



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended: June 30, 2019
North Central Regional Transit District
Española, New Mexico



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**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
ESPAÑOLA, NEW MEXICO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For Fiscal Years Ended
June 30, 2019 and 2018**

**Prepared by:
Finance Department**

**Hector E. Ordonez, CPA., MBA.
Finance Director**

TABLE OF CONTENTS

INTRODUCTORY SECTION 7

- Letter of Transmittal..... 9
- Certificate of Achievement in Excellence in Financial Reporting 17
- Organizational Chart 18
- List of Principal Officials and Administrative Personnel 19
- Service Area Map20

FINANCIAL SECTION21

- Independent Auditor’s Report 23
- Management’s Discussion and Analysis27
- Basic Financial Statements 39
 - Statement of Net Position41
 - Statement of Revenues, Expenses, and Change in Fund Net Position..... 42
 - Statement of Cash Flows 43
 - Notes to the Financial Statements 45
- Required Supplementary Information 73
 - Schedule of NCRTD’s Proportionate Share of Net Pension Liability of PERA Fund Division 74
 - Schedule of NCRTD’s Contributions PERA.....75
 - Schedule of Proportionate Share of Net OPEB Liability of NMRHC Fund Division.....76
 - Schedule of NCRTD’s Contributions OPEB 77
 - Changes of Benefit Terms & Assumption and Methods.....78
- Supplementary Information.....79
 - Schedule of Revenue, Expense and Change in Fund Net Position Budget and Actual 81

STATISTICAL SECTION 83

- Financial Statistics85
- Net Position by Component 86
- Changes in Net Position 88
- Taxable Gross Receipts Tax By Business Sector 90

TABLE OF CONTENTS

STATISTICAL SECTION (continued)

Ten Largest Gross Receipt Tax Generating Communities	91
Gross Receipts Tax Revenues and Rates	92
Demographic and Economic Statistics	94
Full Time Equivalent Employees by Function	95
Ridership- NCRTD Operated Routes	96
Ridership- NCRTD Partially Funded Routes	98
Largest Employers	99
Operating Indicators.....	100
Capital Assets by Function	101
Fare Schedule	102
Funding Sources	103

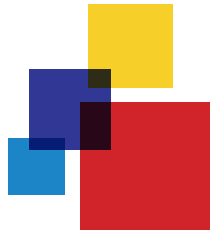
SINGLE AUDIT SECTION 107

Schedule of Expenditures of Federal Awards (SEFA)	109
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.....	110
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	112
Schedule of Findings and Questioned Costs	114
Summary Schedule of Prior Audit Findings	116
Corrective Action Plan	117

OTHER SUPPLEMENTARY INFORMATION..... 119

Schedule of Cash and Investments	121
Schedule of Pledged Collateral.....	122
Exit Conference	123

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INTRODUCTORY SECTION

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North Central Regional Transit District
 1327 N. Riverside Dr.
 Española, NM 87532
 (505) 629-4725

November 27, 2019

To the Citizens and Board of Directors of the North Central New Mexico Regional Transit District:

It is with great pleasure that we submit the North Central Regional Transit District's (NCRTD) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. New Mexico State Statute 12-6-3, NMSA 1978 and the Office of the State Auditor of New Mexico mandate that the financial affairs of the North Central Regional Transit District's (hereafter referred to as the District) and records be thoroughly examined for conformity with Generally Accepted Accounting Principles (GAAP) and are audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants in the State of New Mexico.

Federal Law also requires that a single audit be performed for federal grant funds in conformance with the provisions of the Uniform Guidance CFR 200 along with the Single Audit Act of 1984 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." All information related to the uniform guidance, including the schedule of expenditures of federal awards findings and recommendations, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are included and presented under a separate section of this CAFR.

Internal Control and Management's Responsibility

This CAFR was prepared by the District's Department of Finance and consists of management representations concerning the finances of the District; consequently management assumes full responsibility for the accuracy, reliability, completeness and fairness of the data presented in this report based upon a comprehensive framework of internal controls that were designed and established for this purpose and to protect the District's assets from loss, theft, or misuse and to compile enough statements that are in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's framework of internal controls was designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by AXIOM, CPAs and Business Advisors, LLC, a firm of licensed certified public accountants based in Albuquerque, New Mexico. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's finance statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provides a narrative introduction an analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of Transmittal is designed to complement it and readers should refer to the MD&A for a more detailed overview of how to use this report, an introduction to the District's basic financial statements and an analytical overview of the District's financial activities. The MD&A can be found immediately after the independent auditor's report in the Financial Section of the CAFR.

■ LETTER OF TRANSMITTAL

Profile of the North Central Regional Transit District (NCRTD)

NCRTD was the first Regional Transit District to be formed and certified by New Mexico's Transportation Commission in September 2004 pursuant to the 2003 Regional Transit District Act, NMSA 1978, Chapter 73, Article 25. The District began transporting passengers in October 2007 through the acquisition and consolidation of the City of Española's transit operations and Rio Arriba County's Los Valles Transit Services. The organization provides predominately fare-free bus services that connect communities and pueblos with an estimated population of 240,998 in the following counties: Los Alamos, Rio Arriba, Santa Fe and Taos. The District currently provides service on twenty-five fixed routes and three demand response routes throughout approximately 10,118 square miles, the routes reach as far north as Costilla, near the Colorado border and as far south as the Town of Edgewood, 174 miles away. Additionally, the signature Blue Buses provide riders with connections to the New Mexico Rail Runner Express, Santa Fe Trails, NMDOT Park and Ride, Los Alamos Atomic City Transit, Red River Miner's Transit and Red Apple Transit in Farmington.

Governance

NCRTD operates under a publicly appointed Board of Directors consisting of seventeen members from the counties of Los Alamos, Rio Arriba, Santa Fe, and Taos; the cities, villages and towns of Chama, Edgewood, Española, Questa, Santa Fe, Taos and Taos Ski Valley; and the pueblos of Nambé, Ohkay-Owingeh, Pojoaque, San Ildefonso, Santa Clara, and Tesuque. The Rio Metro Regional Transit District participates as an ex-officio member of the Board. The Board is responsible for, among other things, policymaking, adopting a budget, appointing committees, managing long-range planning and hiring the Executive Director. In support of the Board's activities there are three operating committees:

- Finance Committee - consists of the four county Board members and one tribal member of the Board;
- Tribal Committee - consists of the tribal members of the Board;
- Environmental Sustainability Committee - consist of seven members-at-large representing expertise in sustainability, alternative energy or the environmental fields.

Administration

The Executive Director is the chief administrative officer of the District and ensure that all policies of the board are executed, oversees daily operations and represents the District in business with other agencies. Furthermore, the Office of the Executive Director is responsible of the oversight, coordination, and strategic management of the District's resources, which also involves supervision of all departments and employees, support and assistance to the Board of Directors, legislative activities and the general public and direct oversight to the following Department and Division heads: Public Information Officer, Planning and Grants Manager, Legal Counsel, Director of Finance, Director of Human Resources, Director of Operations and Fleet and Facilities Manager.

The Finance Department is responsible for financial accounting and reporting, capital budgeting, operational budgeting, payroll and vendor disbursements, investments and cash management, revenue control, purchasing, contract administration, and risk management.

The Public Information Office Department is responsible for media relations, customer service, marketing, sales, advertising, distribution services, public information request and community outreach.

The Human Resources Department is responsible for the organization, coordination, and administration of labor and employee relations, recruitment, employee retention, job classification, compensation and benefits of personnel; and ensuring equal opportunities in the District's employment practices.

The Planning and Grants Department is responsible for oversight of strategic planning and performance, grant administration, and project management. Additionally, the department initiates studies and long-term projects designed to maintain and improve transit ridership through project viability studies, joint venture identification, and right of way, station area, and land use planning.

The Operations Department is responsible for providing timely, safe and efficient bus service on twenty-five fixed routes and three on demand services that includes a paratransit service pursuant to the requirements of the Americans with Disabilities Act (ADA), quality assurance, and service planning.

The Fleet Management Division provides management support for the maintenance of the District's bus fleet. Its primary objective is to provide adequate, safe, operable, clean, and attractive buses to meet the District's scheduled service requirements by maintaining and repairing vehicles and overseeing the District's central inventory account.

The Facilities Maintenance Division is responsible for the maintenance of all facilities, machinery, equipment, signage and shelters of the District. The division provides maintenance support services in the Española and Taos service areas.

Factors Involving Financial and Economic Impact

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment in which the District operates. The North Central Regional Transit District serves seventy communities located within four counties in North Central New Mexico, said counties have relatively stable economies dominated predominately by the tourism, recreation, government and professional scientific-management industries.

Santa Fe and Taos Counties depend heavily on year-round tourism and are known for their ski areas and other interrelated industries such as: food, lodging, arts and entertainment. Fiscal year 2019 experienced record-breaking economic impact from Tourism as Santa Fe continues to top the list as a premier year-round destination. Tourists often enjoy recreational activities related to the scenic beauty of the historical landscapes that have earned New Mexico the official nickname of the "Land of Enchantment", such as rafting, kayaking, horseback riding, camping, ghost town exploration, backpacking, mountain climbing, mountain biking, golfing, fishing and hot air ballooning. The International Balloon festival is the biggest of its kind, last year it brought 886,037 visitors to the City of Albuquerque and the surrounding areas including Santa Fe.

The Incorporated County of Los Alamos has an unusually large concentration of professional scientific, federal, state and county government employment due to the location of the National Laboratory of Los Alamos (LANL). With 11,300 employees LANL is not only the largest employer in the Incorporated County of Los Alamos but also the biggest contributor of gross receipts taxes (an estimated 75-80% Gross Receipts Tax (GRT) revenues comes from LANL). Given the substantial impact of the Lab's operations, the District continues to work closely with Los Alamos County and diligently monitoring any changes in local, state and federal legislative actions.

