

**STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF
GOVERNMENTS**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2005**

**WOODARD, COWEN & CO.
CERTIFIED PUBLIC ACCOUNTANTS**

STATE OF NEW MEXICO
 EASTERN PLAINS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

June 30, 2005

Table of Contents	i
Official Roster	ii
Independent Auditor's Report	iii-iv
 Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3-6
Reconciliation of the Balance Sheet—All Governmental Funds to the Statement of Net Assets	7
Statement of Revenue, Expenditures and Changes in Fund Balance—Governmental Fund Types	8-11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance -- All Governmental Funds to the Statement of Activities	12
Statement of Net Assets – Proprietary Funds	13
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	15
Statement of Fiduciary Assets and Liabilities – Agency Fund	16
 Notes to Financial Statements	17-32
 Fund Descriptions	33-36
 General Fund	
Combining Balance Sheet—General Fund	37-38
Combining Statement of Revenue, Expenditures and Changes in Fund Balance--General Fund	39-40
 Non-major Special Revenue Funds	
Combining Balance Sheet—Non-Major Governmental Funds --Special Revenue Funds	41-52
Combining Statement of Revenue, Expenditures and Changes in Fund Balance—Non-Major Governmental Funds --Special Revenue Funds	53-64
 OTHER SUPPLEMENTAL INFORMATION	
<u>Fiduciary Funds:</u>	
Statement of Changes in Account Balances --Agency Fund	65
 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	66-67
 Schedule of Findings and Response	68-77
 Exit Conference	78

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS
OFFICIAL ROSTER

June 30, 2005

EXECUTIVE COMMITTEE (Current)

Gary Watkins	Chairman
Caleb Chandler	Vice-Chairman
Wesley Shafer	Treasurer
George Gonzales	Member
Vanita Menapace	Member
Van Robertson	Member
Apolonio "Moe" Ramirez	Member
Alvin Maestas, Sr.	Member

FULL COUNCIL (Current)

CURRY COUNTY

Caleb Chandler	Curry County
Fidel Madrid	City of Clovis
Wesley Shafer	Village of Grady
Lewis Cooper	Town of Texico
Tuck Monk	Village of Melrose

DE BACA COUNTY

George Gonzales	De Baca County
-----------------	----------------

GUADALUPE COUNTY

Vincent Cordova	Guadalupe County
Alvin Maestas, Sr.	City of Santa Rosa
Paul Madris	Town of Vaughn

HARDING COUNTY

Vanita Menapace	Harding County
Linda Lewis	Village of Mosquero
Stella Devers	Village of Roy

ROOSEVELT COUNTY

Bill Cathey	Roosevelt County
Gary Watkins	City of Portales
LaVerne Sheller	Village of Causey
Kay Knuckols	Village of Elida
Becky Frazee	Village of Dora
Toni Whitecotton	Village of Floyd

QUAY COUNTY

Apolonio "Moe" Ramirez	Logan
Cynthia Lee	San Jon

UNION COUNTY

Van Robertson	Union County
Jack Chosvig	City of Clayton
Lee Dixon	Village of Des Moines
Terry McNabb	Village of Folsom

MANAGEMENT (Current)

Sandy Chancey	Executive Director
Dave Thompson	Finance Manager

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Board of Directors
Eastern Plains Council of Governments
Clovis, New Mexico

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Eastern Plains Council of Governments (Council) as of and for the year ended June 30, 2005, which collectively comprise the Council's basic financial statements as listed in the table of contents. We also were engaged to audit the financial statements of each of Eastern Plains Council of Government's non-major governmental and major enterprise funds, and the budgetary comparisons for the general fund and non-major special revenue funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Eastern Plains Council of Governments

The cash accounts for the Council have not been reconciled as of the time of the audit. The cash accounts on the books were brought to balance in subsequent fiscal years by journal entries that could not be substantiated by any source documentation or reasonable explanation. Accordingly, we could not substantiate the cash balances as they appear on the Council's books.

The accounts receivable for grants and other program services was not maintained though the accounting system of the Council is designed to do so and the Council purports to maintain its accounting records on an accrual basis. Accordingly, we could not ascertain the balance of receivables or revenues deemed to be available relating to those receivables.

The accounts payable for the Council was not maintained and even appeared to have been deleted from the accounting system of the Council. At the time of fieldwork no records were available to recover the amount of accounts payable. Accordingly, we could not ascertain the amount of accounts payable at year-end or the amount of unrecorded expenditures.

The Council's management failed to maintain an inventory of capital assets in order to capitalize and depreciate the capital assets of the Council. The records necessary to create the inventory of a capital assets was not available at the time of fieldwork. Accordingly, we could not audit the balance of capital assets, depreciation, or additions and disposals for the year ended June, 30, 2005.

Because we were unable to satisfy ourselves concerning the balance of cash, accounts receivable, and accounts payable, the unrecorded revenues related to receivables, the unrecorded expenditures related to payables, and the inventory of capital assets and related depreciation, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, we have also issued our report dated December 27, 2012, on our consideration of Floyd Municipal Schools' internal control over financial reporting and our

Portales: PO Box 445, 118 E. 2nd Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453
Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

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

The Council has not presented the management's 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.

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matters described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

December 27, 2012

Woodward, Lewis & Co.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash on Deposit	\$ 301,890	\$ 72,849	\$ 374,739
Restricted Cash	-	8,906	8,906
Accounts Receivable	248,561	-	248,561
Prepaid Expenses	-	-	-
Total Current Assets	550,451	81,755	632,206
NON-CURRENT ASSETS			
Capital assets:			
Land	9,000	38,420	47,420
Other capital assets, net	181,042	310,046	491,088
Total Non-current Assets	190,042	348,466	538,508
TOTAL ASSETS	740,493	430,221	1,170,714
LIABILITIES			
Current Liabilities			
Cash Deficit	415,556	-	415,556
Deferred Revenue	133,006	-	133,006
Due to Other Agencies	-	-	-
Accounts Payable	85,648	3,182	88,830
Total Current Liabilities	634,210	3,182	637,392
NON-CURRENT LIABILITIES			
Customer Deposits	-	-	-
Compensated Absences	-	-	-
Notes Payable	99,577	167,377	266,954
Total Non-current Liabilities	99,577	167,377	266,954
TOTAL LIABILITIES	733,787	170,559	904,346
NET ASSETS			
Invested in capital assets, net of related debt	90,465	181,089	271,554
Unrestricted	(83,759)	78,573	(5,186)
TOTAL NET ASSETS	\$ 6,706	\$ 259,662	\$ 266,368

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
Administration	\$ 814,534	\$ 155,088	\$ 448,174	\$ -	\$ (211,272)
Business/Support Services	2,379	-	-	-	(2,379)
Subcontract	110,088	-	110,088	-	-
Interest Paid	-	-	-	-	-
Depreciation-unallocated	-	-	-	-	-
Total governmental activities	<u>\$ 927,001</u>	<u>\$ 155,088</u>	<u>\$ 558,262</u>	<u>\$ -</u>	<u>\$ (213,651)</u>
General revenues:					
Other Income					
Total general revenues					
Change in net assets					
Net assets - beginning					
Restatement of net assets					
Net assets - beginning as restated					
Governmental Net assets - ending					
Business-type activities:					
Enterprise	\$ 319,229	\$ 39,361	\$ 94,735	\$ -	\$ (185,133)
San Jon Apartments	17,523	8,244	20,362	-	11,083
Section 8 Admin	291,399	-	-	-	(291,399)
Total business-type activities	<u>\$ 628,151</u>	<u>\$ 47,605</u>	<u>\$ 115,097</u>	<u>\$ -</u>	<u>\$ (465,449)</u>
General revenues:					
Grant & contributions not restricted					
Earnings from investments					
Total general revenues					
Change in net assets					
Net assets - beginning					
Restatement of net assets					
Net assets - beginning as restated					
Business-type Net assets - ending					

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

BALANCE SHEET--GOVERNMENTAL FUNDS

June 30, 2005

	General	156 BOR Water Planning Program	160 BOR NO.2
ASSETS			
Cash on Deposit	\$ 111,807	\$ 77,145	\$ -
Due from Other Funds	-	-	-
Accounts Receivable	-	-	58,699
Prepaid Expenses	-	-	-
TOTAL ASSETS	<u>\$ 111,807</u>	<u>\$ 77,145</u>	<u>\$ 58,699</u>
LIABILITIES			
Cash Deficit	1,710	-	58,699
Accounts Payable	85,648	-	-
Deferred Revenue	-	77,145	-
Due to Other Funds	-	-	-
TOTAL LIABILITIES	<u>87,358</u>	<u>77,145</u>	<u>58,699</u>
FUND BALANCE			
Fund Balance			
Undesignated, reported in:			
General Funds	24,449	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	<u>24,449</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 111,807</u>	<u>\$ 77,145</u>	<u>\$ 58,699</u>

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

203	204	208	218	336	355
EDA	Americorps	RCDI	Clovis Rehab 03-04	Continuum of Care	Home 2000 Rehab Subcontract
\$ 34,250	\$ 9,131	\$ -	\$ 202	\$ -	\$ -
-	-	-	-	-	-
-	-	11,324	-	-	4,737
-	-	-	-	-	-
<u>\$ 34,250</u>	<u>\$ 9,131</u>	<u>\$ 11,324</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 4,737</u>
-	-	26,434	38,933	12,676	10,316
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>26,434</u>	<u>38,933</u>	<u>12,676</u>	<u>10,316</u>
-	-	-	-	-	-
34,250	9,131	(15,110)	(38,731)	(12,676)	(5,579)
34,250	9,131	(15,110)	(38,731)	(12,676)	(5,579)
<u>\$ 34,250</u>	<u>\$ 9,131</u>	<u>\$ 11,324</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 4,737</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

BALANCE SHEET--GOVERNMENTAL FUNDS

June 30, 2005

	358 Home 2001 Rehab Subcontract	359 Home 2002 Rehab Admin	361 HUD Home 2002 Rehab
ASSETS			
Cash on Deposit	\$ -	\$ -	\$ 19,547
Due from Other Funds	-	-	-
Accounts Receivable	20,945	33,817	-
Prepaid Expenses	-	-	-
TOTAL ASSETS	<u>\$ 20,945</u>	<u>\$ 33,817</u>	<u>\$ 19,547</u>
LIABILITIES			
Cash Deficit	32,674	33,817	-
Accounts Payable	-	-	-
Deferred Revenue	-	-	19,547
Due to Other Funds	-	-	-
TOTAL LIABILITIES	<u>32,674</u>	<u>33,817</u>	<u>19,547</u>
FUND BALANCE			
Fund Balance			
Undesignated, reported in:			
General Funds	-	-	-
Special Revenue Funds	(11,729)	-	-
TOTAL FUND BALANCE	<u>(11,729)</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 20,945</u>	<u>\$ 33,817</u>	<u>\$ 19,547</u>

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

362 EPCOG Home 2004	395 Shelter+ Care	396 Americorps 04-05	Non Major Governmental Funds	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 6,271	\$ -	\$ 43,537	\$ 301,890
-	-	-	-	-
-	-	-	119,039	248,561
-	-	-	-	-
<u>\$ -</u>	<u>\$ 6,271</u>	<u>\$ -</u>	<u>\$ 162,576</u>	<u>\$ 550,451</u>
35,422	-	19,648	145,227	415,556
-	-	-	-	85,648
-	-	-	36,314	133,006
-	-	-	-	-
<u>35,422</u>	<u>-</u>	<u>19,648</u>	<u>181,541</u>	<u>634,210</u>
-	-	-	-	24,449
<u>(35,422)</u>	<u>6,271</u>	<u>(19,648)</u>	<u>(18,965)</u>	<u>(108,208)</u>
<u>(35,422)</u>	<u>6,271</u>	<u>(19,648)</u>	<u>(18,965)</u>	<u>(83,759)</u>
<u>-</u>	<u>6,271</u>	<u>-</u>	<u>\$ 162,576</u>	<u>\$ 550,451</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

