

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
 JUNE 30, 2009

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STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
JUNE 30, 2009

OFFICIAL ROSTER

Board Members

Jimmie Shearer	Chair
Christina Beasley	Vice Chair
Danny Armigo II	Board Member
Paul D. Barnes	Board Member
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 Buurma	Board Member
Tonk Chester	Board Member
Judith Cooper	Board Member
Gina Corliss	Board Member
Richard Delgado	Board Member
Terri Douglass	Board Member
Marion Duryea	Board Member
Jim Engelhard	Board Member
Elbert A Garcia	Board Member
Ruth Giron	Board Member
Sonia Gomez	Board Member
Clint Harden	Board Member
Rene Hatfield	Board Member
John Hemphill	Board Member
Chris Herbert	Board Member
Juan Haro	Board Member
Van Horner	Board Member
Jerry Ingram	Board Member
Linda Lewis	Board Member
Connie Leyva	Board Member
Patrick Martinez	Board Member
Gail Melpolder	Board Member
John Merchant	Board Member
Brenda Miller	Board Member
Slade Morgan	Board Member
Jean Morrow	Board Member
Skip Overdier	Board Member
Alfredo Pacheco	Board Member
Steve Reshetar	Board Member
Lynetta Richards	Board Member
Warren Robinson	Board Member
Becky Rowley	Board Member
Twila Rutter	Board Member
Eileen Sedillo	Board Member
Larry Smith	Board Member
Allen Sparks	Board Member
Richard Spragins	Board Member

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
JUNE 30, 2009

OFFICIAL ROSTER – continued

Board – continued

Dan Stoddard	Board Member
Lisa Thomassie	Board Member
James G. Townsend	Board Member
Mercedes Fernandez-Wells	Board Member

Officials

Richard Arguello	Interim Executive Director
Ruby Witt	Workforce Coordinator
Glennis Erramouspe	Chief Financial Officer

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

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 WIA Program, Eastern Area Workforce Development Board, as of and the year ended June 30, 2009, 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 WIA 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 WIA 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, 2009, 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 – WIA Program, as of June 30, 2009, 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 2, 2010, on our consideration of the WIA 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 WIA 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.

Froy Woodward & Associates

February 2, 2010
Portales, New Mexico

FINANCIAL SECTION

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

AS OF JUNE 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,448
Due from other governments	386,686
Non-Current Assets	
Capital Assets - Net	<u>255,310</u>
Total Current Assets	<u>\$ 645,444</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>\$ 292,039</u>
Total Current Liabilities	292,039
Net Assets	
Investment in Capital Assets	255,310
Restricted	<u>98,095</u>
Total Net Assets	<u>353,405</u>
Total Liabilities and Net Assets	<u>\$ 645,444</u>

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

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

AS OF JUNE 30, 2009

	<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:			
Workforce Investment Act program:			
Adult	\$ 776,738	\$ 761,702	\$ (15,036)
Dislocated Worker	286,897	311,549	24,653
Youth	699,314	625,968	(73,346)
Administration	148,331	170,368	22,037
Non-Participant	-	-	-
Clovis One Stop	-	-	-
Depreciation	82,439	-	(82,439)
	<u>\$ 1,993,719</u>	<u>\$ 1,869,587</u>	<u>\$ (124,132)</u>
General Revenues:			
Interest Income			<u>1,325</u>
Change in Net Assets			(122,808)
Net assets, beginning of year			510,767
Restatement of Net Assets			<u>(34,554)</u>
			476,213
Net assets, end of year			<u>\$ 353,405</u>

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

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

AS OF JUNE 30, 2009

	<u>Major - Special Revenue - Workforce Investment Act</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,448
Due from other governments	<u>386,686</u>
Total Assets	<u><u>390,134</u></u>
LIABILITIES	
Accounts Payable	<u>292,039</u>
Total Liabilities	292,039
FUND BALANCE	
Unreserved	<u>98,095</u>
Total Fund Balance	<u>98,095</u>
Total Liabilities and Fund Balance	<u><u>\$ 390,134</u></u>

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

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

AS OF JUNE 30, 2009

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

Fund Balance - total governmental funds	\$ 98,095
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	<u>255,310</u>
Net assets of governmental activities	<u>\$ 353,405</u>