Lastly, Rio Arriba County relies heavily in the private, health care, retail trade, accommodation and food service sectors as they provide the greatest number of jobs and gross receipt taxes in this County. The County also has a small but strong agricultural sector that focuses on farm, forestry, fishing, and related industries. While the Health care and social assistance provide more employment than any other private sector and this sector creates higher-skilled and higher-paying jobs we believe that the industry has stabilized, therefore continuous and/or significant growth is not expected. The city of Espanola continues to experience significant growth in the retail industry that started with the opening of big-box retailers like Wal-Mart, Lowes, and national fast food restaurants.

■ LETTER OF TRANSMITTAL

Funding Sources

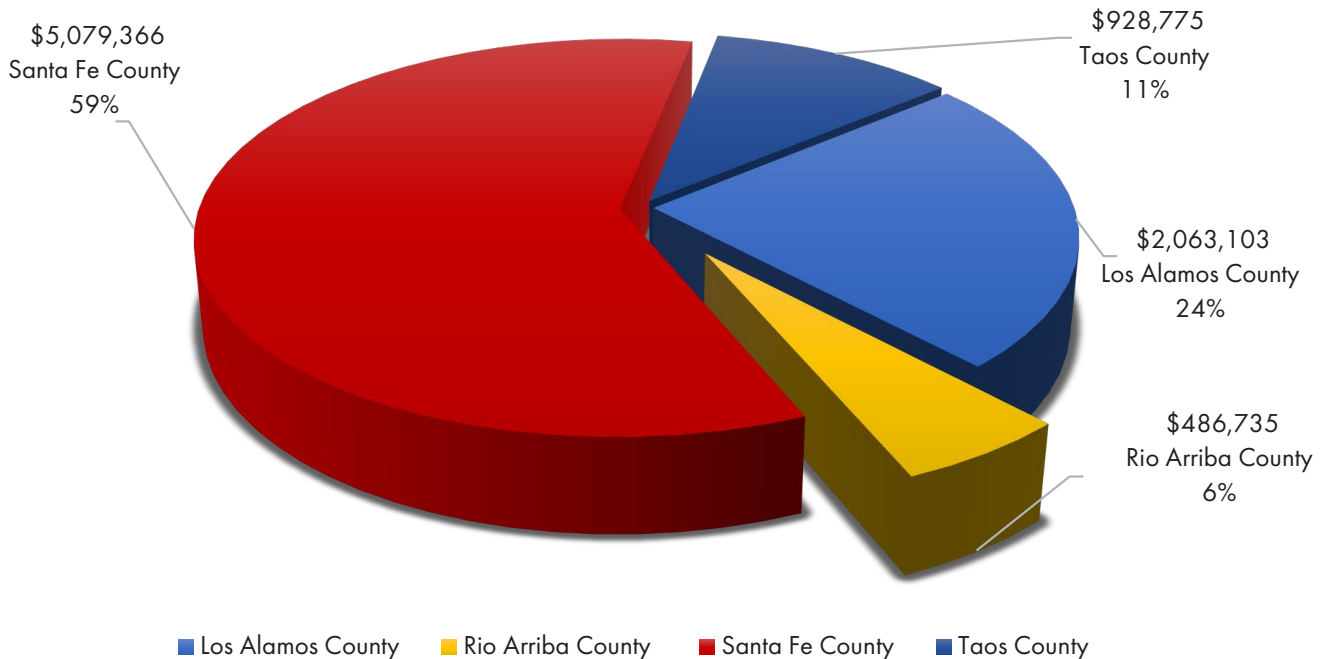
The biggest portion of the District's funding sources (69%) is derived from sales tax revenues in the form of gross receipts tax (GRT). The District started receiving a one-eighth of one percent GRT after it was approved by the four-county area voters in 2008. During 2019 we experienced a significant increase in GRT Revenue from the Santa Fe, Taos and Los Alamos counties and a slight decrease in Rio Arriba.

In 2019, the District projects that the GRT in Rio Arriba County will continue to underperform due to a fledgling economic recovery. Furthermore, continuing increases in spending by Los Alamos National Laboratory (LANL) in Los Alamos County, and Santa Fe and Taos County GRT tends to balance the uneven revenues from Rio Arriba. Last year there was a concern regarding the award of the operating contract for LANL to Triad, a non-for-profit organization, and the implications it would have on the GRT in Los Alamos County. This concern was eliminated and address and with the signing of Senate Bill 11 signed on February 28, 2019. The bill allows New Mexico to continue taxing national laboratory operators even if they have a nonprofit status.

In addition to GRT Revenue, the District relies heavily on federal grant revenue (22%) member contributions/donations (7%) and miscellaneous revenue (2%). Miscellaneous revenue is comprised of vehicles sales and dispositions, fares, investment interest, bus advertisement, etc.

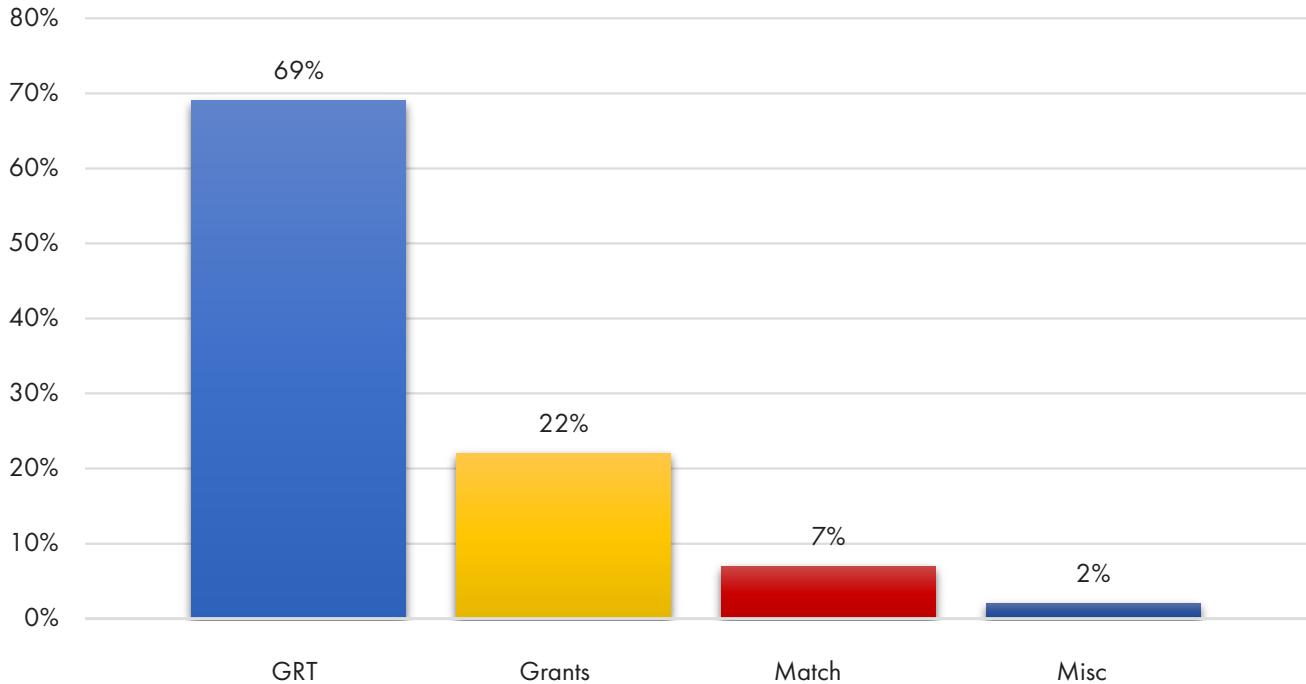
The following chart illustrates the percentage of GRT revenues received from each county:

2019 GRT Received - By County



The following chart illustrates the revenue percentages received by source:

2019 Revenues- By Source (in%)



The District contributes a portion of GRT revenues received to regional partners that provide regional services approved by the Board of Directors. The transit agencies that receive these contributions are the New Mexico Rail Runner Express, Santa Fe Trails in Santa Fe County and Atomic City Transit in the Incorporated County of Los Alamos County.

