

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD
 JUNE 30, 2008

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STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD
JUNE 30, 2008

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
JUNE 30, 2008

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

Nick Brady	Executive Director
Ruby Witt	Workforce Coordinator
Glennis 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 Eastern Area Workforce Development Board, as of and the year ended June 30, 2008, which collectively comprise the Eastern Area Workforce Development Board's basic financial statements 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.

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, as of June 30, 2008, 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 September 28, 2009, on our consideration of 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 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.

Ray Woodard & Associates

September 28, 2009
Portales, New Mexico

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

AS OF JUNE 30, 2008

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash and Cash Equivalents	\$ 143,881
Due from other governments	696,590
Non-Current Assets	
Capital Assets - Net	<u>331,621</u>
Total Current Assets	<u>\$ 1,172,092</u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ <u>661,325</u>
Total Current Liabilities	661,325
 Net Assets	
Investment in Capital Assets	331,621
Restricted	<u>179,146</u>
Total Net Assets	<u>510,767</u>
Total Liabilities and Net Assets	<u>\$ 1,172,092</u>

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

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

AS OF JUNE 30, 2008

	Expenses	Program Operating Grants & Contributions	Net (Expense) Revenue and Changes in Net Assets for Governmental Activities
Total Governmental Activities:			
Workforce Investment Act program:			
Adult	\$ 1,029,143	\$ 1,107,452	\$ 78,309
Dislocated Worker	474,870	456,485	(18,385)
Youth	827,639	834,816	7,176
Administration	244,189	244,189	-
Non-Participant	16,739	25,000	8,261
Clovis One Stop	75,447	115,416	39,969
Depreciation	74,445	-	(74,445)
	<u>\$ 2,742,472</u>	<u>\$ 2,783,357</u>	<u>\$ 40,885</u>
General Revenues:			
Interest Income			<u>2,162</u>
Change in Net Assets			43,047
Net assets, beginning of year			459,432
Restatement of Net Assets			<u>8,288</u>
			467,720
Net assets, end of year			<u>\$ 510,767</u>

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

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

AS OF JUNE 30, 2008

	Major - Special Revenue - Workforce <u>Investment Act</u>
ASSETS	
Cash and Cash Equivalents	\$ 143,881
Due from other governments	<u>696,590</u>
Total Assets	<u><u>840,471</u></u>
LIABILITIES	
Accounts Payable	<u>661,325</u>
Total Liabilities	661,325
FUND BALANCE	
Unreserved	<u>179,146</u>
Total Fund Balance	<u>179,146</u>
Total Liabilities and Fund Balance	<u><u>\$ 840,471</u></u>

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

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD
RECONCILIATION OF THE BALANCE SHEET ALL
GOVERNMENT FUNDS TO THE STATEMENT OF
NET ASSETS

AS OF JUNE 30, 2008

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

Fund Balance - total governmental funds	\$ 179,146
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	<u>331,621</u>
Net assets of governmental activities	<u>\$ 510,767</u>

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

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Major-Special Revenue Workforce Investment Act</u>
REVENUES	
Federal Grants	\$ 2,783,357
State Source Income	-
Interest Income	<u>2,162</u>
Total Revenues	<u>2,785,519</u>
EXPENDITURES	
Current:	
Employment Services	2,742,472
Capital Outlay	<u>33,841</u>
Total Expenditures	<u>2,776,313</u>
Net Change in Fund Balance	9,206
Fund Balance, beginning of year	459,432
Restatement	<u>(363,937)</u>
Restated Fund Balance	95,495
Fund Balance, end of year	<u>\$ 104,701</u>

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

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

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

Net change in fund balance - governmental fund	\$ 83,651
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.	<u>(40,604)</u>
Change in Net Assets	\$ <u>43,047</u>

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

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

I. Summary of Significant Accounting Policies

A. Description of Entity

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 in 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 Eastern Area Board is to carry out its duties and responsibilities according to the federal WIA, the New Mexico WDA, and all federal and New Mexico regulations duly promulgated under those acts.

