entity – continued

4. EAWDB – TANF Program designates a contract manager for the TANF program. The EAWDB may appoint another agency, contract representative, or successor to perform this function.
5. Encourage employer participation and assist employers in meeting hiring needs.
6. EAWDB – TANF Program in partnership with the chief elected officials (CEO's) of the eastern area, conduct oversight of local programs.

Pursuant to Section 117 of the WIA, the Eastern Area membership shall include those persons appointed by the chief elected officials of the Eastern Area, based on criteria established by the Governor and the State Board. The composition of the Eastern Area Board shall be in compliance with Section 117(b)(2)(A) and (B) of the WIA. Pursuant to Section 50-14-5D, NMSA 1978 Compilation, the Eastern Area Board shall contain "a minimum of fifty-one percent of its members coming from the private sector and shall include representatives of education, labor, government, economic development and community-based organizations and others as appropriate."

The summary of significant accounting policies of EAWDB is presented to assist in the understanding of the EAWDB – TANF Program's financial statements. The financial statements and notes are the representation of EAWDB's management who is responsible for their integrity and objectivity. The financial statements of the EAWDB – TANF Program conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

There were no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the EAWDB – TANF Program. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

I. Summary of Significant Accounting Policies – continued

C. Measurement focus, basis of accounting, and financial statement presentation – continued

and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund financial statements report detailed information about EAWDB – TANF Program.

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the EAWDB's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The program's cash and cash equivalents are considered to be cash on hand and demand deposits.

State statutes authorize the investment of the program's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The program is also allowed to invest in United States Government obligations. All funds of the program must follow the above investment policies. The TANF Program had no investments at the end of the fiscal year.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the EAWDB. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

D. Assets, liabilities, and net assets or equity – continued

1. Deposits and investments – continued

The rate of interest on non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

2. Receivables and payables

EAWDB – TANF Program's receivables are the result of services rendered and amount due to be drawn down from the program. The amount of the receivable is expected to be fully received with in the subsequent fiscal year.

3. Inventories

EAWDB – TANF Program had no inventories at June 30, 2005.

4. Capital Assets

EAWDB – TANF Program had no capital assets at June 30, 2005.

5. Long-term obligations

EAWDB – TANF Program had no long-term debt at June 30, 2005.

6. Fund equity

For the government-wide financial statements, net assets are reported as restricted when constraints are placed on net asset use are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; 2) Imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Estimates

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

D. Assets, liabilities, and net assets or equity – continued

8. Revenues

EAWDB – TANF Program received program specific operating grants from the U.S. Department of Human Services passed through the New Mexico Human Services Department during the year ended June 30, 2005. These revenues are program revenues for the carrying out of program activities of the Temporary Assistance to Needy Families (TANF) grant.

II. Stewardship, compliance, and accountability

A. Budgetary Information

EAWDB – TANF Program is not required to submit a budget to the New Mexico Human Services Department as funding is made on a direct allocation therefore no budgets have been prepared.

Though EAWDB – TANF Program is not required to submit a budget, the sub recipients must submit budgets to EAWDB and their respective state agency for oversight. Any budget adjustments must be approved by the EAWDB and the respective state agency.

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2005.

III. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2005, the carrying amount of the Program's deposits was \$568 and the bank balance was \$568. Of this balance \$100,000 was covered by federal depository insurance and the balance was covered by pledged collateral in EPCOG's name, the fiscal agent

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the EAWDB for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing Now accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

III. Detailed notes on all funds – continued

A. Cash and temporary investments – continued

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The board does not have a deposit policy for custodial risk. As of June 30, 2005, none of the program's bank balance of \$568 was exposed to custodial risk.

B. Receivables

Receivables as of year end for the government's individual major fund including the following:

Due from other governments:	\$ 619,969
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IV. Other Information

A. Risk Management

The EAWDB – TANF Program is exposed to various risk of loss related to torts, thefts of, damage to and destructions of assets, errors and omissions and natural disasters for which its fiscal agent carried commercial insurance.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2005, the EAWDB – TANF Program did not have any probable risk of loss.

B. Related Party Transactions

Four members of the EAWDB Board of Directors are employed in management positions of entities that were sub recipients of federal awards administered by the EAWDB – TANF Program. These board members are as follows:

Jean Morrow	Director of Extended Learning & Occupational Technology	Clovis Community College
Becky Rowley	Executive Vice President	Clovis Community College
John Hemphill	ABE Director	ENMU – Roswell
Al Wilson	Director	ENMU – Roswell

At June 30, 2005, TANF program expenditures paid to Clovis Community College and ENMU – Roswell were \$339,185 and \$981,282 respectively.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - TANF PROGRAM
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

<u>Federal Grantor/Program Title</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Labor passed through New Mexico Department of Labor			
Major Programs			
TANF	93.558	PY 04-05	\$ 2,143,256

Note 1 This schedule is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Payments to sub recipients

<u>Organization</u>	
Clovis Community College	\$ 339,185
ENMU - Roswell	981,282
ENMU - Ruidoso	84,669
NMSU - Alamogordo	147,568
NMSU - Carlsbad	<u>399,451</u>
Total Payments to Sub recipients	<u>\$ 1,952,156</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - TANF PROGRAM
 BANK RECONCILIATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