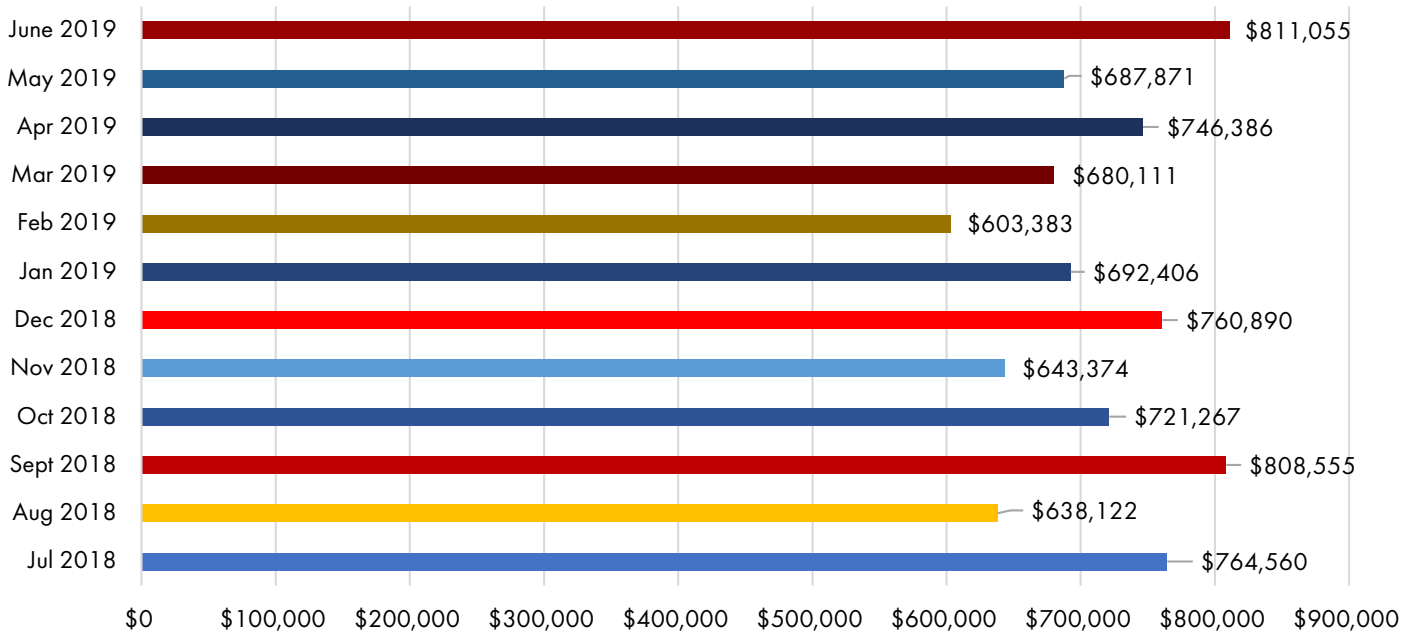
Last year, the District successfully embarked in the process of getting voters in the four-county area to remove a sunset provision related to the 2008 GRT that was going to take effect in 2023; without the removal of this provision the District would have had to significantly reduce its operations and might have even ceased to exist after January 2024. Due to the efforts of the Executive Director, Board of Directors and community partners, voters in the four County area voted to remove the sunset during the midterm elections of November 2018. This was extremely important for the District as it continues to experience increased ridership; in fact, the total number of passengers' trips amounted to 293,887 an increase of 2.6% from the year prior.

We firmly believe that investment in rural public transit remains critical because it plays a vital role in the economies in all counties and communities in which we serve. This is supported by a study conducted by the American Public Transit Association (APTA) which revealed that 87% of public transit trips directly impact the economy by connecting people to employers needing workers and to retail and entertainment venues, etc.

■ LETTER OF TRANSMITTAL

The following chart illustrates the amount of GRT revenues received throughout the fiscal year:

2019 GRT Received - By Month



Short and Long-term Transit Service Planning and Major Initiatives

To remain solvent in the current economy, the District continues to strive to incorporate financial planning in its operating and capital planning decisions which are based on the strategic initiatives contained within its Short-term Transit Service Plan, Long Range Strategic Plan, and adopted Financial Policies. The initiatives are guided by the mission statement of the District which is to provide safe, secure and effective public transportation within North Central New Mexico to enhance the quality of life of our citizens by providing mobility options and to spur economic opportunities throughout the region.

In 2014, the District completed its internal review of the Short-term Transit Service Plan which provided the organization with a roadmap for service enhancements, modifications and future routes to be added. The plan assessed existing routes and recommended modifications to improve critical timed connections by adding additional stops on existing routes and several new routes. The District plans to begin the next update to its Short-term Transit Service Plan in October, 2019.

The Long-Range Strategic Plan, which was adopted in Fiscal Year 2016, focuses on the long-term direction, the future of transit services and future funding strategies for the District, and plans for increasing services based upon reauthorization of the GRT funding for transit services. This plan was integrated into the 2020 budget process, and as a general direction of the District for the next years. The Long-Range Strategic Plan contemplated a fleet maintenance facility for in-house maintenance and repair to fulfill current and future vehicle maintenance, upkeep needs and accommodate future operations and fleet expansion.

Last year, the District was awarded \$7.1 million from multiple federal and state grants to build a new 12,000 sq. ft maintenance facility at the District's Española headquarters. The facility will be constructed to service the District's fleet of 65 active vehicles, and it include multiple bays equipped with lifts, a fueling station and a separate building to house vehicle washing bays.

The strategic plans and efforts of the District's Board of Directors and management team have helped the District maintain the financial soundness of its operations and the resiliency and flexibility of its activities which have resulted in an incredibly successful year. Highlights of significant progress made during Fiscal Year 2019 include:

- **Economic Vitality** – Due to the efforts of a dedicated management team, the District remains in a positive financial condition despite ongoing economic challenges. We have appropriately positioned ourselves for the future in being proactive and visionary by looking for additional sources of revenues and funding. Examples of these initiatives are the receipt of additional Tribal Transit Grants for the pueblos served by the District and collaborations with other entities such as the Jicarilla Apache Nation and Red Apple Transit.
- **Quality of Life** – Received and successfully secured an additional \$1 million award in Transportation Alternatives Program (TAP) funding from the Federal Highway Administration that will assist with ADA bus stop upgrades and an update of the Districts ADA Transition plan. As of FY 2020 the District has been awarded \$ 3 million from this program.
- **Quality Governance** – The District Board of Directors continued to work diligently by establishing policies that align with both our Mission and Vision Statements by enacting 36 resolutions to ensure that we continue to run in an efficient, resourceful, transparent and accountable manner. Additionally, the District continued to participate in regional planning and with regional transit partners on specific initiatives that grow transit in North Central New Mexico and New Mexico as whole.
- **Connecting Communities** – As a result of multiple request in August 2019 the District started providing contractual services in Angel Fire located in Colfax County. This agreement reinforces the District's commitment to continue improving the lives of the communities that we serve in connecting them with other counties and communities in norther New Mexico.

The District has identified and is working on the following initiatives:

- Begin the Final Design of the fleet maintenance facility building for in-house maintenance and repair;
- Apply for federal and state grants to secure financing for the District's Taos operations and maintenance facility based on the need's assessment conducted last year;
- Continue pursuing federal and state funding for regional transit improvements
- Implement technology solutions to keep track of our assets and enhance our fleet maintenance functions by acquiring an asset management software;
- Explore the acquisition of an Enterprise Resource Planning (ERP) system that supports a multi-user automated paperless workflow system, advanced project accounting and performance tracking, budgeting, multi-year contract management, grant tracking, as well as inventory and asset management;
- Continue improving the District's long-range financial projections to integrate operating needs with funding and its Long-Range Strategic Plan;
- Continue advocacy efforts with the State Legislature regarding establishment of a State Transit Fund;
- Start working with federal legislators to increase the funding of FTA's 5311 c Formula-Based program which provides funds for public transportation on Indian reservations.

■ LETTER OF TRANSMITTAL

Awards & Recognitions

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Central Regional Transit District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the third consecutive year that the District has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. It is management's intention to continue to submit this and future CAFRs to the GFOA of the United States and Canada for review under its Certificate of Achievement for Excellence in Financial Reporting Program. We believe that the current report (FY2019) continues to meet the program requirements.

In addition to the CAFR Award, the District is extremely proud that last year the District's Budget Book and Annual Report earned the recognition of the Government Finance Officers Association (GFOA) in the form of its Distinguished Budget Presentation Award and Popular Annual Financial Report Awards respectively. The North Central Regional Transit District is one of five entities in the State of New Mexico that have earned all three accolades from GFOA.

Acknowledgements

A CAFR requires the dedicated effort of many individuals working together as a team. The preparation of this report would have not been made possible without the devoted staff of the District's Finance Department. We extend our grateful recognition to all the individuals that assisted in both the preparation of this report and the processing of financial transactions throughout the fiscal year.

We also recognize AXIOM, CPAs and Business Advisers, LLP for their timely audit and expert guidance. A sincere appreciation to the Board of Directors, for their leadership and support in planning and conducting the financial operations of the District in a responsible and progressive manner; but most importantly, we express our gratitude to all the citizens of the District for their contributions, feedback, ridership, and continuous support.