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

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD - WIA PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Major-Special Revenue Workforce Investment Act</u>
REVENUES	
Federal Grants	\$ 1,869,587
Interest Income	<u>1,325</u>
Total Revenues	<u>1,870,912</u>
EXPENDITURES	
Current:	
Employment Services	1,911,280
Capital Outlay	<u>6,128</u>
Total Expenditures	<u>1,917,408</u>
Net Change in Fund Balance	(46,497)
Fund Balance, beginning of year	104,701
Restatement	<u>39,891</u>
Restated Fund Balance	144,592
Fund Balance, end of year	<u>\$ 98,095</u>

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

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

Year Ended June 30, 2009

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

Net change in fund balance - governmental fund	\$ (46,497)
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>(76,311)</u>
Change in Net Assets	<u>\$ (122,808)</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 – WIA PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

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 for the WIA Program of the Eastern Area Workforce Development Board. The Eastern Area Workforce Development Board operates two programs, WIA and TANF. The board will present the TANF 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 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;

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

I. Summary of Significant Accounting Policies (continued)

A. Description of Entity (continued)

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;
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 – WIA 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 – WIA 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 – WIA Program. For the most part, the effect of interfund activity has been removed from these statements.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

I. Summary of Significant Accounting Policies – continued

B. Government-wide and fund financial statements – continued

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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned 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 the WIA Program, EAWDB. 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 OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

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

1. Deposits and investments – continued

State statutes authorize the investment of the EAWDB – WIA 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 EAWDB – WIA Program is also allowed to invest in United States Government obligations. All funds of the EAWDB WIA Program 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 – WIA Program. 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.

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

WIA 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 within the subsequent fiscal year.

3. Inventories

WIA Program had no inventories at June 30, 2009.

4. Capital Assets

	Beginning Balance		Increases		Decreases		Ending Balance
Leasehold Improvement	\$ 406,066	\$	6,128	\$	-	\$	412,194
Less Accumulated Depreciation	74,445		82,439		-		156,884
Net Capital Assets	<u>\$ 331,621</u>	\$	<u>(76,311)</u>	\$	<u>-</u>	\$	<u>255,310</u>

The WIA Program'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

The WIA Program had no long-term debt at June 30, 2009.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

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

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.

8. Revenues

EAWDB – WIA Program 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, 2009. 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 – WIA Program 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 – WIA Program can use those funds in the subsequent year.

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

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2009.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

III. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2009, the carrying amount of the EAWDB – WIA Program deposits was \$3,448 and the bank balance was \$3,164. Of this balance \$3,164 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 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 \$250,000 in aggregate and separate from the \$250,000 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, 2009, none of the government's bank balance of \$3,164 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:	\$ 386,686
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C. Deferred Revenue

During the fiscal year ended June 30, 2009 EAWDB – WIA Program 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, 2009, EAWDB – WIA Program had restricted net assets of \$98,095. 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 – WIA 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, 2009, the EAWDB – WIA Program did not have any probable risk of loss.

STATE OF NEW MEXICO
 EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA PROGRAM
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

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 – WIA 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
John Engelhand	One Stop Partner	ENMU – Roswell

At June 30, 2009, EAWDB – WIA Program expenditures paid to Clovis Community College and ENMU – Roswell were \$142,621 and \$279,979 respectively.

C. Restatement of Beginning Net Assets for Governmental Activities

	Governmental Activities
Net Assets – Governmental Activities at June 30, 2008	\$510,767
Less: Prior year amount recorded as a receivable that will not be collected.	(34,554)
Restated Balances at July 1, 2008	<u>\$476,213</u>

D. Restatement of Beginning Fund Balance

	Governmental Activities
Fund Balance – Major Special Revenue at June 30, 2008	\$104,701
Less: Prior year amount recorded as a receivable that will not be collected.	(34,554)
Add: Prior year depreciation reported in employment services	74,445
Restated Balances at July 1, 2008	<u>\$144,592</u>

SUPPLEMENTAL INFORMATION

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<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			
WIA Adult Program	17.258	06-002-PY08/09	\$ 776,738
WIA Youth Activities	17.259	06-002-PY08/09	286,897
WIA Dislocated Workers	17.260	06-002-PY08/09	699,314
WIA 10% Administration	17.258, 17.259, 17.260	06-002-PY08/09	148,331
Total Expenditures			\$ <u>1,911,280</u>