June 30, 2005

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

Fund Balances - total governmental funds	\$ (83,759)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	190,042
Compensated absences are not reported in the funds.	-
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(90,907)</u>
Net assets of governmental activities	<u>\$ 15,376</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE--GOVERNMENTAL FUNDS

Year Ended June 30, 2005

	156	160	
	General	BOR Water Planning Program	BOR NO.2
REVENUE			
Federal Programs	\$ 136,826	\$ -	\$ -
State Programs	129,886	-	-
Other Income	-	-	-
Fees/Appropriations	154,956	-	-
TOTAL REVENUES	<u>421,668</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Administration	515,963	-	-
Business/Support Services	-	-	-
Subcontract	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	<u>515,963</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(94,295)	-	-
Other Financial Sources (Uses)	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(94,295)	-	-
FUND BALANCE			
June 30, 2004	54,732	-	-
RESTATEMENT	64,012	-	-
June 30, 2004, as restated	<u>118,744</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2005	<u>\$ 24,449</u>	<u>\$ -</u>	<u>\$ -</u>

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

203	204	208	218	336	355
EDA	Americorps	RCDI	Clovis Rehab 03-04	Continuum of Care	Home 2000 Rehab Subcontract
\$ 50,000	\$ 31,050	\$ 24,857	\$ 29,515	\$ 16,295	\$ 35,037
8,500	-	-	-	-	-
-	-	-	-	6,000	-
-	-	-	-	-	-
<u>58,500</u>	<u>31,050</u>	<u>24,857</u>	<u>29,515</u>	<u>22,295</u>	<u>35,037</u>
24,250	21,919	39,967	29,189	34,971	-
-	-	-	-	-	-
-	-	-	39,057	-	40,616
-	-	-	-	-	-
<u>24,250</u>	<u>21,919</u>	<u>39,967</u>	<u>68,246</u>	<u>34,971</u>	<u>40,616</u>
34,250	9,131	(15,110)	(38,731)	(12,676)	(5,579)
-	-	-	-	-	-
-	-	-	-	-	-
34,250	9,131	(15,110)	(38,731)	(12,676)	(5,579)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 34,250</u>	<u>\$ 9,131</u>	<u>\$ (15,110)</u>	<u>\$ (38,731)</u>	<u>\$ (12,676)</u>	<u>\$ (5,579)</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE--GOVERNMENTAL FUNDS

Year Ended June 30, 2005

	358	359	361
	Home 2001 Rehab Subcontract	Home 2002 Rehab Admin	Home 2002 Rehab Subcontract
REVENUE			
Federal Programs	\$ -	\$ -	\$ 2,999
State Programs	-	-	-
Other Income	-	-	-
Fees/Appropriations	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>2,999</u>
EXPENDITURES			
Current			
Administration	-	-	-
Business/Support Services	-	-	-
Subcontract	11,729	-	2,999
Capital Outlay	-	-	-
TOTAL EXPENDITURES	<u>11,729</u>	<u>-</u>	<u>2,999</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(11,729)	-	-
Other Financial Sources (Uses)			
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(11,729)	-	-
FUND BALANCE			
June 30, 2004	-	-	-
RESTATEMENT	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2004, as restated	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2005	<u>\$ (11,729)</u>	<u>\$ -</u>	<u>\$ -</u>

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

362	395	396		
EPCOG Home 2004	Shelter+ Care	Americorps 04-05	Non Major Governmental Funds	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 17,133	\$ 14,388	\$ 61,776	\$ 419,876
-	-	-	-	138,386
-	-	-	-	6,000
-	-	-	132	155,088
-	17,133	14,388	61,908	719,350
35,422	10,862	34,036	67,955	814,534
-	-	-	2,379	2,379
-	-	-	15,687	110,088
-	-	-	-	-
35,422	10,862	34,036	86,021	927,001
(35,422)	6,271	(19,648)	(24,113)	(207,651)
-	-	-	-	-
(35,422)	6,271	(19,648)	(24,113)	(207,651)
-	-	-	5,148	59,880
-	-	-	-	64,012
-	-	-	5,148	123,892
\$ (35,422)	\$ 6,271	\$ (19,648)	\$ (18,965)	\$ (83,759)

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

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

Net change in fund balance - total governmental funds \$ (207,651)

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 capital outlays exceeded depreciation in the current year

Capital Outlay -
Depreciation -

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds

The issuance of long-term debt (e.g., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items

Expenses in Statement of Activities which do not require use of current financial resources i.e. Compensated Absences -

Loan Principal, net -

Change in Net Assets \$ (207,651)

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF NET ASSETS--PROPRIETARY FUNDS

JUNE 30, 2005

	Enterprise Fund	San Jon Apts	Section 8 Admin	Total Enterprise Funds
ASSETS				
Cash on Deposit	\$ 43,893	\$ 25,819	\$ 3,137	\$ 72,849
Restricted Cash	-	8,906	-	8,906
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Expenses	-	-	-	-
Total Current Assets	<u>43,893</u>	<u>34,725</u>	<u>3,137</u>	<u>81,755</u>
NON-CURRENT ASSETS				
Capital assets:				
Land	21,411	17,009	-	38,420
Other capital assets, net	166,374	139,818	-	306,192
Total Non-current Assets	<u>187,785</u>	<u>156,827</u>	<u>-</u>	<u>344,612</u>
TOTAL ASSETS	<u>231,678</u>	<u>191,552</u>	<u>3,137</u>	<u>426,367</u>
LIABILITIES				
Current Liabilities				
Cash Deficit	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	-
Due to Other Agencies	-	-	-	-
Accounts Payable	-	3,182	-	3,182
Total Current Liabilities	<u>-</u>	<u>3,182</u>	<u>-</u>	<u>3,182</u>
NON-CURRENT LIABILITIES				
Deferred Revenue	-	-	-	-
Due to Other Governments	-	-	-	-
Customer Deposits	-	-	-	-
Notes Payable	-	168,072	-	168,072
Total Non-current Liabilities	<u>-</u>	<u>168,072</u>	<u>-</u>	<u>168,072</u>
TOTAL LIABILITIES	<u>-</u>	<u>171,254</u>	<u>-</u>	<u>171,254</u>
NET ASSETS				
Invested in capital assets, net of related debt	187,785	(11,245)	-	176,540
Unrestricted	43,893	31,543	3,137	78,573
TOTAL NET ASSETS	<u>\$ 231,678</u>	<u>\$ 20,298</u>	<u>\$ 3,137</u>	<u>\$ 255,113</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS --PROPRIETARY FUNDS

JUNE 30, 2005

	Enterprise Fund	San Jon Apts	Section 8 Admin	TOTAL
OPERATING REVENUES				
Tenant Rent	\$ 39,361	\$ 8,244	\$ -	\$ 47,605
Subsidy Income	-	-	-	-
Federal Tenant Assistance	24,398	20,362	-	44,760
Grant Income - Federal	46,421	-	-	46,421
Grant Income - State	75	-	-	75
Grant Income - Other	23,841	-	-	23,841
Other Income	175,561	753	294,536	470,850
Total Operating Revenues	<u>309,657</u>	<u>29,359</u>	<u>294,536</u>	<u>633,552</u>
OPERATING EXPENSES				
Payroll	134,744	-	199,804	334,548
Maintenance & Repair	27,049	6,253	-	33,302
Supplies	14,711	20	8,709	23,440
Mortgage Interest	309	-	1,384	1,693
Equipment Rental	74	-	-	74
Training Expenses	-	-	-	-
Postage	28	-	-	28
Taxes & Insurance	2,769	875	1,282	4,926
Utilities	404	6,238	-	6,642
Miscellaneous	88,786	-	59,071	147,857
Depreciation	3,854	-	-	3,854
Travel & Auto	13,452	-	21,149	34,601
Subcontracts	33,049	4,137	-	37,186
TBRA Expenses	-	-	-	-
Continuum of Care Expenses	-	-	-	-
Total Operating Expenses	<u>319,229</u>	<u>17,523</u>	<u>291,399</u>	<u>628,151</u>
Income (Loss) before transfers	(9,572)	11,836	3,137	5,401
Transfers In (Out)	-	-	-	-
Changes in Net Assets	<u>(9,572)</u>	<u>11,836</u>	<u>3,137</u>	<u>5,401</u>
Total Net Assets, June 30, 2004	297,172	(800)	6,324	302,696
RESTATEMENT	(55,922)	9,262	(6,324)	(52,984)
Total Net Assets, June 30, 2004, as restated	<u>241,250</u>	<u>8,462</u>	<u>-</u>	<u>249,712</u>
TOTAL NET ASSETS, June 30, 2005	<u>\$ 231,678</u>	<u>\$ 20,298</u>	<u>\$ 3,137</u>	<u>\$ 255,113</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF CASH FLOWS--PROPRIETARY FUNDS

JUNE 30, 2005

	Enterprise Fund	San Jon Apts	Section 8 Admin	TOTAL
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash Flows from Operating Activities:				
Received from Services and Fees	\$ 309,657	\$ 29,359	\$ 294,536	\$ 633,552
Paid to Suppliers for Goods & Services	(180,631)	(17,523)	(91,595)	(289,749)
Paid to Employees for Services	(134,744)	-	(199,804)	(334,548)
Cash Flows from Operating Activities	<u>(5,718)</u>	<u>11,836</u>	<u>3,137</u>	<u>9,255</u>
Cash Flows from Investing Activities				
Fixed Asset Acquisitions	-	-	-	-
Disposition of Fixed Assets	-	-	-	-
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
(Increase) Decrease in Accounts Receivable	96,859	8,916	-	105,775
(Increase) Decrease in Due from Other Funds	-	-	-	-
(Increase) Decrease in Prepaid Expenses	8,674	-	(6,324)	2,350
Increase (Decrease) in Due to Other Governments	-	-	-	-
Increase (Decrease) in Due to Other Funds	-	-	-	-
Increase (Decrease) in Accounts Payable	-	(1,629)	-	(1,629)
Increase (Decrease) in Notes Payable	-	-	-	-
Increase (Decrease) in Customer Deposits	(571)	(2,470)	-	(3,041)
Transfers In (Out)	-	-	-	-
Cash Flows from Capital and Related Financing Activities	<u>104,962</u>	<u>4,817</u>	<u>(6,324)</u>	<u>103,455</u>
Net Increase (Decrease)	99,244	16,653	(3,187)	112,710
Cash and Cash Equivalents at Beginning of the Year	571	8,810	-	9,381
Restatement of Cash Balance	(55,922)	9,262	6,324	(40,336)
Cash and Cash Equivalents at June 30, 2005	<u><u>\$ 43,893</u></u>	<u><u>\$ 34,725</u></u>	<u><u>\$ 3,137</u></u>	<u><u>\$ 81,755</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating Income	\$ (9,572)	\$ 11,836	\$ 3,137	\$ 5,401
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	3,854	-	-	3,854
Fixed Asset Acquisitions	-	-	-	-
Net cash provided by operating Activities	<u><u>\$ (5,718)</u></u>	<u><u>\$ 11,836</u></u>	<u><u>\$ 3,137</u></u>	<u><u>\$ 9,255</u></u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF FIDUCIARY ASSETS & LIABILITIES -- AGENCY FUND

June 30, 2005

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash On Deposit	\$ -	\$ 215,649
Receivables:		
Due from other governments	-	763,491
Interest and Dividends	-	-
Other Receivables	-	-
Total Recievables	<u>-</u>	<u>763,491</u>
Investments, at fair value:		
Mutual Funds	942,342	-
Total Investments	<u>942,342</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 942,342</u></u>	<u><u>\$ 979,140</u></u>
LIABILITIES		
Cash Overdrafts	\$ -	\$ 76,269
Due To Other Entities	-	833,370
Accounts Payable	-	67,273
Deferred Revenue	-	235
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>\$ 977,147</u></u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u><u>\$ 942,342</u></u>	<u><u>\$ 1,993</u></u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended June 30, 2005

	Employee Retirement Plan
ADDITIONS	
Contributions:	
Employer	\$ 33,019
Plan members	33,019
Total contributions	<u>66,038</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	17,536
Interest	-
Dividends	-
Total investment earnings	<u>17,536</u>
Less investment expense	-
Net investment earnings	<u>17,536</u>
TOTAL ADDITIONS	<u>83,574</u>
DEDUCTIONS	
Benefits	3,300
Refunds of contributions	-
Administrative expenses	781
TOTAL DEDUCTIONS	<u>4,081</u>
CHANGE IN NET ASSETS	79,493
Net Assets -- beginning of the year	862,849
Net Assets -- end of the year	<u><u>\$ 942,342</u></u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Eastern Plains Council of Governments (EPCOG) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Eastern Plains Council of Government's accounting policies are described below.