Respectfully submitted,



Anthony J. Mortillaro
Executive Director



Hector E. Ordoñez, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

North Central Regional Transit District
New Mexico

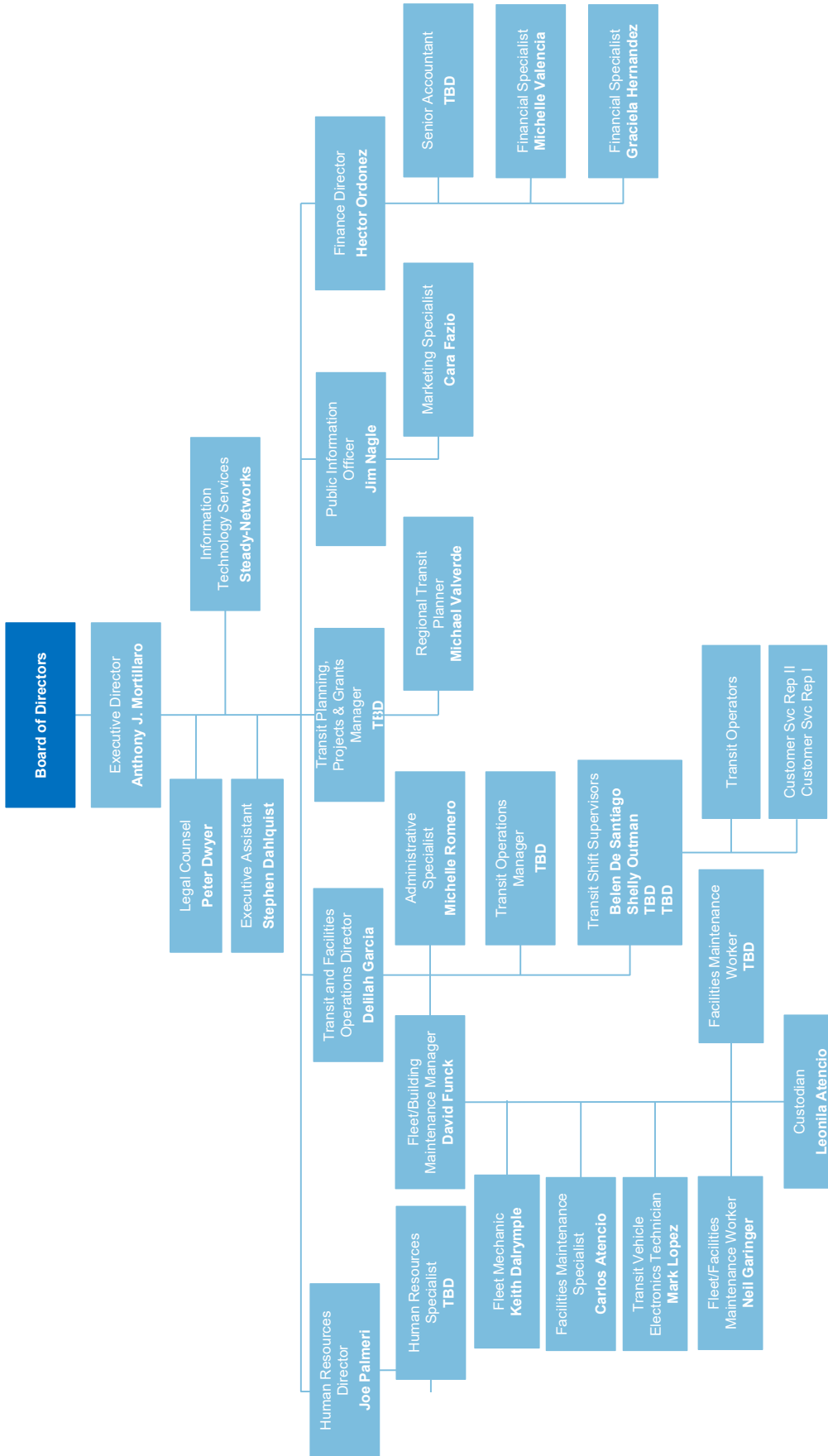
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

NCRTD ORGANIZATIONAL CHART 2019



North Central Regional Transit District

List of Principal Officials

June 30, 2019



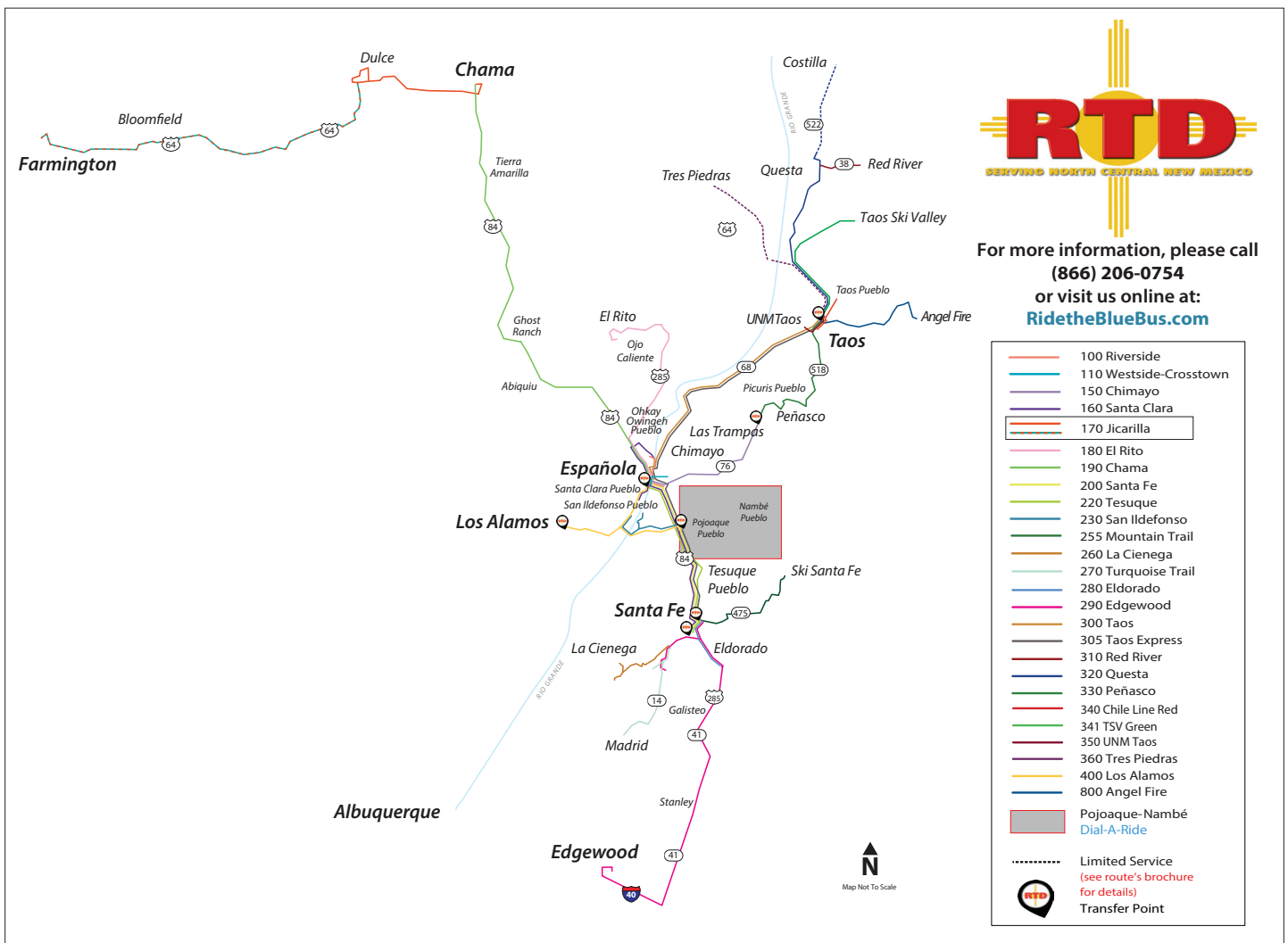
Board of Directors

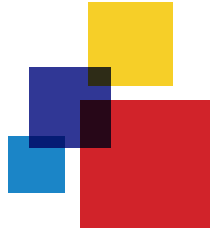
Board Member	Title	Representing
Daniel R. Barrone, Chair	Mayor	Town of Taos
Dennis Tim Salazar, Vice Chair	Councilor	City of Española
Ed Moreno, Treasurer	Commissioner	Santa Fe County
Scott Flury	Councilor	Village of Chama
Linda Holle	Councilor	Town of Edgewood
Antonio Maggiore	Councilor	Los Alamos County
Arnold Garcia	Lieutenant Governor	Nambe Pueblo
Ben Lujan	Public Works Director	Ohkay Owingeh Pueblo
TBD	TBD	Pojoaque Pueblo
Leo Jaramillo	Commissioner	Rio Arriba County
Stephen Martinez	Natural Resources Director	San Ildefonso Pueblo
Matthew Sisneros	Tribal Sheriff	Santa Clara Pueblo
Carol Romero-Wirth	Councilor	City of Santa Fe
Jim Fambro	Commissioner	Taos County
Christof Brownell	Mayor	Village of Taos Ski Valley
Charles Dorame	Former Governor	Tesuque Pueblo

Executive and Administrative Personnel

Name	Title
Anthony J. Mortillaro	Executive Director
Hector E. Ordonez	Director of Finance and Chief Procurement Officer
Michelle Valencia	Financial Specialist
Graciela Hernandez	Financial Specialist

North Central Regional Transit District Service area Map





FINANCIAL SECTION

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Independent Auditor's Report

Mr. Brian Colón
New Mexico State Auditor
and
The Board of Directors
North Central Regional Transit District

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the North Central Regional Transit District (NCRTD), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the NCRTD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCRTD's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the NCRTD as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 29-37, schedule of NCRTD's proportionate share of the net pension liability, schedule of NCRTD's proportionate share of the net OPEB liability, and schedule of NCRTD's contributions on pages 74-78, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise NCRTD's basic financial statements. The introductory section, statistical section, and accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the budgetary schedule and other schedules as required by the 2.2.2 NMAC, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the budgetary schedule and other schedules as required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the budgetary schedule and other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 2019, on our consideration of the NCRTD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 in considering NCRTD's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 27, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS



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Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the District's financial performance and activity for the fiscal year ended June 30, 2019. The following discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto.

This MD&A was prepared by the Finance Department and it's based on the known facts, decisions, and conditions that existed as of November 27, 2019 (the date of the independent auditor's report). The information contained within the MD&A, as with other sections of the financial report, should only be considered as part of a greater whole. The reader of this MD&A should take the time to read and evaluate all sections of this report, including the notes to financial statements and other supplementary information provided. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

Fiscal Year 2019 Financial Highlights

- The District's total assets/deferred outflows of resources as of June 30, 2019, decreased by \$186,948 or 0.86% from \$21,810,481 in FY2018 to \$21,623,533 in FY2019.
- The District's total liabilities/deferred inflows of resources at June 30, 2019, increased by \$99,046 or 1.05% from \$9,432,047 to \$9,531,093.
- The District had a decrease of 83.31% in accounts payable, total payables for FY2019 were \$175,515 as compared \$1,051,485 during FY2018. The \$875,970 decrease is related to the accrual of 8 buses in FY2018.
- The District had a decrease of 13.30% in accounts receivable, overall receivables were \$1,849,208 as compared to FY2018 overall receivables of \$2,205,767. The \$356,559 decrease is related to two months of gross receipts tax expected from the four counties in FY2018. The District was not expecting more than one of GRT from those counties in FY2019.
- The net position of the District (assets/deferred outflows of resources less liabilities/deferred inflows of resources) at June 30, 2019, decreased 2.31% or \$285,994 from \$12,378,434 in FY2018 to \$12,092,440 in FY2019.
- At June 30, 2019, total net position of \$3,508,953 was unrestricted. This is an increase of \$240,357 from FY2018's unrestricted net position of \$3,268,596.
- The investment in capital assets for FY 2019 was \$8,583,487, a decrease of 5.78% or \$526,351 from 2018's \$9,109,838. The decrease is due to the purchase of additional replacement buses, commuter vehicles, and the completion of the bus shelter (ADA Compliance) TAP program in FY2018.
- Total operating and non-operating revenues increased 5.41%, from \$6,961,280 in FY2018 to \$7,337,625 during FY2019, a difference of \$376,345.
- The District experienced a significant increase in gross receipt taxes, the \$494,877 increase (GRT Revenue went from \$8,063,102 in FY2018 to \$8,557,979 in FY2019) is a reflection of a stable economy in the four counties that we serve and continuous increase in tourism in the city of Santa Fe and Santa Fe County.