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

1. Advise the New Mexico State Workforce Development Board (hereinafter referred to as the "State Board") on issues relating to regional and local workforce development needs;
2. Develop and submit to the State Board and the Governor an Eastern Area five-year workforce plan that shall be updated and revised annually in accordance with the WIA;
3. Designate or certify one-stop program operators in accordance with the WIA;
4. Terminate, for cause, the eligibility of one-stop operators;
5. Select and award grants to youth activity providers in accordance with the WIA;
6. Identify eligible training and intensive service providers in accordance with the WIA;
7. Develop a budget subject to the approval of the chief elected officials of the Eastern Area;
8. Develop and negotiate local performance measurements as describe in the WIA with the chief elected officials of the Eastern Area and the Governor;
9. Ensure linkages with economic development activities;
10. Encourage employer participation and assist employers in meeting hiring needs;
11. In partnership with the chief elected officials of the Eastern Area, conduct oversight of local programs of youth activities authorized pursuant to the WIA and employment and training activities pursuant to the WIA, and the one-stop delivery system in the Eastern Area;

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

I. Summary of Significant Accounting Policies – continued

A. Description of Entity – continued

12. Establish as a subgroup a youth council, appointed by the Eastern Area Board in cooperation with the chief elected officials of the Eastern Area;
13. Prior to submission of the Eastern Area plan, provide information regarding the following:
 - a. The Eastern Area plan;
 - b. Membership;
 - c. Designation and certification of one-stop operators; and the award of grants or contracts to eligible providers of youth activities.

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'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 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. 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied, even if not available. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fund financial statements report detailed information about EAWDB. EAWDB has one major fund and no non-major funds for the year ended June 30, 2008.

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 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government'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 government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

State statutes authorize the investment of the EAWDB's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The EAWDB is also allowed to invest in United States Government obligations. All funds of the EAWDB must follow the above investment policies.

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
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2008

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

1. Deposits and investments – continued

The rate of interest in 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'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 had no inventories at June 30, 2008.

4. Capital Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Leasehold Improvement	\$ 372,225	\$ 33,841	\$ -	\$ 406,066
Less Accumulated Depreciation	-	74,445	-	74,445
Net Capital Assets	<u>\$ 372,225</u>	<u>\$ (40,604)</u>	<u>\$ -</u>	<u>\$ 331,621</u>

EAWDB's sole capital asset consists of leasehold improvements to the Clovis One Stop. The leasehold improvement will depreciate over five years the term of the lease.

5. Long-term obligations

EAWDB had no long-term debt at June 30, 2008.

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.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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

1. Deposits and investments – continued

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.

8. Revenues

EAWDB received program specific operating grants from the U.S. Department of Labor passed through the Office of Workforce Development and Training during the year ended June 30, 2008. These revenues are program revenues for the carrying out of program activities of the Workforce Investment Act grant cluster.

II. Stewardship, compliance, and accountability

A. Budgetary Information

EAWDB is not required to submit a budget to the Office of Workforce Development and Training as fund is made on a direct allocation therefore no budgets have been prepared. If the total funds allocated are not spent in the program year, EAWDB can use those funds in the subsequent year.

Though EAWDB 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, 2008.

III. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2008, the carrying amount of the EAWDB's deposits was \$143,881 and the bank balance was \$160,119. 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.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

III. Detailed notes on all funds – continued

A. Cash and temporary investments – continued

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the EAWDB. 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.

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 government does not have a deposit policy for custodial risk. As of June 30, 2008, none of the government's bank balance of \$160,119 was exposed to custodial risk.

B. Receivables

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

Due from other governments:	\$ 696,590
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C. Deferred Revenue

During the fiscal year ended June 30, 2008 EAWDB did not request nor did it receive any advance or unearned revenue. Therefore no deferred revenue is reported.

D. Restricted Net Assets

As of the fiscal year ended June 30, 2008, EAWDB had restricted net assets of \$179,146. This represents revenues received for services rendered in the final month of the fiscal year ended June 30, 2009. These funds were expended within 60 days of the year end.

IV. Other Information

A. Risk Management

The EAWDB 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, 2008, the EAWDB did not have any probable risk of loss.

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2008

IV. Other Information (continued)

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. 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, 2008, EAWDB expenditures paid to Clovis Community College and ENMU – Roswell were \$166,353 and \$304,517 respectively.

C. Restatement of Beginning Net Assets for Governmental Activities

	Governmental Activities
Net Assets – Governmental Activities at June 30, 2007	\$459,432
Add: Refund of prior year expenditure	8,288
Less: Capital Outlay Expenditures	(372,225)
Restated Balances at July 1, 2007	<u>\$467,720</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR NUMBER	PROGRAM EXPENDITURES
U.S. Department of Labor passed through New Mexico Department of Labor			
Major Programs			
WIA Adult Program	17.258	06-002-PY07/08	\$ 1,029,143
WIA Youth Activities	17.259	06-002-PY07/08	474,870
WIA Dislocated Workers	17.260	06-002-PY07/08	827,639
WIA 10% Administration	17.258, 17.259, 17.260	06-002-PY07/08	244,189
Total Expenditures			\$ 2,575,841