A. Implementation of New Accounting Policies

For the fiscal year 2004, the EPCOG has implemented GASB Statements No. 33 (GASB 33), Accounting and Financial Reporting for Non-exchange Transactions, GASB Statement No. 34 (GASB 34), Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, GASB Statement No. 37 (GASB 37), Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38 (GASB 38), Certain Financial Statements Disclosure. At July 1, 2001, there was no effect on fund balance as a result of implementing GASB 33, GASB 34, GASB 37 and GASB 38.

GASB – 34 creates new basic financial statements for reporting on the School Council's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

B. Nature of Organization

EPCOG (EPCOG) is a voluntary association of county and municipal governments within the seven county area of Planning and Development Council IV. EPCOG was established in 1972 by member governments under the statutory authority of the Regional Planning Act, to assist local governments in planning for common needs, cooperating for mutual benefits and coordinating for sound regional development.

Membership of EPCOG includes representatives from the county commissions of Roosevelt, Curry, De Baca, Guadalupe, Quay, Harding and Union counties and from nineteen of the twenty-two incorporated municipalities in the Council. Several agencies and organizations are represented on the council as citizen participation groups.

EPCOG serves a variety of functions, including information dissemination, area-wide and local planning, direct technical assistance, intergovernmental coordination and training. Priority considerations are given to economic development, housing programs, resource planning, programs for the elderly, programs to improve county or community infrastructure and transportation. Technical expertise in areas which require complex federal grant applications for funding assistance is provided to smaller jurisdictions which do not have the staff for such activities. In their capacity as an area-wide clearinghouse, EPCOG provides valuable coordination at the local level.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) No. 14 "The Financial Reporting Entity". The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, EPCOG has no component units, and is not a component unit of another governmental agency.

D. 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 council. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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.

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus, basis of accounting, and financial statement presentation (continued)

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.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Grant revenues and deferrals are recognized in accordance with GASB33.

The government reports the following major governmental funds:

General Funds - The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

BOR Water Planning Special Revenue Fund – to do engineering and planning on pipeline for Ute water funds come from the Bureau of Reclamation through a Congressional Authorization. The authority for the creation of this fund is the local board.

BOR #2 Special Revenue Fund – to contract for engineering and feasibility report on the Eastern New Mexico Rural water supply project. Funded by the Congressional Appropriations subcommittee.

Economic Development Administration Grant 2002 – Eastern Plains Council of Governments is designated as the Economic Development Council for planning and other EDA activities. Funds come from Department of Commerce. The authority for the creation of this fund is the local board.

Americorp – to encourage individuals to volunteer services (time) for the benefit of human need in our communities. Funded by State Children, Youth & Family Department. The authority for the creation of this fund is the local board.

RCDI (Rural Community Development Initiative) - The Rural Community Development Initiative (RCDI) program provides technical assistance and training funds to qualified intermediary organizations to develop their capacity to undertake housing, community facilities, and community and economic development projects in rural areas. Funded by the USDA and established under the council's authority.

City of Clovis Rehab – New Mexico Mortgage Finance Authority contract with the City of Clovis; City of Clovis contract with EPCOG. The authority for the creation of this fund is the local board.

Continuum of Care – the C of C funding for Admin is also provided by HUD. The Admin is 5% of the total grant awarded amount to help pay for administrative staff, utilities, postage, copies and building operating expenses. The authority for the creation of this fund is the local board.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus, basis of accounting, and financial statement presentation (continued)

HUD Home 2000 Rehab Program – to account for program costs of the HUD Home 2000 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

HUD Home 2001 Rehab Subcontract - to account for subcontract costs of the HUD Home 2001 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

HUD Home 2002 Rehab Admin - to account for administrative costs of the HUD Home 2002 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

HUD Home 2002 Rehab Subcontract Special Revenue Fund - to account for subcontract costs of the HUD Home 2002 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

HUD Home 2004 - to account for program costs of the HUD Home 2004 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

Shelter+ Care – The Shelter Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.

Americorp – to encourage individuals to volunteer services (time) for the benefit of human need in our communities. Funded by State Children, Youth & Family Department. The authority for the creation of this fund is the local board.

The government reports the following major proprietary funds:

Enterprise Fund Proprietary Fund – to fund property management activities and “fee for service” activities.

San Jon Apts Proprietary Fund – to account for the management of the San Jon apartment complex.

Section 8 Admin Proprietary Fund – to supplement rental payments of low-income families/individuals. Federally funded.

The government also reports the following fund types:

Governmental Funds:

Non-major Special Revenue Funds – the Council accounts for resources restricted to, or designed for, a specific purpose by the Council or a grantor in a special revenue fund.

Proprietary Funds:

San Jon Apartment Administration – Administrative services while San Jon was under Fairway Mgmt. until it was purchased by EPCOG.

Fiduciary Funds:

Employee Retirement Plan – the council reports the resources that are required to be held in trust for the members and beneficiaries of the retirement plan, in the fiduciary funds.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement focus, basis of accounting, and financial statement presentation (continued)

Agency Funds – the Council reports resources held for others in a purely custodial capacity in the agency funds.

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 inter-fund 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, then unrestricted resources, as they are needed.

Business-type activities are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. All enterprise funds are accounted for using an economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the Council's enterprise funds are charges for administrative services or rental income. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. Assets, liabilities, and net assets or equity

Deposits and investments

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, and net assets or equity (continued)

1. Deposits and investments (continued)

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 Council. 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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. The Council is capitalizing qualifying software, library books, and assets constructed by council personnel as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Land Improvements	50
Equipment	10

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, and net assets or equity (continued)

4. Compensated absences

Compensated vacation time can be accumulated, but upon separation of service no more than four weeks is payable to the employee. In governmental funds, the cost of vacation pay is recognized when payments are made to employees. For the year-ended June 30, 2005 no balance of the liability is available and therefore is not disclosed in these footnotes or the face of the financial statements.

Sick leave is not accrued or payable upon termination. Employees are allowed twenty compensated sick days per year. Unused sick days are not accumulated or paid to the employee. Excess days must be approved by the Executive Director. EPCOG has no liability for sick leave.

5. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. The council does not have authority to issue bonds, however, it has acquired debt financing through reputable lending institutions, the federal government and the State of New Mexico finance authority.

6. Fund equity

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. Comparative data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

8. 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.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund *balance total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$90,907 difference is as follows:

Notes Payable	<u>\$90,907</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$90,907</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are prepared on a cash basis by the staff prior to contract date based upon past history and salaries approved by the executive committee. The budget is then approved by the grantor agency. Budget revisions are presented to the full board of directors for approval and then are submitted to the grantor agency for approval. The budget is broken down internally by activity and these specific activities are presented in the supporting schedules.

Budgetary Control – each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by the board of directors.

Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the Governmental Fund Types. Appropriations, is applicable, lapse at fiscal year-end for budgetary purposes.

Budgetary Violations – EPCOG did not maintain the budgets in so that budgetary compliance and budgetary reports could be reported in this report. See the two related findings in the Schedule of Findings and Questioned Cost.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. Deficit fund equity

The following funds had deficit balances at June 30, 2005.

RDCI	\$ 15,110
Clovis Rehab 03-04	38,731
Continuum of Care	12,676
Home 2000 Rehab Subcontract	5,579
Home 2001 Rehab Subcontract	11,729
EPCOG Home 2004	35,422
Americorps 04-05	19,648
Clovis Rehab	11,931
HPG Chapparral Apts 03-04	2,281
Socorro Co. Housing 2002	1,385
Socorro Co. Rehab 04-05	8,212
Emergency Food & Shelter 2003-2004	2,379
Total deficit balances	<u>\$ 165,083</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Cash, temporary investments and pledged collateral

At June 30, 2005, the carrying amount of the Council's deposits was \$183,738 and the bank balance was \$401,819. Of this balance \$100,000 was covered by federal depository insurance and \$301,819 was covered by collateral held in joint safekeeping by a third party in the entities name.

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 Council 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 PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash, temporary investments and pledged collateral (continued)

The named accounts below are all interest bearing demand deposit accounts.

		Balance Per Bank 6/30/2005	LESS: Outstanding Checks	Reconciled Balance 6/30/2005
Citizens Bank				
EPCOG	Operating	\$ 127,620	\$ 97,739	\$ 27,968
Home Owner	Operating	12,172	11,970	202
San Jon Apt	USDA Reserve	990	-	990
San Jon Apt	Tax & License	993		993
San Jon Apt	Sec. Dep.	2,949		2,949
San Jon Apt	Reserve	4,453		4,453
Unreconciled			190,107	(190,107)
Workforce	Operating	823,502	711,776	111,726
	Total Cash Citizens Bank	981,595	<u>\$ 1,013,505</u>	<u>\$ (31,911)</u>
FDIC INSURANCE				
		(100,000)		
		<u>\$ 881,595</u>		
	Collateral Required	440,797		
	Pledged Collateral	1,488,842		
	Over (Under) Collateralized	<u>\$ 1,048,045</u>		
<u>Collateral</u>	<u>CUSIP#</u>	<u>MATURES</u>	<u>FMV</u>	
GNMA II Pool	36225C4J2	2/20/2034	\$ 1,465,093	
SBA 10C1	83162CHL0	5/1/2007	23,749	
			<u>\$ 1,488,842</u>	

B. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 20, 2005, \$0 of the government's bank balance of \$401,819 was exposed to custodial credit risk as follows:

Uninsured and un-collateralized \$0

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS (continued)

C. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

BOR No. 2	\$ 58,699
RCDI	11,324
Home 2000 Rehab Subcontract	4,737
Home 2001 Rehab Subcontract	20,945
Home 2002 Rehab Admin	33,817
Non-major funds	119,039
Total receivables	<u>\$ 248,561</u>

Receivables are considered fully collectible and are expected to be received within the next fiscal year.

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Grant drawdowns prior to meeting all eligibility requirements	<u>\$ 133,006</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 133,006</u>

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities:				
Capital Assets, not being depreciated				
Land	\$ 9,000	\$ -	\$ -	\$ 9,000
Capital Assets, being depreciated				
Equipment	97,988	-	-	97,988
Buildings & Improvements	158,446	-	-	158,446
Total Capital Assets being depreciated	256,434	-	-	256,434
Less accumulated depreciation for:				
Equipment	65,539	-	-	65,539
Buildings & Improvements	9,853	-	-	9,853
Total accumulated depreciation	75,392	-	-	75,392
Total Capital Assets, being depreciated, net	181,042	-	-	181,042
Governmental activities capital assets, net	<u>\$ 190,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,042</u>
Business Activities:				
Capital Assets, not being depreciated:				
Land	\$ 38,420	\$ -	\$ -	\$ 38,420
Capital Assets, being depreciated:				
Equipment	-	-	-	-
Building & Improvements	345,788	-	-	345,788
Total Capital Assets being depreciated	345,788	-	-	345,788
Less accumulated depreciation for:				
Equipment	-	-	-	-
Buildings & Improvements	35,742	-	-	35,742
Total accumulated depreciation	35,742	-	-	35,742
Total Capital Assets, being depreciated, net	310,046	-	-	310,046
Business activities capital assets, net	<u>\$ 348,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,466</u>

The Council has prepared the capital asset listing for the GASB 34 implementation, and has taken the inventory and adjusted the capital assets to the cost or estimated cost, and also deleted all assets with a cost of less than \$1,000. The adjustments required a correction in capital assets in the current year.