■ MANAGEMENT’S DISCUSSION AND ANALYSIS

The Financial Statements

These financial statements consist of three sections: Financial, Single Audit, and Other Supplementary Information. The financial section includes the Independent Auditor’s Report, Management’s Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information, and individual Supplemental Schedules to clarify the Financial Statements.

The Single Audit Section is required under the provisions of the Uniform Guidance and the U.S. Office of Management and Budget Super Circular, Audits of State, Local Governments and Non-profit Organizations. It also includes the auditor’s reports on compliance and internal controls, compliance findings for the current and previous audits, and if applicable, management plans to rectify future findings.

The Other Supplementary information section includes schedules and reports that are required specifically in the State of New Mexico by the Office of the State Auditor to ensure the District’s compliance with state statutes and regulations applicable to special districts of New Mexico.

Financial Section Overview

This management discussion and analysis, preceded by the Independent Auditor’s Report, is intended to serve as an introduction to the Financial Section of the financial statements. It is followed by three additional parts – the basic financial statements, required supplementary information, and individual schedules.

The Independent Auditor’s Report reflects the results of the external audit. The auditor expresses an opinion on whether the financial statements have been presented in conformity with Generally Accepted Accounting Principles (GAAP). The basic financial statements of the District are comprised of two components: (1) the financial statements and (2) notes to the financial statements. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The District is structured as a single enterprise fund with revenues recognized when earned and measurable, not when they are received. Expenses are recognized when they are incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. Land is capitalized but is not depreciated.

The required supplementary information includes discussion and analysis of the “Schedule of the District’s Proportionate Share of the Net Pension Liability of the New Mexico Public Employee Retirement Association (PERA) System.

Financial Statements

The financial statements report information about the District using accounting methods similar to those found in the private sector. They also report the District’s net position and changes occurred during the fiscal year. These statements provide both short and long-term information about the District’s overall financial status.

The financial statements, as listed in the Table of Contents, presented by the District are:

1. The Statement of Net Position
2. The Statement of Revenues, Expenses, and the Changes in Net Position
3. The Statement of Cash Flows

The Statement of Net Position presents information on all the District's assets and deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the categories reported as net position. Net position is the residual amount remaining after liabilities and deferred inflows are deducted from the balance of assets and deferred outflows and provides a measure of the District's financial health or financial condition. Typically, net position increases when revenues exceed expenses, however, increases in assets and deferred outflows of resources without a corresponding increase to liabilities and deferred inflows of resources result in increased net position, which indicates improved financial position. Over time, changes in net position may serve as an indicator of whether the District's financial condition is improving or declining. Other non-financial factors will also need to be considered, such as changes in the gross receipt tax base and the condition of the District's facilities and vehicles.

The Statement of Revenue, Expenses and Change in Net Position presents information using the accrual basis of accounting and shows how the District's net position changed during the fiscal year. Under this basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows. The Statement of Revenue, Expenses and Change in Net Position presents operating revenues before operating expenses, with non-operating revenues (expenses) presented after. This emphasizes that the government's revenues are generated for the express purpose of providing services. In addition, these statements list grant revenues received from federal, state, and local governments.

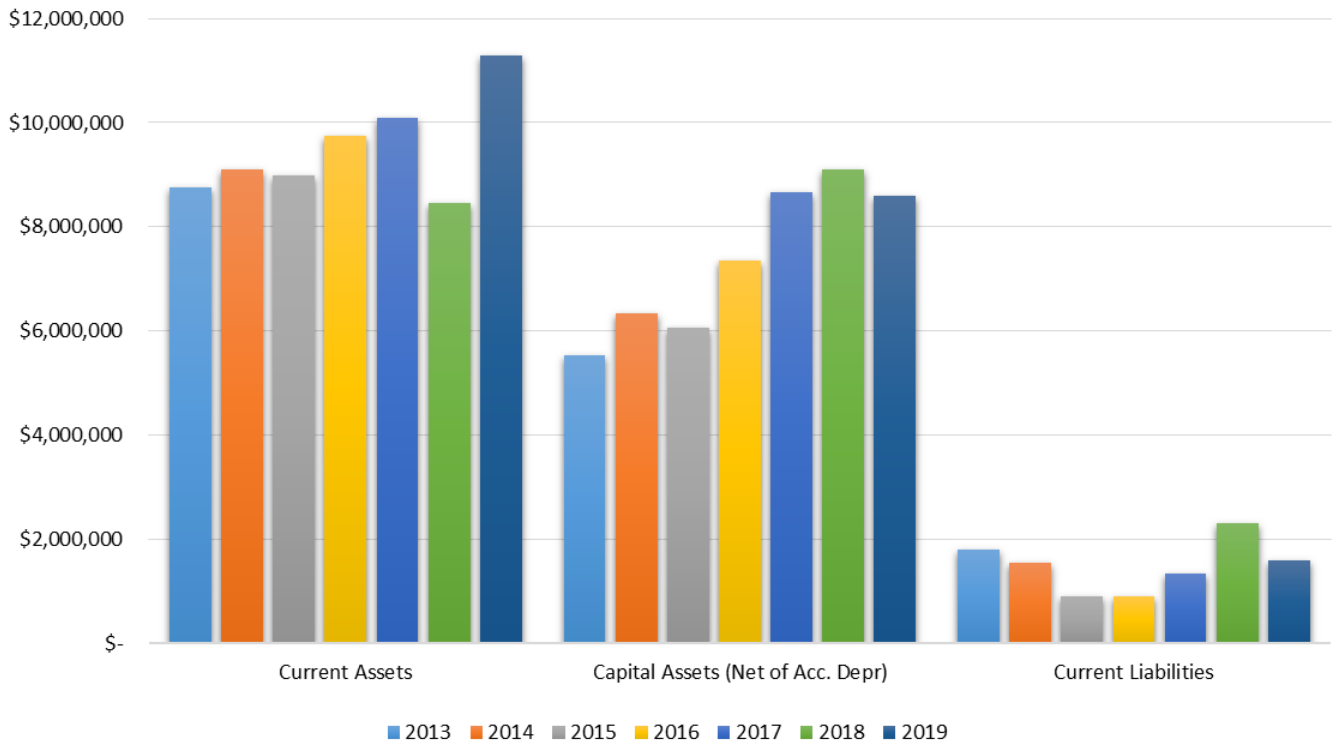
The Statement of Cash Flows allows financial statement users to assess the District's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories:

1. Cash flows from operating activities
2. Cash flows from non-capital financing activities
3. Cash flows from capital and related financing activities
4. Cash flows from investing activities

The notes to the financial statements, as listed in the Table of Contents, provide additional information essential to fully understand the data provided in the financial statements.

■ MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Summary of Current & Capital Assets and Current Liabilities



	2019	2018	Increase (Decrease)	
			Amount	%
Assets				
Current assets	\$ 11,297,366	\$ 8,452,905	\$ 2,844,461	33.65%
Non-current assets	-	2,674,188	(2,674,188)	-100.00%
Capital assets not being depreciated	1,927,550	1,564,455	363,095	23.21%
Capital assets, net of depreciation	6,655,937	7,545,383	(889,446)	-11.79%
Total assets	19,880,853	20,236,931	(356,078)	-1.76%
Deferred outflows of resources	1,742,680	1,573,550	169,130	10.75%
Total assets and deferred outflows of resources	21,623,533	21,810,482	(186,949)	-0.86%
Liabilities				
Long-Term Obligations	7,143,700	6,318,222	825,478	13.07%
Other liabilities	1,583,361	2,313,791	(730,430)	-31.57%
Total liabilities	8,727,061	8,632,013	95,048	1.10%
Deferred inflows of resources	804,032	800,034	3,998	0.50%
Total liabilities and deferred inflows of resources	9,531,093	9,432,047	99,046	1.05%
Net Position				
Net investment in capital assets	8,583,487	9,109,838	(526,351)	-5.78%
Unrestricted	3,508,953	3,268,596	240,357	7.35%
Total net position	\$ 12,092,440	\$ 12,378,434	\$ (285,994)	-2.31%

Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows

Assets – The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,092,440 as of June 30, 2019, which is a \$285,994 decrease from the year ended June 30, 2018.

The largest increase in the asset section comes from non-current assets, the change is the result of a change in investment strategy. Prior to 2018, the District didn't invest in instruments with maturity dates longer than 12 months. Therefore, all investments were classified in the 'current assets' section. Due to a significant increase in interest rates on instruments with maturities longer than 12 months (18 to 24 months), the District decided to pursue a different strategy in order to take advantage of higher interest rates and maximize interest revenue. The investment portfolio's average rate of return in fiscal year 2018 was .88% vs 1.74% in FY2019. The average maturity in months for FY2018 was 9 months vs. 18.43 months in FY2019.