<u>BANK</u>	<u>Account Type</u>	<u>Fund</u>	<u>Bank Balance</u>	<u>Deposits In Transit</u>	<u>Outstanding Checks</u>	<u>Net Cash Balance</u>
The Citizens Bank of Clovis	CHK	Special Revenue	\$ 568	\$ -	\$ -	\$ 568
Total Deposits			<u>\$ 568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - TANF PROGRAM

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2005

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEGGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEGGED COLLATERAL DEFICIT
CITIZENS BANK OF CLOVIS	\$ 568	\$ 100,000	\$ -	\$ -	\$ 6,700	\$ -	\$ -
COLLATERAL							
GNMA II POOL#80824-36225C4J2	6,593						
MATURES							
2/20/34							
sba 10C1 - 83162CHL0	107						
	\$ 6,700						

COLLATERAL IS HELD AT THE INDEPENDENT BANKERS

See Independent Auditor's Report

SINGLE AUDIT SECTION

Roy Woodard & Associates

Certified Public Accountants

RWA

Clovis

Portales

305 S. Ave B, P.O. Box 445, Portales New Mexico Office (575) 356-8564 Fax (575) 356-2453

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

Mr. Hector H Balderas, State Auditor
The Board of Directors
Eastern Area Workforce Development Board
Clovis, New Mexico

We have audited the accompanying financial statements of the governmental activities and the major fund of the TANF Program, Eastern Area Workforce Development Board (EAWDB), as of and for the year ended June 30, 2005, which collectively comprise the EAWDB – TANF Program's basic financial statements as listed in the table of contents and have issued our report thereon dated February 12, 2010. We conducted our audit in accordance with auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned cost to be a significant deficiency in internal control over financial reporting. 05-1 and 05-2.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material

weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

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

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

Ray Woodard & Associates

Portales, New Mexico
February 12, 2010

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

Hector Balderas, State Auditor
The Board of Directors,
Eastern Area Workforce Development Board
Clovis, New Mexico

Compliance

We have audited the compliance of Eastern Area Workforce Development Board (EAWDB) – TANF Program with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. EAWDB – TANF Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of EAWDB's management. Our responsibility is to express an opinion on EAWDB's compliance based on our audit.

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

In our opinion, EAWDB – WIA Program complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Cost as item 05-1.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Roy Woodard & Associates

Portales, New Mexico
February 12, 2010

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2005

PRIOR YEAR AUDIT FINDINGS – EASTERN AREA WORKFORCE DEVELOPMENT BOARD

None

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2005

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements		Unqualified
Significant Deficiencies on GAGAS	05-1 and 05-2 described below	
Material Weakness involving Significant Deficiencies		None
Material Noncompliance		None
Questioned Cost		None
Type A & Type B dollar threshold		\$300,000
Entity Risk		High Risk
Major Federal Program	Temporary Assistance to Needy Families CFDA# 93.558	
Significant Deficiencies on Internal Control over Major Programs		None
Report on Compliance with Major Programs		Unqualified
II. FEDERAL PROGRAM FINDINGS:		None

III. FINANCIAL STATEMENT FINDINGS:

EASTERN AREA WORKFORCE DEVELOPMENT BOARD

LATE SUBMISSION OF THE DATA COLLECTION FORM – 05-1

Statement of Condition:	The data collection form and reporting package was not submitted to the federal clearinghouse or to federal agencies within nine months of the fiscal year end.
Criteria:	OMB Circular A-133.320 requires the data collections form and reporting package to be submitted to the federal clearinghouse and federal agencies nine months after the entity's year end for entities receiving federal funding.
Cause:	The EAWDB did not obtain an auditor in time to complete the audit in time to submit the data collections form within the nine month period.
Effect:	The data collection form and reporting package was not submitted by the nine month deadline.
Recommendation:	Auditors should be hired and fieldwork performed with enough time to complete the audit and submit all reports in a timely fashion.
Response:	Management concurs with recommendation.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
June 30, 2005

III. FINANCIAL STATEMENT FINDINGS (continued):

LATE REPORT – 05-2

Statement of Condition:	The audit report for EAWDB's fiscal year ended June 30, 2005 was not submitted by the December 1, 2005 due date. The audit report was submitted February 19, 2010.
Criteria:	SAO Rule 2.2.2.10.I.(4) establishes a due date of December 1, 2005 for submission of this audit report to the Office of the State Auditor.
Cause:	As stated in finding 05-1, an auditor was not obtained in time to allow the audit to be completed and submitted by the state auditor's deadline.
Effect:	The report was not submitted as required. Without the audit report being delivered on time, funding and regulatory agencies as well as legislative committees do not have the financial data available to make funding decisions.
Recommendation:	An auditor should be hired and engaged in time to complete the planning, fieldwork, and report writing so that the report may be submitted before the state auditor's due date.
Response:	Management concurs with recommendation.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – TANF PROGRAM

OTHER DISCLOSURES

June 30, 2005

AUDITOR PREPARED FINANCIAL STATEMENTS

We prepared the draft financial statements based on management's chart of accounts and trial balances and any adjusting, correcting, and closing entries have been approved by management. We also have prepared the draft footnotes based on the information determined and approved by management. These services are allowable under SAS 112.

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on February 12, 2010. In attendance were Richard Arguello, Interim Executive Director; Ruby Witt, Workforce Coordinator; Larry Smith, Board Member; Glennis Erramouspe, Chief Financial Officer and Laura Wyche, TANF Program Director. John McKinley, CPA represented our firm.