The Schedule of Capital Assets by Function and Activity, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable. Depreciation expense was not charged to function/programs of the Council because the detail information was not available.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt

Governmental Activities – Notes Payable

EPCOG purchased a building for \$50,000 at 4.875% for fifty years. Monthly payments are \$327, and the loan balance at June 30, 2005 was \$36,748. Future principal payments are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Payment</u>
2006	1,745	2,179	3,924
2007	1,637	2,287	3,924
2008	1,520	2,404	3,924
2009-2013	5,386	14,234	19,620
2014-2018	379	15,644	16,023
TOTAL	<u>\$ 10,667</u>	<u>\$ 36,748</u>	<u>\$ 47,415</u>

EPCOG purchased the adjoining building to the south of the main building and did a major remodeling job on this portion and on the old building. This project was financed with a \$100,000 note with a variable rate that is set on July 1 of the year. The monthly payments are \$1,855.50, and the loan balance at June 30, 2005 was \$62,829. Future principal payments are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Payment</u>
2006	2,466	19,800	22,266
2007	1,616	20,650	22,266
2008	950	17,347	18,297
TOTAL	<u>\$ 5,032</u>	<u>\$ 62,829</u>	<u>\$ 62,829</u>

EPCOG purchased a lead base paint tester in the amount of \$19,606 on March 1, 2003 payable in payment of \$545 per month. The balance on June 30, 2005 was \$-----.

Business-type Activities – Notes Payable

Enterprise Fund – San Jon Apartments

Original note dated December 1, 1999, in the amount of \$106,288 for 42 years @ 8.25% interest payable in payments of \$754 per month. The loan balance on June 30, 2005 was \$104,302. Future principal payments are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Payment</u>
2006	8,580	468	9,048
2007	8,540	508	9,048
2008	8,511	537	9,048
2009-2013	41,783	3,453	45,236
2014-2018	40,028	5,208	45,236
2019-2023	37,379	7,857	45,236
2024-2028	32,385	12,851	45,236
2029-2033	27,359	17,877	45,236
2034-2038	18,469	26,767	45,236
2039-2042	14,965	28,776	43,741
TOTAL	<u>\$ 237,999</u>	<u>\$ 104,302</u>	<u>\$ 342,301</u>

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Enterprise Fund – San Jon Apartments

Original note dated December 1, 1999, in the amount of \$64,286 for 42 years @ 8.25% interest payable in payments of \$456 per month. The loan balance on June 30, 2005 was \$63,075. Future principal payments are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Payment</u>
2006	5,188	284	5,472
2007	5,167	305	5,472
2008	5,148	324	5,472
2009-2013	25,271	2,089	27,360
2014-2018	24,209	3,151	27,360
2019-2023	22,606	4,754	27,360
2024-2028	20,189	7,171	27,360
2029-2033	16,543	10,817	27,360
2034-2038	11,043	16,317	27,360
2039-2042	8,567	17,863	26,430
TOTAL	<u>\$ 143,931</u>	<u>\$ 63,075</u>	<u>\$ 207,006</u>

F. Revenues

Revenues are distinguished between operating and non-operating items. Operating revenues generally result from providing services and producing, and delivering goods in connection with the Council's principal ongoing operations. The principal operating revenues of the Council are various federal and state programs, service and administrative fees. All revenues and expenses not meeting this definition are reported as non-operating revenues.

V. OTHER INFORMATION

A. Risk Management

It is the policy of EPCOG to purchase insurance for the risks of losses to which it is exposed. The commercial insurance includes coverage for general liability, property, casualty and employee health and accident.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

V. OTHER INFORMATION (continued)

C. Employee Retirement Plan

EPCOG adopted a money purchase retirement plan on January 1, 1989. The money purchase retirement plan has been converted to a 401-K plan effective July 1, 1996. The company contributes, on behalf of each participant, 6% of earnings for the plan year. The participants do not contribute to this plan. Employer contribution information was not available and therefore cannot be disclosed.

The vesting schedule is as follows:	Less than two years	0%
	Two Years	25%
	Three Years	50%
	Four Years	75%
	Five Years	100%

EPCOG also has a deferred compensation plan. Employees contribute a minimum of six percent up to a maximum of twenty-five percent of salary. The plan is a code Section 457 deferred compensation plan. Employee contributions to this plan were not available therefore cannot be disclosed.

Both plans are managed by ICMA in Albuquerque New Mexico with Advantage Point Trust Company being the transfer agent holding the funds.

D. Leases

There was no information on leases to disclose for the year ended June 30, 2005.

E. Restatements

Adjustments made to EPCOG's prior year fund balances consisted of the following:

No Program Related – A new fund that combined resources from other funds	\$114,695
Base Services – Resources reported under No Program Related	\$ (47,603)
Children, Youth & Families – Cash correction	\$ 1
Workforce Board Operating – Correction of prepaid expenses	<u>\$ (3,081)</u>
Total Fund Balance Restatement	<u>\$ 64,012</u>

F. Compensated Absences

It is the policy of EPCOG to permit certain employees to accumulate a certain amount of earned but unused vacation pay, which will be paid to employees upon separation from the Councils' service. In governmental funds, the cost of vacation pay is recognized when payments are made to employees. The accumulative detail of compensated absences was not maintained therefore any disclosure cannot be made in this report.

Compensated absences are expended in the fund in which the liability is incurred.

STATE OF NEW MEXICO
 EASTERN PLAINS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

V. OTHER INFORMATION (continued)

G. Discontinued Operations

During the period subsequent to June 30, 2004, it was ruled by the District court that the Region IV housing authority had the right to move its operations from EPCOG. As a result of this ruling all assets, liabilities, and equities being reported in the proprietary funds of the Councils' financial statements were transferred to another agency. The transactions which were managed and reported on by the council for fiscal years ending June 30, 2004, 2005 and 2006 will be audited by another firm and reported, either individually or as a component unit of another agency, based on rulings by the Office of the New Mexico State Auditor. Therefore, the activities of the Region IV housing authority are not included in this report. The beginning net assets have been restated in the proprietary funds for these discontinued operations.

H. Restatement of Beginning Net Assets and Beginning Retained Earnings

Net Assets:

Governmental Funds

Fund balance at June 30, 2004, as previously reported

Government fund types:

General	\$ 24,203
Special Revenue	17,600
Total fund balance at June 30, 2004, as previously reported	<u>41,803</u>

Fund Balance restatements:

No Program Related:	114,695
Base Services	(47,603)
Children, Youth, & Families	1
Workforce Board Operating	<u>(3,081)</u>
Fund Balance Restatements -- Governmental Funds at July 1, 2004	64 012

Net Asset Restatements

Prior year adjustments

Changes to notes payable not properly recorded	29,638
Compensated absences not recorded	<u>49,332</u>

Net Assets restated balance at July 1, 2004	<u>\$ 142,982</u>
---------------------------------------------	-------------------

GENERAL FUNDS

General Fund—to account for the resources traditionally associated with governments, which are not required to be accounted for in another fund.

Base Services Program – to pay salaries and expenditures that do not have restrictions such as federal funds.

Children, Youth and Families Admin – for “A Pathway Out” program for pregnant and/or parenting teens up to age 21. Admin is 10% of awarded grant for operating expenses.

Work Force Board Operating – for board meeting travel, working lunches and conference travel.

Children, Youth and Families – to provide to pregnant and/or parenting teens life skills, training and methods to prevent additional unplanned pregnancies. Also to provide car seats, cribs, high chairs, clothes, bottles, microwaves, etc.

Work Force 2002-2003 Admin – entity for Eastern Area Workforce Board. Take care of all admin duties for the board including monitoring of contractors for Adult Dislocated Workers and Youth service providers.

Work Force Admin Entity – to provide for admin duties for the Eastern Area Workforce Board. Funded by USDOL via GOWTD.

Work Force Admin Program – part of the Admin Entity contract for EAWBD.

SPECIAL REVENUE FUNDS

Fannie Mae Foundation – a non-profit endowment with costs used to develop and serve families not expecting opportunities in Santa Rosa, New Mexico. The authority for the creation of this fund is the local board.

Economic Development Administration Grant 2002 – Eastern Plains Council of Governments is designated as the Economic Development Council for planning and other EDA activities. Funds come from Department of Commerce. The authority for the creation of this fund is the local board.

Economic Development Administration Grant Portales – Eastern Plains Council of Governments is designated as the Economic Development Council for planning and other EDA activities. Funds come from Department of Commerce. The authority for the creation of this fund is the local board.

HUD Continuum of Care Supportive Housing Program – to assist homeless people with support rental assistance. Funds come from HUD through New Mexico Mortgage & Finance Authority. The authority for the creation of this fund is the local board.

MFA '99 Rehabilitation Program – to do rehabilitation and preservation of existing housing for the seven county area. Funds come from the New Mexico Mortgage & Finance Authority. The authority for the creation of this fund is the local board.

MFA '00 Rehabilitation Program – to do rehabilitation and preservation of existing housing for the seven county area. Funds come from the New Mexico Mortgage & Finance Authority. The authority for the creation of this fund is the local board.

SPECIAL REVENUE FUNDS

MFA '01 Rehabilitation Program – to do rehabilitation and preservation of existing housing for the seven county area. Funds come from the New Mexico Mortgage & Finance Authority. The authority for the creation of this fund is the local board.

MFA '02 Rehabilitation Program – to do rehabilitation and preservation of existing housing for the seven county area. Funds come from the New Mexico Mortgage & Finance Authority. The authority for the creation of this fund is the local board.

Lordsburg Project – to redo rehabilitation work in the Lordsburg and Bayard area on behalf of the New Mexico Mortgage & Finance Authority. Funds come from the New Mexico Mortgage and Finance Authority. The authority for the creation of this fund is the local board.

Rio Pecos Admin – to construct a twenty-four (24) apartment complex for families. Funds come from low income tax credits and a HUD 542C permanent financing loan. The authority for the creation of this fund is the local board.

Ruth Visage Admin – to rehabilitate older houses to make them habitable for families. Funds come from the New Mexico Mortgage & Finance Authority. The authority for the creation of this fund is the local board.

Ruth Visage Admin – to rehabilitate older houses to make them habitable for families. Funds come from the New Mexico Mortgage & Finance Authority. The authority for the creation of this fund is the local board.

Tenant Based Rental Assistance – to provide rental assistance to those in need. Authority for the creation of this fund is the New Mexico Finance Authority. The authority for the creation of this fund is the local board.

CAA Southern New Mexico – to weatherize homes for needy families. Funds come from the New Mexico Finance Authority. The authority for the creation of this fund is the local board.

San Jon Apartment Administration – Administrative services while San Jon under Fairway Mgt until it was purchase by Eastern Plains Council of Governments. The authority for the creation of this fund is the local board.

Town of Clayton – Comprehensive Planning Grant - to facilitate meetings, formulate goals, objectives and strategies in regards to housing, economic development, infrastructure, transportation, land use and implementation. Funded by New Mexico Department of Finance, Local Government Division and CDBG. The authority for the creation of this fund is the local board.

City of Clovis – to rehabilitate homes of low income families. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

Union County Planning – Comprehensive Planning Grant - to facilitate meetings, formulate goals, objectives and strategies in regards to housing, economic development, infrastructure, transportation, land use and implementation. Funded by New Mexico Department of Finance, Local Government Division and CDBG. The authority for the creation of this fund is the local board.

Weatherization – used as leverage for Home Owner Rehabilitation projects. Funded by the Community Action Agency of Southern New Mexico. The authority for the creation of this fund is the local board.

Harding County Planning – Comprehensive Planning Grant - to facilitate meetings, formulate goals, objectives and strategies in regards to housing, economic development, infrastructure, transportation, land use and implementation. Funded by New Mexico Department of Finance, Local Government Division and CDBG. The authority for the creation of this fund is the local board.