Capital Assets – The largest portion of the District's net position reflects significant investment in capital assets, (buses, shelters, and operating facilities), net of accumulated depreciation. These capital assets are used by the District to provide public transportation services for the citizens in 70 communities in Santa Fe, Los Alamos, Rio Arriba, and Taos counties. During 2019, costs associated with acquisition of assets totaled \$337,575. Major projects included the following:

- Bus equipment for buses purchased in fiscal year 2018
- Purchase of 2 Commuter Vehicles
- Purchase of Camera Roadrunner HD System
- Purchase of 8 vehicle equipment

Readers desiring more detailed information on the District's capital assets related activities should read Note 8 – Capital Assets, which is included in the notes to the financial statements (page 59).

Change in Net Position

Net Position consist of three key areas, investment in capital assets, unrestricted, and restricted.

Investment in Capital Assets – Represents the total investment in capital assets by the District less the reduction of accumulated depreciation

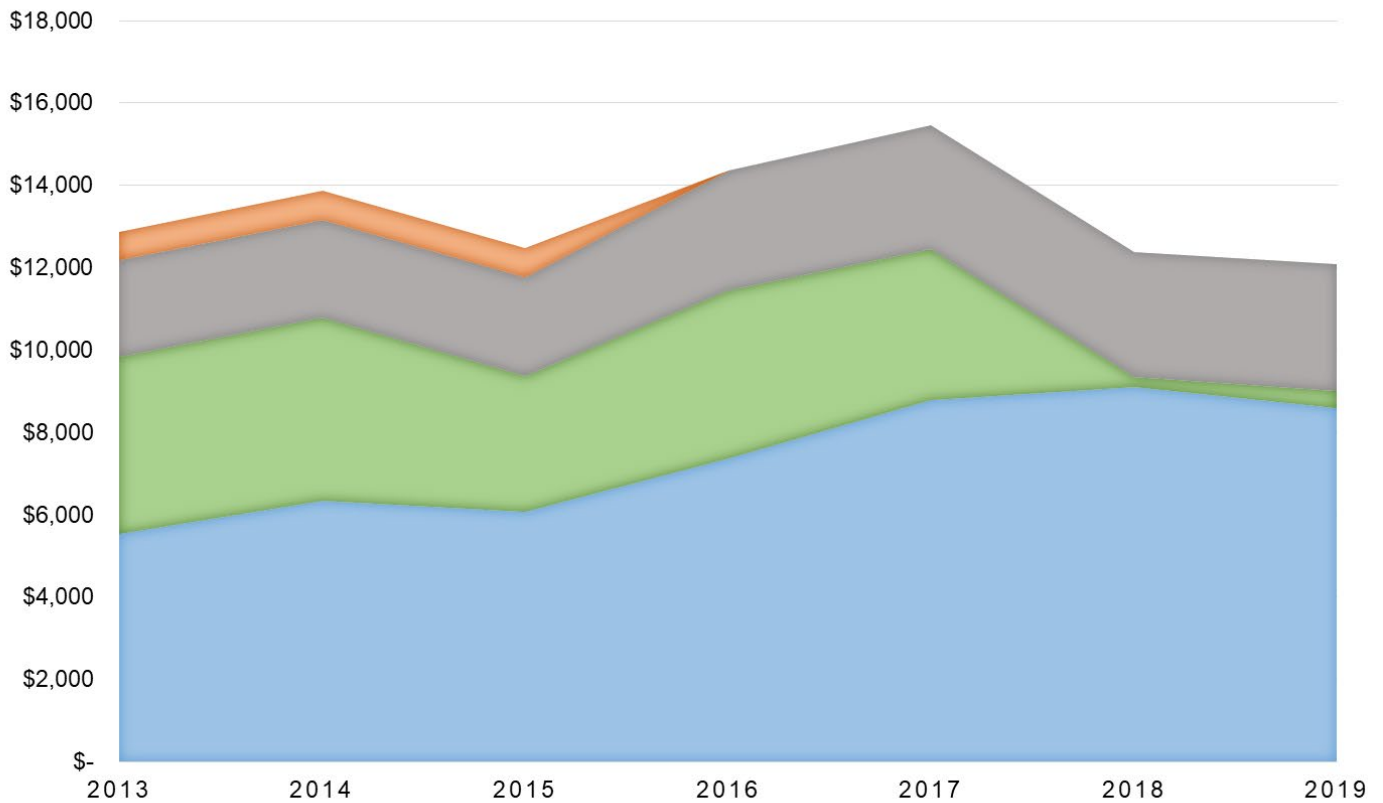
Unrestricted – Represents the remaining balance of assets (excluding capital assets) less liabilities of the District and further restricted balances. The District further designates the unrestricted net position in Note 12 of the notes to the financial statements:

- Designated – Represents the Board's commitment through financial policies to always hold 25% of revenues as unobligated cash for financial stability of the District.
- Undesignated – Represents the remaining balance of unrestricted net position for future budget needs of the District in accordance with existing policy of the use of fund balance.

Restricted – Represents the Board's contractual commitments to any other local governing bodies, districts, or organization. The County does not have any restricted fund as of June 30, 2019.

■ MANAGEMENT'S DISCUSSION AND ANALYSIS

NET POSITION OVER TIME (IN THOUSANDS)



	2013	2014	2015	2016	2017	2018	2019
Investment in Capital Assets	\$ 5,539,060	\$ 6,338,336	\$ 6,068,352	\$ 7,360,990	\$ 8,657,608	\$ 9,109,838	\$ 8,583,487
Unrestricted - Undesignated	4,299,345	4,445,294	3,300,960	4,087,481	3,657,433	249,888	416,321
Unrestricted - Designated	2,338,178	2,380,518	2,401,743	2,921,037	3,003,532	3,018,708	3,092,632
Restricted	700,000	700,000	700,000	-	-	-	-
Total	\$ 12,876,583	\$ 13,864,148	\$ 12,471,055	\$ 14,369,508	\$ 15,318,573	\$ 12,378,434	\$ 12,092,440

Summary of Revenues, Expenses and Net Position

	2019	2018	Increase (Decrease)	
			Amount	%
Operating revenues				
Charges for Services	\$ 141,090	\$ 85,779	\$ 55,311	64.48%
Non Operating revenues by major source				
Grants and local match	3,532,473	3,674,611	(142,138)	-3.87%
Gross receipts and other taxes	8,557,979	8,063,102	494,877	6.14%
Investment and interest	104,751	34,652	70,099	202.29%
Capital Contributions	-	-	-	0.00%
Miscellaneous	34,235	16,837	17,398	103.33%
Total revenues	12,370,528	11,874,981	495,547	4.17%
Operating expenses				
Employee Salaries and Benefits	4,695,203	4,396,492	298,711	6.79%
Professional Services	386,542	281,110	105,432	37.51%
Training and licenses	50,878	84,300	(33,422)	-39.65%
Insurance and utilities	316,115	318,912	(2,797)	-0.88%
Materials and supplies	6,162	6,784	(622)	-9.17%
Transit	38,601	47,430	(8,829)	-18.61%
Equipment, repairs and maint	953,852	930,932	22,920	2.46%
Other	121,012	25,427	95,585	375.92%
Depreciation	1,055,254	981,880	73,374	7.47%
Non Operating expenses				
Contributions	5,032,903	4,913,701	119,202	2.43%
Disposal of assets	-	-	-	-
Total expenses	12,656,522	11,986,968	669,554	5.59%
Change in net Position	(285,994)	(111,987)	(174,007)	155.38%
Net position - beginning	12,378,434	12,490,421	(111,987)	-0.90%
Net Position - ending	\$ 12,092,440	\$ 12,378,434	\$ (285,994)	-2.31%

Revenues

Total revenues increased \$495,547 or 4.17 %, from \$11,874,981 in FY2018 to 12,370,528 in FY2019. Increases (decreases) are described below:

- Charges for Services (program revenue) – Farebox receipts, demand fares, insurance proceeds, investment and interest revenues, disposal of assets, and other program specific revenues are included in this categories. Charges for services revenue for the year ended June 30, 2019 increased by \$55,311 or 64.48% compared with year ended June 30, 2018. This increase is attributed to significantly more insurance proceeds and Mountail Trail Fares received in FY2019 when compared to FY2018. The increase in insurance proceeds was \$32,849 and Santa Fe Mountail Trail's fares increased by \$21,073.

■ MANAGEMENT'S DISCUSSION AND ANALYSIS

- **State/Local Grants and Reimbursements** – The District's service area encompasses the eight northern pueblos of New Mexico and the Jicarilla Apache Nation. Five of the them receive tribal transit funds from the Federal Transit Administration (FTA) 5311(c) Program. The District serves as their operator for these routes. These pueblos remit all funds collected for public transit from the FTA to the District to fully or partially fund the routes that serve their pueblos. This category also includes state legislature bills passed yearly to cover capital bus purchases for the District. In the year ended June 30, 2018, the District only received \$40,952 in contributions from the pueblos, this is a increase of \$368,909 from the year ended June 30, 2018. The District was able to close out two significant grants in FY2019. State Capital Outlay for bus purchases and other uses is still sporadic and undependable due to the State of New Mexico's budget shortfalls; no capital outlay funds were allocated for FY2019.
- **Federal Grants and Reimbursements** – The District receives administrative, operational, and capital reimbursement funds from the New Mexico Department of Transportation, the administrator of 5311 Rural Transit funds received from the FTA. These reimbursements typically cover a portion of salary and maintenance costs of certain routes. Most of our current bus fleet has been acquired with federal funds, along with our intelligent transit system software. For the years ended June 30, 2019, the District received \$2,663,936 as compared to the year ended June 30, 2018 which received \$3,149,703. The difference of \$484,767 is attributed to expenditures related to the NMDOT grant.
- **Gross Receipts and Other Taxes** – Gross Receipts Taxes comes from a dedicated 1/8th cent tax, levied in all four counties we serve. Gross receipt and other tax revenue accounted for 69.2% of the District's revenue for year ended June 30, 2019. Revenue received from gross receipt and other taxes increased \$494,877 (6.14%).