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>	
ENMU Roswell	\$ 304,517
NMSU Carlsbad	163,761
NMSU Alamogordo	102,004
Clovis Community College	166,353
ENMU Ruidoso	67,620
HELP Lea	89,178
HELP Chavez	116,842
HELP Guadalupe, Quay	167,183
Region IX Education Cooperative	124,934
HELP Eddy	103,698
Roosevelt County Community Development Corp	184,601
Total Payments to sub recipients	\$ 1,590,692

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

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD
 BANK RECONCILIATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<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	\$ 145,925	\$ -	\$ 9,446	\$ 136,479
The Citizens Bank of Clovis	CHK	Special Revenue	\$ 14,194	\$ -	\$ 6,792	\$ 7,401
Total Deposits			<u>\$ 160,119</u>	<u>\$ -</u>	<u>\$ 16,238</u>	<u>\$ 143,881</u>

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

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2008

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEGGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEGGED COLLATERAL DEFICIT
CITIZENS BANK OF CLOVIS	\$ 160,119	\$ 100,000	\$ 60,119	\$ 30,060	\$ 281,900	\$ -	\$ -
COLLATERAL							
GNMA II POOL#80824-36225C4J2	219,737						
GNMA II POOL#80869-36225C6F8	62,162						
	\$ 281,900						

MATURES
 2/20/34
 4/20/34

COLLATERAL IS HELD AT MINNEAPOLIS, MINNESOTA

See Independent Auditor's Report

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 Eastern Area Workforce Development Board (EAWDB), as of and for the year ended June 30, 2008, which collectively comprise the EAWDB's basic financial statements as listed in the table of contents and have issued our report thereon dated September 28, 2009. 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 and performing our audit, we considered 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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether EAWDB'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.

We noted certain matters that are to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying Schedule of Findings and Question Cost as findings 05-3 and 05-4.

The 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 the EAWDB's response and, accordingly, 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.

Portales, New Mexico
September 28, 2009

Roy Woodard & Associates

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) 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, 2008. EAWDB'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 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, 2008. 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 05-3.

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.

Portales, New Mexico
 September 28, 2009

Roy Woodard & Associates

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2008

PRIOR YEAR AUDIT FINDINGS – EASTERN AREA WORKFORCE DEVELOPMENT BOARD

PLEGGED COLLATERAL INFORMATION – 05-2

Statement of Condition: The pledged collateral to secure public funds at the Citizen's Bank of Clovis is not separated by bank account so that securities pledged may be identified to cover EAWDB's deposits.

Recommendation: The fiscal agent for EAWDB (EPCOG) should work with the Citizen's Bank of Clovis to secure separate pledged collateral for EAWDB's deposits.

Current Status: Resolved

LATE SUBMISSION OF THE DATA COLLECTION FORM – 05-3

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.

Recommendation: Auditors should be hired and fieldwork performed with enough time to complete the audit and submit all reports in a timely fashion.

Current Status: Repeated and Revised

LATE REPORT – 05-4

Statement of Condition: The audit report for EAWDB's fiscal year ended June 30, 2008 was not submitted by the December 1, 2008 due date. The audit report was submitted September 29, 2009.

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.

Current Status: Repeated and Revised

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COST
 June 30, 2008

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	None
Material Weakness involving Significant Deficiency	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	High Risk
Major Federal Program	Workforce Investment Act CFDA# 17.258 Workforce Investment Act CFDA# 17.259 Workforce Investment Act CFDA# 17.260
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:

LATE SUBMISSION OF THE DATA COLLECTION FORM – 05-3 Repeated

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.

EASTERN AREA WORKFORCE DEVELOPMENT BOARD

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COST (continued)
June 30, 2008

III. FINANCIAL STATEMENT FINDINGS (continued):

LATE REPORT – 05-4 Repeated

Statement of Condition:	The audit report for EAWDB's fiscal year ended June 30, 2008 was not submitted by the December 1, 2008 due date. The audit report was submitted September 29, 2009.
Criteria:	SAO Rule 2.2.2.10.1.(4) establishes a due date of December 1, 2008 for submission of this audit report to the Office of the State Auditor.
Cause:	As stated in finding 05-3, 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

OTHER DISCLOSURES

June 30, 2008

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 September 28, 2009. In attendance were Jimmie Shearer, Board Chair; Ruby Witt, Workforce Coordinator; and Glennis Erramouspe, Chief Financial Officer. John McKinley, CPA represented our firm.