SPECIAL REVENUE FUNDS

Roosevelt County Planning – Comprehensive Planning Grant - to facilitate meetings, formulate goals, objectives and strategies in regards to housing, economic development, infrastructure, transportation, land use and implementation. Funded by New Mexico Department of Finance, Local Government Division and CDBG. The authority for the creation of this fund is the local board.

Village of Folsom – Comprehensive Planning Grant - to facilitate meetings, formulate goals, objectives and strategies in regards to housing, economic development, infrastructure, transportation, land use and implementation. Funded by New Mexico Department of Finance, Local Government Division and CDBG. The authority for the creation of this fund is the local board.

Tucumcari Rehabilitation – to rehabilitate homes of low income families. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

Socorro County – to rehabilitate homes of low income families. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

Daniels Fund – to provide matched monies for the case managers salary benefits for the teen parent program. The authority for the creation of this fund is the local board.

ENM Rural Water – an organization formed for oversight of the construction of the Ute Water Pipeline. Funded by the Eastern New Mexico Rural Water Committee. The authority for the creation of this fund is the local board.

Economic Development Administration Grant 2001 – Eastern Plains Council of Governments is designated as the Economic Development Council for planning and other EDA activities. Funds come from Department of Commerce. The authority for the creation of this fund is the local board.

Americorp – to encourage individuals to volunteer services (time) for the benefit of human need in our communities. Funded by State Children, Youth & Family Department. The authority for the creation of this fund is the local board.

NM Department of Tourism – to promote the archeological sites in the region. Funded by the NM Tourism Department and local governments. The authority for the creation of this fund is the local board.

City of Clovis Rehab-Subcontract – New Mexico Mortgage Finance Authority contract with the City of Clovis; City of Clovis contract with EPCOG. The authority for the creation of this fund is the local board.

Town of Elida Planning – Community Development Block Grant/Small Cities Program (HUD). The development of a comprehensive plan for the Village of Elida, which will be included in Council IV's CEDS. The authority for the creation of this fund is the local board.

De Baca Planning – Community Development Block Grant/Small Cities Program (HUD). The development of a comprehensive plan for DeBaca County, which will be included in Council IV's CEDS. The authority for the creation of this fund is the local board.

Tucumcari Housing Rehab '01 – New Mexico Mortgage Finance Authority contract with THA; THA contract with EPCOG. The authority for the creation of this fund is the local board.

Continuum of Care- Admin – the C of C funding for Admin is also provided by HUD. The Admin is 5% of the total grant awarded amount to help pay for administrative staff, utilities, postage, copies and building operating expenses. The authority for the creation of this fund is the local board.

HUD Home 2000 Rehab Program – to account for program costs of the HUD Home 2000 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

SPECIAL REVENUE FUNDS

HUD Home 2001 Rehab Program - to account for program costs of the HUD Home 2001 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

HUD Home 2001 Rehab Subcontract - to account for subcontract costs of the HUD Home 2001 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

HUD Home 2002 Rehab Admin - to account for administrative costs of the HUD Home 2002 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

HUD Home 2004 - to account for program costs of the HUD Home 2004 program. Funded by the New Mexico Mortgage Finance Authority. The authority for the creation of this fund is the local board.

Emergency Food and Shelter – to assist individuals/families at risk of having utilities turned off, deposits and/or up to one (1) month's rent and food. Funded by The United Way. The authority for the creation of this fund is the local board.

Job Training Reimbursement –to account for reimbursements of travel paid for workforce youth training. The authority for the creation of this fund is the local board.

HPG Rehab 2002- Admin – to account for administration costs of the USDA Rural Development contract. The authority for the creation of this fund is the local board.

San Jon HPG Subcontract – – to account for subcontract costs of the USDA Rural Development contract for San Jon. The authority for the creation of this fund is the local board.

HPG Rural Development Subcontract - – to account for subcontract costs of the USDA Rural Development contract. The authority for the creation of this fund is the local board.

HPG Chaparral Apts '02 – to account for funds associated with the USDA Rural Development contract for the Chaparral Apartments.

ENTERPRISES FUNDS

Enterprise Fund – to fund property management activities and "fee for service" activities.

San Jon Apts – to account for the management of the San Jon apartment complex.

San Jon Apartment Administration – Administrative services while San Jon was under Fairway Mgmt. until it was purchased by Eastern Plains Council of Governments.

Section 8 Admin – to supplement rental payments of low-income families/individuals. Federally funded.

FIDUCIARY FUNDS

Trust Fund –

Retirement Plans – to account for funds in trust with third parties for the retirement accounts of employees

Agency Fund –

Workforce – to account for monies received and expenses paid for workforce board programs.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2005

	000	100	385	400
	No- Program Related	Base Services Program	Children Youth & Families Admin	Work Force Board Operating 05
ASSETS				
Cash on Deposit	\$ 99,127	\$ 8,137	\$ -	\$ 1,332
Due from Other Funds	-	-	-	-
Accounts Receivable	-	-	-	-
Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>\$ 99,127</u>	<u>\$ 8,137</u>	<u>\$ -</u>	<u>\$ 1,332</u>
LIABILITIES AND OTHER CREDITS				
Cash Deficit	\$ -	\$ -	\$ 1,710	\$ -
Accounts Payable	84,316	-	-	1,332
Deferred Income/Credits	-	-	-	-
Due to Other Funds	-	-	-	-
Tenant Security Deposits	-	-	-	-
TOTAL LIABILITIES	<u>84,316</u>	<u>-</u>	<u>1,710</u>	<u>1,332</u>
FUND EQUITY				
Fund Balance				
Reserved	-	-	-	-
Unreserved-Designated for Subsequent Years Expenditures	14,811	8,137	(1,710)	-
TOTAL FUND EQUITY	<u>14,811</u>	<u>8,137</u>	<u>(1,710)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 99,127</u>	<u>\$ 8,137</u>	<u>\$ -</u>	<u>\$ 1,332</u>

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

401 Work Force Board Operating	403 Work Force Board Operating 04	404 Work Force 2002-2003 Admin	406 Work Force Admin Program	407 Work Force Admin Program	TOTALS
\$ 3,200	\$ 11	\$ -	\$ -	\$ -	\$ 111,807
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,200</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,807</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,710
-	-	-	-	-	85,648
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	87,358
-	-	-	-	-	-
3,200	11	-	-	-	24,449
<u>3,200</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,449</u>
<u>\$ 3,200</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,807</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2005

	000	100	385	400
	No Program Related	Base Services Program	Children Youth & Families Admin	Work Force Board Operating 05
REVENUE				
Federal Sources		\$ -	\$ -	\$ 48,849
State Sources	5,000	64,886	60,000	-
Local Sources		28,350	100	-
TOTAL REVENUES	5,000	93,236	60,100	48,849
EXPENDITURES				
Current				
Administration	104,884	87,729	61,811	48,849
Business/Support Services		-	-	-
Capital Outlay		-	-	-
TOTAL EXPENDITURES	104,884	87,729	61,811	48,849
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(99,884)	5,507	(1,711)	-
Other Financial Sources (Uses)				
Transfer In (Out)	-	-	-	-
Total Other Financial Sources	-	-	-	-
NET CHANGES IN FUND BALANCES	(99,884)	5,507	(1,711)	-
FUND BALANCE				
June 30, 2004	-	50,233	-	-
RESTATEMENT	114,695	(47,603)	1	-
June 30, 2004, as restated	114,695	2,630	1	-
FUND BALANCE June 30, 2005	\$ 14,811	\$ 8,137	\$ (1,710)	\$ -

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

401 Work Force Board Operating	403 Work Force Board Operating 04	404 Work Force 2002-2003 Admin	406 Work Force Admin Program	407 Work Force Admin Program	TOTALS
\$ -	\$ -	\$ 1,793	\$ -	\$ 86,184	\$ 136,826
-	-	-	-	-	129,886
-	-	-	126,506	-	154,956
-	-	1,793	126,506	86,184	421,668
-	-	-	126,506	86,184	515,963
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	126,506	86,184	515,963
-	-	1,793	-	-	(94,295)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,793	-	-	(94,295)
6,281	11	(1,793)	-	-	54,732
(3,081)	-	-	-	-	64,012
3,200	11	(1,793)	-	-	118,744
\$ 3,200	\$ 11	\$ -	\$ -	\$ -	\$ 24,449

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

STATE OF NEW MEXICO
 EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2005

	152	175	200
	Local Community Fund	Rural Wind Energy	Economic Development 2001
ASSETS			
Cash on Deposit	\$ -	\$ 2,629	\$ 53
Due from Other Funds	-	-	-
Accounts Receivable	-	-	-
TOTAL ASSETS	\$ -	\$ 2,629	\$ 53
LIABILITIES			
Cash Deficit	\$ -	\$ -	\$ -
Accounts Payable	-	-	-
Deferred Revenue	-	-	53
Due to Other Funds	-	-	-
TOTAL LIABILITIES	-	-	53
FUND BALANCE			
Undesignated, reported in:			
Special Revenue Funds	-	2,629	-
TOTAL FUND BALANCE	-	2,629	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 2,629	\$ 53

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

202	205	206	210	215	219
EDA	AMERICORP	NM Dept of Tourism	Transportation	City of Clayton	Clovis REHAB 2003
\$ 8,300	\$ -	\$ 1,406	\$ -	\$ 1	\$ -
-	-	-	-	-	-
-	3,672	-	1,064	-	12,148
<u>\$ 8,300</u>	<u>\$ 3,672</u>	<u>\$ 1,406</u>	<u>\$ 1,064</u>	<u>\$ 1</u>	<u>\$ 12,148</u>
\$ -	\$ 3,672	\$ -	\$ 1,064	\$ -	\$ 24,079
-	-	-	-	-	-
8,300	-	1,406	-	1	-
-	-	-	-	-	-
<u>8,300</u>	<u>3,672</u>	<u>1,406</u>	<u>1,064</u>	<u>1</u>	<u>24,079</u>
-	-	-	-	-	(11,931)
-	-	-	-	-	(11,931)
<u>\$ 8,300</u>	<u>\$ 3,672</u>	<u>\$ 1,406</u>	<u>\$ 1,064</u>	<u>\$ 1</u>	<u>\$ 12,148</u>

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

STATE OF NEW MEXICO
 EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2005

	220	221	235
	City of Clovis	City of Clovis REHAB Subcontract	Union County Planning
ASSETS			
Cash on Deposit	\$ -	\$ 10,363	\$ 731
Due from Other Funds	-	-	-
Accounts Receivable	<u>1,951</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,951</u></u>	<u><u>\$ 10,363</u></u>	<u><u>\$ 731</u></u>
LIABILITIES			
Cash Deficit	\$ 1,951	\$ -	\$ -
Accounts Payable	-	-	-
Deferred Revenue	-	10,363	731
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>1,951</u></u>	<u><u>10,363</u></u>	<u><u>731</u></u>
FUND BALANCE			
Undesignated, reported in:			
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,951</u></u>	<u><u>\$ 10,363</u></u>	<u><u>\$ 731</u></u>

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

237	238	239	255	256	265
Union County CDBG	Planning Grant Elida	DeBaca County Planning	RD HPG	RD HPG Tuc 03-04	Harding County Planning
\$ 4,276	\$ 6	\$ 63	\$ -	\$ -	\$ 692
-	-	-	-	-	-
-	-	-	19,873	315	-
<u>\$ 4,276</u>	<u>\$ 6</u>	<u>\$ 63</u>	<u>\$ 19,873</u>	<u>\$ 315</u>	<u>\$ 692</u>
\$ -	\$ -	\$ -	\$ 19,873	\$ 315	\$ -
-	-	-	-	-	-
4,276	6	63	-	-	692
-	-	-	-	-	-
<u>4,276</u>	<u>6</u>	<u>63</u>	<u>19,873</u>	<u>315</u>	<u>692</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,276</u>	<u>\$ 6</u>	<u>\$ 63</u>	<u>\$ 19,873</u>	<u>\$ 315</u>	<u>\$ 692</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