Expenses

- Total expenses increased \$495,547 or 4.17%, from \$11,874,981 in FY2018 to \$12,370,528 in FY2019. Some expense categories had increases, while other expense categories such as professional services had decreases. The most impactful increases are described below:
- **Personnel Services** – The personnel and related costs increased by \$154,936 (3.52%) in the year ended June 30, 2019, compared to that of the year ended June 30, 2018. This increase relates to a slight increase of personnel (2 FTE's).
- **Insurance Expense** – The costs in this category increased by \$7,280 (3.17%) in the year ended June 30, 2019, compared to the year ended June 30, 2018. This was due to a slight increase of equipment purchases. Insurance cost for equipment can also fluctuate from year to year depending on needs and circumstances.
- **Depreciation** – The costs in this category increased by \$73,374 or 7.47% in the year ended June 30, 2019, compared to the year ended June 30, 2018. The increase is due to the arrival of two (2) vehicles that were put into service in FY2019 as well equipment purchased for many of the new buses purchased in FY2018.

Capital Assets and Long-Term Debt

The District's investment in capital assets as of June 30, 2019, amounts to \$8,583,487 (net of accumulated depreciation). This investment in capital assets includes land, buildings, buses, other vehicles, and equipment and fixtures over \$5,000. The District has no debt, but the State of New Mexico is reflected as a lien holder for all assets that were acquired with federal grants administered by New Mexico Department of Transportation; liens are released when the assets reach their FTA recommended useful lives.

The District has not issued short or long-term debt to pay for any of the District's assets or operations since the District started in 2004.

For readers desiring additional detail information on capital asset activity please refer to Note 2G – Capital Assets on pages 49 and 50 in the Notes to the Financial Statements Section of this book.

Economic Factors

Gross Receipt Taxes have historically been a stable source of income over time and this past year generated 69.2% of the District's overall revenue for 2019. For the past ten years, the District has seen a slight decline in GRT revenues ranging from 3-5% annually until FY2014 when we saw the first increase of 1.0% and FY2015 saw another increase of 7.1%. However, GRT received FY2019 increased by 6.13% this was mainly due to a significant increase in tourism in Santa Fe County.

The District implemented a five-year transit service plan in FY2015 modifying services in its 10,079-square mile service area. The District's operational changes resulted in service level adjustments, which impacted ridership and route coverage. These changes can affect our federal grant revenue positively or negatively and must be monitored over time.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Hector E. Ordonez, Finance Director, North Central Regional Transit District, 1327 N. Riverside Drive, Española, NM 87532, telephone 505.629.4701, or by visiting the District's website at www.ncrtd.org/comprehensive-annual-financial-report-cafr-.aspx.

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BASIC FINANCIAL STATEMENTS



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NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Statements of Net Position - Proprietary Fund
June 30, 2019 with Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current		
Cash and cash equivalents	\$ 2,592,236	2,107,629
Investments - current portion	5,289,739	2,512,440
Receivables	1,849,208	2,205,767
Due from other governments	1,538,183	1,598,874
Prepaid expenses	28,000	28,195
Total current assets	<u>11,297,366</u>	<u>8,452,905</u>
Noncurrent		
Investments - noncurrent portion	-	2,673,658
Other assets	-	530
Land and construction in progress	1,927,550	1,564,455
Capital assets, net of accumulated depreciation	6,655,937	7,545,383
Total noncurrent assets	<u>8,583,487</u>	<u>11,784,026</u>
Total assets	<u>19,880,853</u>	<u>20,236,931</u>
Deferred outflows of resources		
Pension related	1,535,209	1,523,587
OPEB related	207,471	49,963
Total deferred outflows of resources	<u>1,742,680</u>	<u>1,573,550</u>
Total assets and deferred outflows of resources	<u>\$ 21,623,533</u>	<u>21,810,481</u>
LIABILITIES		
Current		
Accounts payable	\$ 175,515	1,051,485
Due to other governments	1,195,400	1,013,192
Accrued wages	155,465	184,786
Compensated absences - current portion	55,652	64,094
Other accrued liabilities	1,329	234
Total current liabilities	<u>1,583,361</u>	<u>2,313,791</u>
Noncurrent		
Compensated absences - noncurrent portion	103,354	119,033
Net pension liability	4,496,124	3,701,784
Net OPEB liability	2,544,222	2,497,405
Total noncurrent liabilities	<u>7,143,700</u>	<u>6,318,222</u>
Total liabilities	<u>8,727,061</u>	<u>8,632,013</u>
Deferred inflows of resources		
Deferred revenues	2,522	2,522
Pension related	144,130	229,109
OPEB related	657,380	568,403
Total deferred inflows of resources	<u>804,032</u>	<u>800,034</u>
Net Position		
Net investment in capital assets	8,583,487	9,109,838
Unrestricted	3,508,953	3,268,596
Total net position	<u>12,092,440</u>	<u>12,378,434</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 21,623,533</u>	<u>21,810,481</u>

See the accompanying notes to the financial statements.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Statement of Revenue, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2019 with Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services (program revenues)	\$ 141,090	85,779
Total operating revenues	<u>141,090</u>	<u>85,779</u>
OPERATING EXPENSES		
Personnel Services	2,920,141	2,861,463
Salaries and wages	200,294	186,170
Payroll taxes	1,574,768	1,348,859
Employee benefits	4,695,203	4,396,492
Total personnel services		
Other operating expense		
Advertising	109,651	86,928
Dues, licenses, and fees	11,411	21,872
Equipment expense	138,923	131,051
Insurance	237,135	229,855
Travel, meetings, lodging, and per diem	25,186	35,046
Occupancy and utilities	38,343	46,130
Office supplies, postage, and photocopies	33,002	47,430
Penalties and interest	113	-
Professional services	276,778	194,182
Repairs and maintenance	25,358	36,284
Telephone and internet	40,637	42,927
Training	14,281	27,382
Transit expenses	6,162	6,784
Uniforms	3,954	7,466
Vehicle repair and maintenance	785,617	756,131
Miscellaneous expenses	126,611	25,427
Depreciation	1,055,254	981,880
Total other operating expenses	<u>2,928,416</u>	<u>2,676,775</u>
Total operating expenses	<u>7,623,619</u>	<u>7,073,267</u>
Operating income (loss)	<u>(7,482,529)</u>	<u>(6,987,488)</u>
NONOPERATING REVENUE (EXPENSES)		
Federal grants	2,663,936	3,149,703
Tribal and state grants	386,395	40,952
State capital outlay appropriation	-	-
Member local match	482,142	483,956
Gross receipts and other taxes	8,557,979	8,063,102
Gross receipts contributions made to other transit agencies	(5,032,903)	(4,913,701)
Advertising sales	17,235	15,862
Other revenue	17,000	975
Investment income	104,751	34,652
Total nonoperating revenue (expenses)	<u>7,196,535</u>	<u>6,875,501</u>
Change in net position	<u>(285,994)</u>	<u>(111,987)</u>
Net position - beginning as previously reported	12,378,434	15,456,944
Restatement	-	(2,966,523)
Net position - beginning as restated	<u>12,378,434</u>	<u>12,490,421</u>
Net position - ending	<u>\$ 12,092,440</u>	<u>12,378,434</u>

See the accompanying notes to the financial statements.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Statements of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2019 with Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash received from customers (charges for services)	\$ 559,065	(824,568)
Cash paid to employees (personnel services)	(4,072,620)	(3,896,306)
Cash paid to suppliers (other operating expenses)	<u>(2,565,829)</u>	<u>(750,610)</u>
Net cash provided by (used for) operating activities	(6,079,384)	(5,471,484)
Cash Flows from Noncapital Financing Activities:		
Cash received from grants and agreements	3,566,708	3,691,448
Cash received from gross receipts and other taxes	8,557,979	8,063,102
Cash contributed to other entities from gross receipts taxes	<u>(5,032,903)</u>	<u>(4,913,701)</u>
Net cash provided by (used for) noncapital financing activities	<u>7,091,784</u>	<u>6,840,849</u>
Cash Flows from Capital and Related Financing Activities:		
Cash paid for acquisition of capital assets	(528,903)	(1,295,739)
Cash received from sale of capital assets	<u>-</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(528,903)</u>	<u>(1,295,739)</u>
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	1,705,000	1,020,099
Purchase of investments	(1,808,641)	(773,792)
Investment income	<u>104,751</u>	<u>34,652</u>
Net cash provided by (used for) investing activities	<u>1,110</u>	<u>280,959</u>
Net increase (decrease) in cash and cash equivalents	484,607	354,585
Cash and cash equivalents, beginning of year	<u>2,107,629</u>	<u>1,753,044</u>
Cash and cash equivalents, end of year	<u>\$ 2,592,236</u>	<u>2,107,629</u>
Reconciliation of operating gain/(loss) to net cash provided by (used for) by operating activities		
Operating income/(loss)	\$ (7,482,529)	(6,987,488)
Adjustments to reconcile operating income/(loss) in net position to cash provided by operating activities:		
Depreciation expense	1,055,254	981,880
(Gain)/loss on disposal of assets	-	-
Change in assets and liabilities:		
Other Liabilities	1,095	(457)
Due to Others	182,208	332,951
Other assets	-	-
Accounts receivable	417,975	(910,347)
Prepaid expenses	-	-
Accounts payables	(875,970)	611,791
Accrued wages	(29,321)	34,007
Compensated absences	(24,121)	33,212
Pension/OPEB and related accounts	676,025	432,967
Net cash provided by (used for) operating activities	<u>\$ (6,079,384)</u>	<u>(5,471,484)</u>

See the accompanying notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS



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NOTE 1. NATURE OF OPERATIONS

Purpose – The North Central Regional Transit District (NCRTD) was established in September 2004, and operations of the NCRTD commenced in May 2005. The purpose of the NCRTD is to:

- A. Serve the public by providing for the creation of regional networks of safe and efficient public transit services;
- B. Allow multi-jurisdictional public transit systems to reduce the congestion of single-occupant motor vehicle traffic by providing transportation options for residents;
- C. Decrease automobile accidents by reducing traffic congestion on freeways and streets;
- D. Reduce noise and air pollution produced by motor vehicles.
- E. Prolong and extend the life of New Mexico’s existing roadways by easing the traffic burden;
- F. Provide residents with a choice of transportation alternatives so that seniors, youth, low-income and mobility-impaired residents and others unable to drive or afford motor vehicles continue to have full access to the goods, services, jobs and activities of the community;
- G. Improve the New Mexico economy by increasing workforce and citizen access to education and higher paying jobs; and
- H. Prolong and extend petroleum resources.