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	\$ 279,979
NMSU Carlsbad	162,293
NMSU Alamogordo	95,620
Clovis Community College	142,621
ENMU Ruidoso	65,731
HELP Lea	89,104
HELP Chavez	95,372
HELP Guadalupe, Quay	140,514
Region IX Education Cooperative	146,912
HELP Eddy	84,990
Roosevelt County Community Development Corp	<u>159,234</u>
Total Payments to sub recipients	<u>\$ 1,462,370</u>

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<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	\$ 3,164	\$ 349	\$ 65	\$ 3,448

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

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

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2009

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEGGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEGGED COLLATERAL DEFICIT
CITIZENS BANK OF CLOVIS	\$ 3,164	\$ 100,000	\$ (96,836)	\$ (48,418)	\$ 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

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 WIA Program, Eastern Area Workforce Development Board (EAWDB), as of and for the year ended June 30, 2009, which collectively comprise the WIA Program's basic financial statements as listed in the table of contents and have issued our report thereon dated February 2, 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 and performing our audit, we considered EAWDB – WIA Program'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 – WIA Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of EAWDB – WIA Program'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 described in the accompanying schedule of findings and questioned cost to be significant deficiencies in internal control over financial reporting. 05-04 and 09-01

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 – WIA 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.

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.

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.

Ray Woodard & Associates

Portales, New Mexico
February 2, 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) – WIA 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, 2009. 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 – WIA Program'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 – WIA Program'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 – WIA Program'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, 2009. 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 – WIA Program 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 – WIA Program'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 2, 2010

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2009

PRIOR YEAR AUDIT FINDINGS – EASTERN AREA WORKFORCE DEVELOPMENT BOARD

PLEDGED 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 – WIA Program'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 – WIA PROGRAM

SCHEDULE OF FINDINGS AND QUESTIONED COST
 June 30, 2009

I SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	5-04 and 09-01
Material Weakness involving Significant Deficiency	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low 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 will not be 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:	EPCOG, the fiscal agent responsible for filing the data collection report for the fiscal year ended June 30, 2009, did not obtain an auditor in time to complete the audit in time for the data collections form within the nine month period.
Effect:	The data collection form and reporting package will not be submitted by the nine month deadline. Therefore the Department of Human Services will not have the data available to evaluate subsequent years' needs or to evaluate performance of the program.
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 – WIA Program

SCHEDULE OF FINDINGS AND QUESTIONED COST (continued)
June 30, 2009

III. FINANCIAL STATEMENT FINDINGS (continued):

LATE REPORT – 05-4 Repeated

Statement of Condition: The audit report for EAWDB – WIA Program’s fiscal year ended June 30, 2009 was not submitted by the December 1, 2009 due date. The audit report was submitted February 4, 2010.

Criteria: SAO Rule 2.2.2.10.1.(4) establishes a due date of December 1, 2009 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.

ENTRIES MADE TO FUND BALANCE ACCOUNTS – 09-01

Statement of Condition: EAWDB staff with the help of an outside accountant made journal entries to fund balance accounts to correct a prior year error in accounts receivable. The EAWDB staff did not fully understand the purpose for the entry or the consequences of such an entry.

Criteria: As a practice of good accounting and record keeping, entries should not be made to fund balance. In addition, outside consulting and accountants should not be allowed to propose or make entries that the Chief Financial Officer does not fully understand.

Cause: An error within the accounting software created a reconciling item that would not resolve itself. To make the amount “go away” an entry was made to accounts receivable (credit) and was offset by a credit to fund balance.

Effect: The fund balance account did not roll from the prior year to the current year and was out of balance by the amount of the journal entry.

Recommendation: No journal entries should be made to the fund balance without board notification and approval. No journal entries should be made by outside sources without the complete understanding of the Chief Financial Officer.

Response: Management concurs with recommendation.

STATE OF NEW MEXICO
EASTERN AREA WORKFORCE DEVELOPMENT BOARD – WIA Program

OTHER DISCLOSURES

June 30, 2009

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 2, 2010. In attendance were Larry Smith, Executive Committee Member; Ruby Witt, Workforce Coordinator; and Glennis Erramouspe, Chief Financial Officer. John McKinley, CPA represented our firm.