JUNE 30, 2005

	273	274	275/276
	Roosevelt County Planning	Village of Folsom	Tucumcari Housing REHAB
ASSETS			
Cash on Deposit	\$ 449	\$ -	\$ 1,157
Due from Other Funds	-	-	-
Accounts Receivable	-	3,468	-
TOTAL ASSETS	\$ 449	\$ 3,468	\$ 1,157
LIABILITIES			
Cash Deficit	\$ -	\$ 3,468	\$ -
Accounts Payable	-	-	-
Deferred Revenue	449	-	1,157
Due to Other Funds	-	-	-
TOTAL LIABILITIES	449	3,468	1,157
FUND BALANCE			
Undesignated, reported in:			
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 449	\$ 3,468	\$ 1,157

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

277	278	279	280	282	283
RD HPG REHAB 2002	HPG Chapparral Apts 2002	HPG Chapparral Apts 03-04	Socorro Housing 2003	Socorro County Housing 2002	Tucumcari Housing REHAB 2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,795	6,736	5,864	8,225	19,119	216
<u>\$ 3,795</u>	<u>\$ 6,736</u>	<u>\$ 5,864</u>	<u>\$ 8,225</u>	<u>\$ 19,119</u>	<u>\$ 216</u>
\$ 3,795	\$ 6,736	\$ 8,145	\$ 8,225	\$ 20,504	\$ 216
-	-	-	-	-	-
-	-	-	-	-	-
3,795	6,736	8,145	8,225	20,504	216
-	-	(2,281)	-	(1,385)	-
-	-	(2,281)	-	(1,385)	-
<u>\$ 3,795</u>	<u>\$ 6,736</u>	<u>\$ 5,864</u>	<u>\$ 8,225</u>	<u>\$ 19,119</u>	<u>\$ 216</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

JUNE 30, 2005

	284	285	334
	Tucumcari Housing REHAB 2003	Socorro Co Rehab 04-05	Continuum of Care Grant Admin
ASSETS			
Cash on Deposit	\$ -	\$ -	\$ -
Due from Other Funds	-	-	-
Accounts Receivable	8,911	-	1,037
TOTAL ASSETS	\$ 8,911	\$ -	\$ 1,037
LIABILITIES			
Cash Deficit	\$ 8,911	\$ 8,212	\$ 1,037
Accounts Payable	-	-	-
Deferred Revenue	-	-	-
Due to Other Funds	-	-	-
TOTAL LIABILITIES	8,911	8,212	1,037
FUND BALANCE			
Undesignated, reported in:			
Special Revenue Funds	-	(8,212)	-
TOTAL FUND BALANCE	-	(8,212)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,911	\$ -	\$ 1,037

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

335	353	356	357	383	384
Continuum of Care Program Admin	HUD Home 2000 REHAB Admin	HUD Home 2001 REHAB Admin	HUD Home 2001 REHAB Program Support	Emergency Food & Shelter 2003-2004	Emergency Food & Shelter
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,302
-	-	-	-	-	-
11,230	1,523	-	-	2,296	-
<u>\$ 11,230</u>	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,296</u>	<u>\$ 4,302</u>
\$ 11,230	\$ 1,523	\$ -	\$ -	\$ 4,675	\$ -
-	-	-	-	-	-
-	-	-	-	-	4,302
-	-	-	-	-	-
11,230	1,523	-	-	4,675	4,302
-	-	-	-	(2,379)	-
-	-	-	-	(2,379)	-
<u>\$ 11,230</u>	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,296</u>	<u>\$ 4,302</u>

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

STATE OF NEW MEXICO
 EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2005

	387	391	392
	<u>Daniels Fund</u>	<u>Tenant Based Rental Assistance</u>	<u>Tenant Based Rental Assistance 2003-04</u>
ASSETS			
Cash on Deposit	\$ 18	\$ 360	\$ 469
Due from Other Funds	-	-	-
Accounts Receivable	-	-	-
	<u>18</u>	<u>360</u>	<u>469</u>
TOTAL ASSETS	<u>\$ 18</u>	<u>\$ 360</u>	<u>\$ 469</u>
LIABILITIES			
Cash Deficit	\$ -	\$ -	\$ -
Accounts Payable	-	-	-
Deferred Revenue	18	360	-
Due to Other Funds	-	-	-
	<u>18</u>	<u>360</u>	<u>-</u>
TOTAL LIABILITIES	<u>18</u>	<u>360</u>	<u>-</u>
FUND BALANCE			
Undesignated, reported in:			
Special Revenue Funds	-	-	469
	<u>-</u>	<u>-</u>	<u>469</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>469</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 18</u>	<u>\$ 360</u>	<u>\$ 469</u>

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

393 Tenant Based Rental Assistance 2004-05	399 Single Parents in Need	820 HPG REHAB RD Admin 2002	821 San Jon HPG Admin	825 San Jon HPG Subcontract	826 HPG RD Subcontract 2002
\$ 1,314	\$ 1,751	\$ 245	\$ 57	\$ 2,216	\$ -
-	-	-	-	-	-
-	-	-	-	-	7,596
<u>\$ 1,314</u>	<u>\$ 1,751</u>	<u>\$ 245</u>	<u>\$ 57</u>	<u>\$ 2,216</u>	<u>\$ 7,596</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,596
-	-	-	-	-	-
-	1,619	245	57	2,216	-
-	-	-	-	-	-
-	<u>1,619</u>	<u>245</u>	<u>57</u>	<u>2,216</u>	<u>7,596</u>
1,314	132	-	-	-	-
<u>1,314</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,314</u>	<u>\$ 1,751</u>	<u>\$ 245</u>	<u>\$ 57</u>	<u>\$ 2,216</u>	<u>\$ 7,596</u>

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

STATE OF NEW MEXICO
 EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2005

	830	840	899
	<u>Ruth Visage Admin</u>	<u>Rio Pecos Estates Admin</u>	<u>LOC ACCT/ ST APPR</u>
ASSETS			
Cash on Deposit	\$ -	\$ -	\$ 2,679
Due from Other Funds	-	-	-
Accounts Receivable	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,679</u>
LIABILITIES			
Cash Deficit	\$ -	\$ -	\$ -
Accounts Payable	-	-	-
Deferred Revenue	-	-	-
Due to Other Funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Undesignated, reported in:			
Special Revenue Funds	-	-	2,679
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>2,679</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,679</u>

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

TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 43,537	\$ 43,537
-	-
<u>119,039</u>	<u>119,039</u>
<u>\$ 162,576</u>	<u>\$ 162,576</u>
-	
\$ 145,227	\$ 145,227
-	-
36,314	36,314
-	-
<u>181,541</u>	<u>181,541</u>
-	
<u>(18,965)</u>	<u>(18,965)</u>
<u>(18,965)</u>	<u>(18,965)</u>
-	
<u>\$ 162,576</u>	<u>\$ 162,576</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	152	175	200
	Local Community Fund	Rural Wind Energy	Economic Development 2001
REVENUE			
Federal Programs	\$ -	\$ 7,000	\$ -
State Programs	-	-	-
Fees/Appropriations	-	-	-
TOTAL REVENUES	<u>-</u>	<u>7,000</u>	<u>-</u>
EXPENDITURES			
Current			
Administration	2,469	371	-
Business/Support Services	-	-	-
Subcontracts	-	4,000	-
TOTAL EXPENDITURES	<u>2,469</u>	<u>4,371</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,469)	2,629	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN (OUT)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(2,469)	2,629	-
FUND BALANCE			
June 30, 2004	2,469	-	-
RESTATEMENT	-	-	-
June 30, 2004, as restated	<u>2,469</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2005	<u>\$ -</u>	<u>\$ 2,629</u>	<u>\$ -</u>

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

202	205	206	210	215	219
EDA	AMERICORP	NM Dept of Tourism	Transportation	City of Clayton	Clovis REHAB 2003
\$ 31,776	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>31,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31,776	-	-	-	-	1,931
-	-	-	-	-	-
-	-	-	-	-	10,000
<u>31,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,931</u>
-	-	-	-	-	(11,931)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	(11,931)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,931)</u>

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

STATE OF NEW MEXICO
 EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND BALANCE--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	220	221	235
	City of Clovs	City of Clovis REHAB Subcontract	Union County Planning
REVENUE			
Federal Programs	\$ -	\$ -	\$ -
State Programs	-	-	-
Fees/Appropriations	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Administration	-	-	-
Business/Support Services	-	-	-
Subcontracts	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN (OUT)	-	-	-
TOTAL OTHER FINANCIANG SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	-	-
FUND BALANCE			
June 30, 2004	-	-	-
RESTATEMENT	-	-	-
June 30, 2004, as restated	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

237	238	239	255	256	265
Union County CDBG	Planning Grant Elida	DeBaca County Planning	RD HPG	RD HPG Tuc 03-04	Harding County Planning
\$ 1,687	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,687	-	-	-	-	-
<u>1,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	273	274	275/276
	Roosevelt County Planning	Village of Folsom	Tucumcari Housing REHAB
REVENUE			
Federal Programs	\$ -	\$ -	\$ -
State Programs	-	-	-
Fees/Appropriations	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Administration	-	-	-
Business/Support Services	-	-	-
Subcontracts	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN (OUT)	-	-	-
TOTAL OTHER FINANCIANG SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	-	-
FUND BALANCE			
June 30, 2004	-	-	-
RESTATEMENT	-	-	-
June 30, 2004, as restated	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

277	278	279	280	282	283
RD HPG REHAB 2002	HPG Chapparral Apts 2002	HPG Chapparral Apts 03-04	Socorro Housing 2003	Socorro County Housing 2002	Tucumcari Housing REHAB 2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,281	-	1,385	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,281	-	1,385	-
-	-	(2,281)	-	(1,385)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(2,281)	-	(1,385)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ (2,281)	\$ -	\$ (1,385)	\$ -

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	284	285	334
	Tucumcari Housing REHAB 2003	Socorro Co Rehab 04-05	Continuum of Care Grant Admin
REVENUE			
Federal Programs	\$ -	\$ -	\$ -
State Programs	-	-	-
Fees/Appropriations	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Administration	-	8,212	-
Business/Support Services	-	-	-
Subcontracts	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>8,212</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(8,212)	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN (OUT)	-	-	-
TOTAL OTHER FINANCIANG SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	(8,212)	-
FUND BALANCE			
June 30, 2004	-	-	-
RESTATEMENT	-	-	-
June 30, 2004, as restated	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2005	<u>\$ -</u>	<u>\$ (8,212)</u>	<u>\$ -</u>

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

335	353	356	357	383	384
Continuum of Care Program Admin	HUD Home 2000 REHAB Admin	HUD Home 2001 REHAB Admin	HUD Home 2001 REHAB Program Support	Emergency Food & Shelter 2003-2004	Emergency Food & Shelter
\$ 3,925	\$ -	\$ -	\$ -	\$ -	\$ 214
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214</u>
3,925	-	-	-	-	214
-	-	-	-	2,379	-
-	-	-	-	-	-
<u>3,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,379</u>	<u>214</u>
-	-	-	-	(2,379)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(2,379)	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,379)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	387	391	392
	Daniels Fund	Tenant Based Rental Assistance	Tenant Based Rental Assistance 2003-04
REVENUE			
Federal Programs	\$ -	\$ -	\$ 3,321
State Programs	-	-	-
Fees/Appropriations	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>3,321</u>
EXPENDITURES			
Current			
Administration	-	-	2,852
Business/Support Services	-	-	-
Subcontracts	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,852</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	469
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN (OUT)	-	-	-
TOTAL OTHER FINANCIANG SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	-	469
FUND BALANCE			
June 30, 2004	-	-	-
RESTATEMENT	-	-	-
June 30, 2004, as restated	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469</u>

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

393 Tenant Based Rental Assistance 2004-05	399 Single Parents in Need	820 HPG REHAB RD Admin 2002	821 San Jon HPG Admin	825 San Jon HPG Subcontract	826 HPG RD Subcontract 2002
\$ 8,357	\$ 5,496	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	132	-	-	-	-
<u>8,357</u>	<u>5,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,043	5,496	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,043</u>	<u>5,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,314	132	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,314</u>	<u>132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,314</u>	<u>\$ 132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	830	840	899
	Ruth Visage Admin	Rio Pecos Estates Admin	LOC ACCT/ ST APPR
REVENUE			
Federal Programs	\$ -	\$ -	\$ -
State Programs	-	-	-
Fees/Appropriations	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Administration	-	-	-
Business/Support Services	-	-	-
Subcontracts	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN (OUT)	-	-	-
TOTAL OTHER FINANCIANG SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	-	-
FUND BALANCE			
June 30, 2004	-	-	2,679
RESTATEMENT	-	-	-
June 30, 2004, as restated	<u>-</u>	<u>-</u>	<u>2,679</u>
FUND BALANCE June 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,679</u>

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

TOTAL NONMAJOR SPECIAL REVENUE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 61,776	\$ 61,776
-	-
132	132
<u>61,908</u>	<u>61,908</u>
67,955	67,955
2,379	2,379
15,687	15,687
<u>86,021</u>	<u>86,021</u>
(24,113)	(24,113)
-	-
-	-
<u>(24,113)</u>	<u>(24,113)</u>
5,148	5,148
-	-
<u>5,148</u>	<u>5,148</u>
<u>\$ (18,965)</u>	<u>\$ (18,965)</u>

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

STATE OF NEW MEXICO
EASTERN-PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN ACCOUNT BALANCES -- AGENCY FUND

Year Ended June 30, 2005

	Balance 6/30/2004	Additions	Deductions	Balance 6/30/2005
Cash				
Workforce Capacity - old	\$ 23,742	\$ -	\$ 23,742	\$ -
Workforce Capacity - new	19,527	-	19,527	-
Workforce Incentive	10,921	-	10,921	-
Non-Participant	-	14,446	-	14,446
EAWDB-Dislocated Worker	170,428	525,335	494,560	201,203
EAWDB-10% Admin	-	-	-	-
TANF Program	-	2,143,824	2,143,256	568
Total Cash	\$ 224,618	\$ 539,781	\$ 2,692,006	\$ 215,649
Due from other governments				
Workforce Capacity - new	\$ 6,009	\$ -	\$ 6,009	\$ -
EAWDB-Fiscal Agent	3,915	-	3,915	-
EAWDB-Adult	62,882	38,409	62,882	38,409
EAWDB-Youth	239,355	94,398	239,355	94,398
EAWDB - 10% Admin	-	10,715	-	10,715
TANF Program	-	619,969	-	619,969
Total Due from other governments	\$ 312,161	\$ 763,491	\$ 312,161	\$ 763,491
Cash overdrafts				
EAWDB-Fiscal Agent	\$ 3,915	\$ -	\$ 3,915	\$ -
EAWDB-Adult	18,783	38,309	18,783	38,309
EAWDB-Youth	39,919	27,245	39,919	27,245
EAWDB - 10% Admin	-	10,715	-	10,715
Total Cash overdrafts	\$ 62,617	\$ 76,269	\$ 62,617	\$ 76,269
Due to other entities				
Workforce Capacity - old	\$ 23,742	\$ -	\$ 23,742	\$ -
Workforce Capacity - new	25,536	-	25,536	-
Workforce Incentive	10,921	-	10,921	-
Non-participant	-	12,453	-	12,453
EAWDB-Dislocated Worker	160,862	201,184	160,862	201,184
TANF Program	-	619,733	-	619,733
Total Due to other entities	\$ 221,061	\$ 833,370	\$ 221,061	\$ 833,370
Accounts payable				
Workforce Capacity - old	\$ -	\$ -	\$ -	\$ -
EAWDB-Dislocated Worker	9,566	20	9,566	20
EAWDB-Adult	44,099	100	44,099	100
EAWDB-Youth	199,436	67,153	199,436	67,153
Total Accounts payable	\$ 253,101	\$ 67,273	\$ 253,101	\$ 67,273
Deferred Revenue				
TANF Program	\$ -	\$ 235	\$ -	\$ 235

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

Woodard, Cowen & Co.

Certified Public Accountants

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* (Significant Deficiencies, Reportable Instances of Noncompliance, and Other Matters Identified)

Hector H. Balderas
New Mexico State Auditor
The Board of Directors
Eastern Plains Council of Governments
Clovis, New Mexico

We were engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons of the general fund and major special revenue funds, the aggregate remaining fund information, and the combining and individual funds presented as supplemental information of Eastern Plains Council of Governments (EPCOG) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered EPCOG'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 EPCOG's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of EPCOG'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 EPCOG's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2004-1, 2004-2, 2004-3, 2004-4, 2004-5, 2004-6, 2005-1, 2005-2, 2005-3, 2005-4, 2005-5, 2005-6, 2005-7, 2005-8, and 2005-9.

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 EPCOG's internal control.

Portales: PO Box 445, 118 E. 2nd Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453
Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2005-1, 2005-2, 2005-3, 2005-4, 2005-5, and 2005-6 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether agency'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2004-2 and 2004-7.

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

This report is intended solely for the information and use of management, others within EPCOG, the audit committee, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Woodard, Cowen, & Company
December 27, 2011

Woodard, Cowen & Co.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

PRIOR YEAR FINDINGS

June 30, 2005

2004-1 – Over-expended Budget

Statement of Condition: Expenditures exceeded budget amounts for Base by \$67,599, Workforce Board Operating by \$4,412, Workforce Admin-Program by \$173, CYF-Admin by \$1, Local Community Fund by \$187, RCDI by \$2,671, Clovis Rehab 2003 by \$1,043, City of Clovis Rehab-Subcontract by \$33, RD HPG by \$1,313, Tucumcari Housing Rehab 2001-Subcontract by \$161, Tucumcari Housing Rehab 2003 by \$625, Continuum of Care-Admin by \$98, Daniels Fund by \$1,868, Shelter + Care by \$843, Enterprise by \$141,018 and San Jon Apts by \$54,479.

Recommendation: Continue to develop policies and utilization of the new MIP system to track budgets by the grant managers.

Status: Repeated and revised

2004-2 – Late filing for June 30, 2004 audit report

Statement of Condition: The audit report was received by the State Auditor's Office on February 6, 2012.

Recommendation: We recommend management continue to develop systems and personnel in order to keep records current and available for timely auditing.

Status: Repeated and Revised

2004-3 – Grant management

Statement of Condition: Internal control over grant management is weak.

Recommendations: Management should make an evaluation of controls in place, identify the weakest areas and develop controls to strengthen those areas.

Status: Repeated and revised

2004-4 – Negative Cash balances

Statement of Condition: There were instances of borrowing between funds. At year end 32 of 71 funds had cash deficits totaling \$335,867.43.

Recommendation: Review of each fund, at a minimum, on a monthly basis to ensure that the fund has not loaned or borrowed cash from another fund.

Status: Revised and repeated.

2004-5 -- Grant Funding

Statement of Condition: Grant draw-downs were not being made in a timely manner.

Recommendation: Grant managers must request draw-downs timely; therefore they need accurate accounting information regarding the cash position of the specific fund.

Status: Repeated and revised.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

PRIOR YEAR FINDINGS (continued)

June 30, 2005

2004-6 – Expenditures

Statement of Condition: There were three instances for a total amount of \$11,866.40 that was charged to the wrong fund. In some instances, the check amount should have been split between two funds, and in one instance, there was only one fund account.

Recommendation: Management needs to develop policies to verify that funds are being charged correctly.

Status: Repeated and revised.

Statement of Condition: The data collection form and reporting package was not submitted to the federal clearinghouse and federal agencies timely.

Recommendation: We recommend management continue to develop systems and personnel in order to keep records current and available for timely auditing.

Status: Repeated and revised.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

I. FINANCIAL STATEMENT FINDINGS:

2004-1 -- Over-expended Budget (Repeated and revised)

Statement of Condition: The budgets of EPCOG were not maintained to provide meaningful information for budget performance or the availability of funds for each fund or program. Because of the lack of good budgetary reporting the auditor was not able to ascertain whether budgetary compliance was maintained or whether or not spending was within any proposed budget.

Criteria: 2.2.2.10 O of the State Audit Rule sets forth rules for the presentation of budgetary comparisons.

Effect: EPCOG cannot present budgetary comparisons as required. Management of EPCOG cannot maintain budgetary control or ensure control over the overspending of funds.

Cause: EPCOG failed maintain adequate budget and financial data necessary to maintain the entities budgetary reports.

Recommendation: EPCOG management and finance staff need to develop a system of budgetary reporting, maintain budgetary data, and utilize the budgetary system to control the entities funds.

Response: Management and staff concurred. Management has changed twice since the June 30, 2005 fiscal year end and all finance staff has changed. EPCOG staff is working to rebuild the accounting and budgetary system for current operations. .

2004-2 -- Late filing for June 30, 2004 audit report (Repeated and revised)

Statement of Condition: The audit report was received by the State Auditor's Office on February 6, 2012.

Criteria: The New Mexico State Auditor's Office has issued 2.NMAC 2.2, Requirements for Contracting and Conducting Audits of Agencies, setting due dates for special purpose government audits to be in his office by December 1, 2005 and the report was due March 31, 2005 for reporting to the federal government in accordance with provisions of OMB Circular A-133.

Effect: The report was not available for the New Mexico State Auditor and other state agencies to review on a timely basis.

Cause: The accounting records of EPCOG were in complete disarray. Reconciliations were not performed on a timely basis.

Recommendation: We recommend management continue to develop systems and personnel in order to keep records current and available for timely auditing.

Response: Management understands the need for timely filing of audits and is diligently working with the new accounting system and the auditors to get back on track with timely filing.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

I. FINANCIAL STATEMENT FINDINGS: (continued)

2004-3 -- Grant management (Repeated and revised)

Statement of Condition: Internal control over grant management is weak.

Criteria: Public entities receiving Federal funds are to maintain a system of controls to ensure the proper financial reporting of federal programs and compliance with laws and grant contracts.

Cause: Staff of EPCOG was not diligent in the proper reporting of any program funds. Federal grant income seemed to be a "catch all fund".

Effect: Revenues are misclassified on the income statement. Revenues may have been recorded in the incorrect fund. EPCOG may have not drawn down the funds due to the entity thus missed out on possible revenues and funds.

Recommendations: Management and staff should develop a system where revenues are timely collected and matched to the appropriate fund and classified in the appropriate revenue source.

Response: Management and staff concur. The management and staff have identified the same issues encountered by the auditor and are building new controls over the recognition and recording of revenue.

2004-4 -- Negative Cash balances (Repeated and revised)

Statement of Condition: There were instances of borrowing between funds. At year end 32 of 71 funds had cash deficits totaling \$335,867.43.

Criteria: Unauthorized borrowing between funds typically is violation of local, state or federal statute and/or grant restrictions.

Cause: EPCOG failed to maintain the budget system, failed to reconcile cash on a regular and timely basis, and failed to make appropriate cash transfers.

Effect: Cash control was weakened. Additionally, EPCOG may have to use some of its own funds to cover negative cash balances.

Recommendation: Review of each fund, at a minimum, on a monthly basis to ensure that the fund has not loaned or borrowed cash from another fund.

Response: Management and staff concur. The new management and staff have identified the same issue and are working to design a system to timely reconcile and maintain the appropriate cash balances.

2004-5 -- Grant Funding

Statement of Condition: Grant draw-downs were not being made in a timely manner.

Criteria: Good grant management must include receipt of funds as well as disbursement.

Cause: Lack of concern to make drawdowns if there was cash in the bank account.

Effect: Many funds were over drafted at year-end which means there was borrowing monies from other funds without proper authorization.

Recommendation: Grant managers must request draw-downs timely; therefore they need accurate accounting information regarding the cash position of the specific fund.

Response: Management and staff concur. The finance staff have implemented a system in which drawdowns are made timelier and are matched to the correct program and expenditures.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

I. FINANCIAL STATEMENT FINDINGS: (continued)

2004-6 – Expenditures (Repeated and revised)

Statement of Condition: The auditor noted that there were numerous postings of expenditures to funds that should have been posted to others. Upon review of EPCOG's detailed general ledger it was noted that the problem was widespread and affected almost every active fund.

Criteria: Expenditures need to be charged to the right fund account or the expenditures will be overstated in one fund and understated in another fund.

Cause: The personnel in charge of inputting the payment information is not taking the time to double check their work, thus not being thorough in their job.

Effect: Overstating the expenditures in one fund account and understating the expenditures in another fund account. Cash balances will not be accurate for those funds. Additionally EPCOG had no control over whether an unallowable expenditure may have been charged to a federal or state program.

Recommendation: Management needs to develop policies to verify that funds are being charged correctly.

Response: Management and staff concur. As of now none of the accounting staff are still employed at EPCOG that were there at that time. Systems are being developed to review and approve the posting of expenditures to the individual funds.

2005-1 – Condition of the accounting records

Statement of condition: The accounting Records were in extremely poor condition. Reconciliation of accounts had not been performed on a timely basis if at all. Much of the supporting documentation for revenues could not be found. Very little documentation for journal entries was available. Details of capital assets, long-term debt, and the employee benefit plan were not available.

Criteria: Public entities operating with public funds and grants are required to keep accurate accounting records. Accounting records and supporting documentation should be available for audit and review.

Cause: EPCOG finance staff simply did not keep up with the task necessary to maintain the accounting records of the entity. An audit could not be performed because of the condition of the records.

Effect: An effective audit could not be performed because there is not enough substantial evidence to prove management's assertions, nor is there enough information for an auditor to make adjusting entries. Basically the entity has financial statements for the fiscal year ended June 30, 2005 that are meaningless.

Recommendation: Because of the amount of time that has passed and the fact that all the finance staff that was present during the period under audit is no longer employed, it is recommended that the current finance staff and management work to produce correct financial information for the current fiscal year. The amount of work necessary to "fix" the prior years is too great for the amount of staff and could prove too costly for EPCOG to have corrected. EPCOG should focus on the current and look to the future rather than look to the past.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

I. FINANCIAL STATEMENT FINDINGS: (continued)

2005-1 – Condition of the accounting records (continued)

Response: Management and staff concur. The finance staff has already put great effort into correcting the prior years' records and the efforts have proved fruitless. There are too many errors and so much work to be done that the current operations would suffer.

2005-2 – Cash accounts were not reconciled

Statement of condition: The bank accounts of EPCOG were not reconciled in a timely manner. Differences and reconciling items were not taken care of for timely reporting. It appeared that the bank accounts may not have been reconciled until three to four years later.

Criteria: Both state statute and the state audit rule requires reconciliation of bank accounts and correction of any reconciling items.

Cause: Bank reconciliations simply were not performed on a timely basis.

Effect: Management of EPCOG was not presented a clear picture of the cash balances of EPCOG. The information necessary to present required financial statement disclosures are not available.

Recommendation: All bank accounts should be reconciled every month. A EPCOG staff member should be assigned to perform the reconciliations as soon as the bank statements are received.

Response: Management as assigned bank reconciliation duties to a staff member who has now other cash handling duties. Bank reconciliations are being done timely now.

2005-3 – Adjustments made to fund balance accounts

Statement of condition: Numerous unsubstantiated journal entries were made to the fund balance accounts to many of the active funds. The entries had no support and affected accounts throughout the fund's trial balance.

Criteria: It is not good accounting practice to post adjustments through a fund balance account. Only substantiated prior period adjustments should be posted to fund balance.

Effect: The balance in fund balance does not roll from one fiscal year to another. Many of the entries were used to clear out payables and receivables without substantiation of the adjustment. The balance sheet does not agree to any detail ledgers and is therefore unreliable.

Recommendation: Finance staff cease the entries to fund balance.

Response: The new finance staff of EPCOG has attempted to reverse all journal entries previously posted to the fund balance accounts. However, the balance sheets still do not present fairly the financial standing for each of the fiscal years affected.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

I. FINANCIAL STATEMENT FINDINGS: (continued)

2005-4 – Accounting records not kept on the accrual basis

Statement of Condition: The accounting software for EPCOG is designed to maintain the books on an accrual basis. However, the software is not being utilized correctly. The accounts receivable and accounts payable were eliminated. Other accruals such as compensated leave were not recorded. No substantiation was available to make adjustments to restore the balances.

Criteria: The accounting records are to be maintained with generally accepted accounting principles. If not kept on an accrual basis, information should be available to make adjustments to bring the books from a cash or budget basis to accrual.

Effect: The financial statements cannot be presented on an accrual basis. The financial statements are missing accrual entries and any receivables or payables cannot be substantiated by detail subsidiary journal. The financial statements are not reliable.

Cause: The former staff did not have the competency to keep the books on an accrual basis. Prior year corrections were not made therefore correct balances were never achieved.

Recommendation: The new finance staff should reset the accounting system and reestablish the accrual basis the system is capable of. New beginning balances should be based on substantiated and reconcilable balances for the balance sheet.

Response: Management and staff concur. The accounting system is being reset with new beginning balances based on reconciled and substantiated balances.

2005-5 – Budget records

Statement of Condition: The budget records presented to the auditor were inaccurate. Either the expenditure information did not agree with the trial balance, the budget amounts were of combined fiscal years, or the revenue and expenditure amounts were unreliable.

Criteria: State statute and the state audit rule require the presentation of budget to actual reports in the audit report. Public funds are to be maintained in a budget system and over expenditures are prohibited.

Effect: EPCOG does not have reliable and complete budgetary reports to resent.

Cause: Budget information was not maintained accurately or was not maintained at all for some funds.

Recommendation: Management and staff should establish and maintain a budget system.

Response: Management and staff concur. The budget system within the software will be reestablished.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

I. FINANCIAL STATEMENT FINDINGS: (continued)

2005-6 – Lack of control structure

Statement of Condition: It appears that there was no real system to provide review for accuracy in posting and financial reporting. The communication environment really didn't provide for upward reporting of issues.

Criteria: State statute, the state audit rule, and compliance requirements of federal programs require that an adequate control structure should be maintained.

Effect: Numerous errors made it into the final trial balance of EPCOG. The errors were so numerous that EPCOG staff were unable to sort out the incorrect balances. As noted in finding 2005-3, adjustments were posted to the fund balance accounts. The ultimate result is the financial statements are not reliable.

Cause: There were no established internal controls. Staff of EPCOG did not have a reliable communication structure or means of resolving issues. Many staff were left to their own devices and did what they wanted to do.

Recommendation: Management of EPCOG needs to establish an effective internal control system and adhere to it. Such a system needs to be mindful of segregation of duties, review and approval, and a focus on accuracy of financial information.

Response: Management and staff concur. Management is already underway in establishing a system of controls and defining the chain of communication with in the entity. Management and staff are currently writing a policy manual for the accounting department.

2005-7 – Inefficient PO System

Statement of Condition: During the review of expenditures, it was noted that a purchase order did not accompany all of the expenditures. The purchase orders observed did not follow a prenumbered, controlled system.

Criteria: An effective, efficient purchase order system is essential to operating a budgetary control system required by state statute and the state audit rule.

Effect: EPCOG had no effective spending controls in place. Those controls would have provided for the availability of funds and would have determined whether expenditure was allowable prior to initiation of the expenditure.

Cause: A purchased order system was not established nor was it adhered to.

Recommendation: EPCOG should establish a prenumbered purchase order system for all purchases for all funds.

Response: Management and staff concur. The establishment of a purchase order system is already under way.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

I. FINANCIAL STATEMENT FINDINGS: (continued)

2005-8 – Gift cards from Wal-Mart and Lowes purchased for teen parent program

Statement of Condition: Gift cards from Wal-Mart ranging from \$20 to \$50 were purchased to be given to participants in the teen mother program. These cards were given to teen moms as incentives to attend and complete classes instructing them in how to care for themselves and their children. A gift card for \$2,000 was purchased from Lowes for the purpose purchasing household supplies for teen moms.

Criteria: The purchase of the gift cards circumvents the controls required by state statutes and the state audit rule. The funds affected did not include federal funds.

Effect: The purchase of gift cards circumvented the purchase controls of the entity. The cards were subject to fraud and misuse by EPCOG staff.

Cause: The staff member in charge of the teen mothers program simply purchased the cards for distribution. Management of EPCOG did nothing to get control of the gift cards and to control the distribution. The gift cards were not prohibited by the program source, as there was not program contract. The source was the United Way.

Recommendation: Gift cards are generally a bad idea and should be avoided. There should be a program contract from any program source whether it is federal, state or private.

Response: All remaining gift cards were redeemed and funds returned to the program.

2005-9 – Financial statements created by the auditor

Statement of Condition: For the fiscal year under audit, the financial statements were produced by the auditor using the trial balances produced by EPCOG staff. The staff of EPCOG did not have the competency to prepare its own financial nor was there a finance staff member who had the competency to review and approve the financial statements prepared by the auditor.

Criteria: Under SAS 112, auditors can only prepare the financial statements if the auditor is simply putting the auditee's financial information in financial statement format. However, the financial statements are still the responsibility of management and management must have staff responsible and competent enough to review and approve the financial statements.

Effect: The auditors took the trial balances of EPCOG and put the accounts in financial statement format. However, the staff responsible for the accounting information did not have the competency to review the financial statements and give meaningful approval.

Cause: EPCOG staff responsible for the financial information did not have the competency to prepare or review and approve financial statements. All finance staff of EPCOG are no longer employed as of the date of this audit report.

Recommendation: EPCOG management should put in place staff that has the competency to record and manage the financial information of EPCOG. That staff should also have the competency to either produce GAAP financial statements and/or review them.

Response: Management and staff concur. New accounting staff is already in place.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2005

III. FEDERAL PROGRAM FINDINGS

2004-7 – Data Collection Form

Statement of Condition: The data collection form and reporting package was not submitted to the federal clearinghouse and federal agencies timely.

Criteria: OMB Circular A-133.320 requires the data collection form and reporting package to be filed with the federal clearinghouse and federal agencies within 9 months after fiscal year end.

Effect: The report was not available for federal agencies to review on a timely basis.

Cause: Due to late filing of prior years' audits, fieldwork could not begin on June 30, 2004 audit until after the due date of the required information.

Recommendation: We recommend management continue to develop systems and personnel in order to keep records current and available for timely auditing.

Response: Management understands the need for timely filing of audits and is diligently working with the new accounting system and the auditors to get back on track with timely filing.

2005-10 – Time keeping records for federal programs

Statement of Condition: The time keeping records for federal programs were inconsistent and not timely for EPCOG staff. At best time keeping records for allocation were done once a quarter, but no adjustments were noted. Some instances indicate that time keeping was made to match the grant contract.

Criteria: Federal program compliance requires accurate time keeping for those who work on federal programs for the purpose of allocating expenditures.

Effect: EPCOG is at risk of inaccurate allocation of expenditures and could be out of compliance with federal programs.

Cause: Time keeping records were not maintained on regular basis. Some time allocations were recorded to match the grant contract.

Recommendation: It would be simpler for management to keep up with time worked for each payroll period. Time keeping would become a habit, employees would be mindful of their efforts, and the time keeping in federal program would be accurate.

Response: Management and staff concur. Time keeping must be kept up with anyway and will be maintained with each payroll.

STATE OF NEW MEXICO
EASTERN PLAINS COUNCIL OF GOVERNMENT

JUNE 30, 2005

OTHER DISCLOSURES

EXIT CONFERENCE

An exit conference was held on December 27, 2011. In attendance were Sandy Chancey, Executive Director; David Thompson, Finance Manager; Caleb Chandler, Executive Board Member; and Wesley Shafer, Executive Board Member. Representing Woodard, Cowen & Company was John P. McKinley, Jr., C.P.A.

FINANCIAL STATEMENT PREPARATION

These financial statements have been prepared by the auditors, Roy Woodard & Associates, Certified Public Accountants. However, the content of these financial statements remain the responsibility of Eastern Plains Council of Governments.