Membership – The NCRTD is a membership organization that is open to governmental units, which means the State of New Mexico, Counties, Municipalities of New Mexico, Indian Nations, Tribes, and or Pueblos located within the boundaries of Los Alamos, Rio Arriba and Santa Fe Counties in New Mexico may join. Members may be added or deleted pursuant to Article VIII of the NCRTD’s bylaws and State Statute Section 73-25-17.

The Board is composed of one Director from each participating member of the NCRTD. A Director shall be an elected official or official designee, Tribal Governor or Tribal Council Member. The Director shall hold office until removed by the appointing member governmental unit or until the Director no longer holds elective office in the governing body of the appointing governmental unit or until the Director submits written resignation to the Chairman of the Board. Directors shall not serve a term longer than four years unless re-appointed by their Member governing body.

Reporting Entity – The financial statements of the NCRTD encompass the activities of the NCRTD and any applicable component units.

In evaluating how to define the NCRTD, 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) Statement No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS (CONTINUED)

The most significant criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise financial dependency, 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. 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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, there were no component units identified as needing to be disclosed or presented as part of the reporting entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

A – Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The NCRTD's activities are reported as business-type activities. As a result, the financial statements are comprised solely of proprietary fund financial statements. Proprietary statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the NCRTD are user fees generated from transportation services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

B – Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C – Advertising**

The NCRTD expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

D – Net Position

The proprietary fund financial statements utilize a net position presentation. Net position is categorized in the following three categories: investment in capital assets (net of related debt), restricted and unrestricted.

1. Investment in capital assets (net of related debt) – Is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The NCRTD did not have any related debt during the year ended June 30, 2019.
2. Restricted net position – Consist of net position with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation or federal law.
3. Unrestricted net position – Consist of assets, deferred outflows, less liabilities, deferred inflows, net investment in capital assets and any restricted and designated net position have been subtracted.

It is the NCRTD's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

E – Prior Year Comparative Totals

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the NCRTD's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

F – Cash and Cash Equivalents

For purposes of the statement of cash flows, the NCRTD considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G – Capital Assets

Capital assets are defined by the NCRTD as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the NCRTD during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G – Capital Assets (continued)

Property and equipment of the NCRTD are depreciated using the straight line method over the following estimated useful lives:

<u>Classification</u>	<u>Estimated Useful Life</u>
Land	Perpetuity
Buildings and improvements	20-40 years
Leasehold improvements	20 years
Vehicles	5-7 years
Vehicles component and related equipment	7-10 years
Office and maintenance	5-7 years
Bus shelters and shelter improvements	20 years

H – Donated Capital Assets

Donations of capital assets are recorded as support at their acquisition value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash must be used to acquire property and equipment and are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the NCRTD reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The NCRTD reclassifies restricted net position to unrestricted net position at that time. During the years ended June 30, 2019 and 2018, respectively, the NCRTD did not receive any contributed capital assets.

I – Compensated Absences

The NCRTD's policy permits employees to accumulate earned but unused vacation, compensatory hours, and sick pay benefits. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and overtime. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the NCRTD and its employees is accrued as employees earn the right to the benefits. Compensated absences that related to future services or that are contingent on a special event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or when such events take place. Compensated absences liability includes annual leave which has been accrued but not taken. Sick leave is not required to be paid out upon termination and therefore is not part of the liability.

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. The maximum amount that may be accumulated and carried over into the following year is not to exceed two (2) times the annual maximum accrual. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the aforementioned maximums at their current hourly rate. See the "changes in long term debt" note in this report for the accrued compensated absences payable outstanding as of June 30, 2019.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**J – Grant Revenues**

Proceeds from the Department of Transportation and other grants are considered voluntary nonexchange revenues under GASB Statement No. 33. Accordingly, revenues are recorded when all underlying eligibility requirements have been met, which occurs when the NCRTD has incurred an allowable expenditure under the terms of the grant agreement. Other grant revenue consists of grants from members of the NCRTD, to include monies for which the NCRTD must match (through user fees or other grants) at least one dollar for every four dollars provided by the Department of Transportation grant.

K – Budgets

The NCRTD's budget is not prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of anticipated revenues and expenses. The budget is presented on a modified accrual basis of accounting, which does not include capitalizing fixed capital assets over \$5,000, instead these expenditures are presented as capital outlay.

The Financial Manager prepares an overall budget by project fund for the NCRTD which is adopted by the Board. This budget includes expected receipts and expenditures of the Operating Fund. The NCRTD is required to prepare budgets for each program for submission directly to that program's funding source. Each funding source has its own requirements as to the timing of budget preparation and interim reports, line items and categories to be used and amounts to be included. Some require a report of grantor expenditures only, while others require a report of total program expenditures. The budgets, used by the NCRTD to monitor each program, are also used for comparisons in the accompanying financial statements. Therefore, the NCRTD legally approves its budget by total expenditures by fund.

Formal budgetary integration is employed as a management control device during the year. The difference between non-GAAP budgetary basis financial statements and the GAAP basis financial statements is the following: the GAAP basis financial statements capitalize capital outlay amounts greater than \$5,000 on the statement of net position and the non-GAAP budget basis financial statements record capital outlay greater than \$5,000 as expenditures.

The time at which appropriations lapse depends on the funding source and related legal requirements. Unexpended appropriations funded by all grants do not lapse at the fiscal year-end and may be carried forward. There were no appropriations received by the NCRTD as of June 30, 2019 and 2018, respectively.

The legal level of budgetary control is as follows: personnel expenses and other operating expenses. The level of classification detail at which expenditures may not legally exceed appropriations varies depending on the funding source. The legally permissible methods for amending the initially approved budget vary depending on the funding source. Applications for additional funds must be submitted to the funding source. The presented budgetary information has been properly amended during the year.

New Mexico State law prohibits the NCRTD from making expenditures in excess of approved appropriations. If a fund is not overspent, it is in compliance with state law. The 2019 and 2018 budget has been legally adopted.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L – Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA’s. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M – Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N – Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The NCRTD has the following deferred outflows of resources as of June 30:

Deferred Outflows of Resources	2019	2018
Pension related	\$ 1,535,209	1,523,587
OPEB related	207,471	49,963
Total deferred outflows of resources	\$ 1,742,680	1,573,550

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position/fund balance that applied to a future period and so will not be recognized until then. The NCRTD has the following deferred inflows of resources as of June 30:

Deferred Inflows of Resources	2019	2018
Pension related	\$ 144,130	229,109
OPEB related	657,380	568,403
Total deferred inflows of resources	\$ 801,510	797,512

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O – Evaluation of Subsequent Events

Management has evaluated subsequent events through October 14, 2019, which is the date the financial statements were available to be issued.

NOTE 3. CASH AND CASH EQUIVALENTS

The NCRTD’s cash balances consist of demand deposits. The NCRTD’s cash balances totaled the following as of June 30:

<u>Cash and Cash Equivalents</u>	<u>2019</u>	<u>2018</u>
Los Alamos National Bank – Checking	\$ <u>2,592,236</u>	<u>2,107,629</u>
Total cash and cash equivalents	\$ <u>2,592,236</u>	<u>2,107,629</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the NCRTD’s deposits may not be returned to it. State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of 50% of uninsured balances on deposit with any one institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

As of June 30, 2019 and 2018, all of the NCRTD’s uninsured deposits were collateralized with securities held by pledging financial institution’s trust department or agent in the NCRTD’s name. Specific details of the collateralization of the NCRTD’s deposits are included on the Schedule of Cash and Investments and Schedule of Collateral as listed in the table of contents.

NOTE 4. INVESTMENTS

The NCRTD’s investments totaled the following as of June 30:

<u>Investments</u>	<u>2019</u>	<u>2018</u>
Brokered CDs	\$ 3,925,882	5,175,661
Fixed Income – Municipal Bonds	405,000	
Fixed Income – Government Bonds	492,620	-
FlexInsured Account	455,572	-
State of NM LGIP	10,665	10,437
Total investments	\$ <u>5,289,739</u>	<u>5,186,098</u>

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (CONTINUED)

In compliance with Governmental Accounting Standards Board Statement No. 31, the NCRTD’s investments are stated at fair value, except for highly liquid market investments with maturities of one year or less at the time of purchase, which are stated at amortized cost. Fair value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the fair value of similar investments. The NCRTD generally holds all investments until maturity or until fair values equal or exceed cost. Therefore, the fair value of securities in the investment pool does not necessarily reflect realized gains or losses but rather the fair value of those investments as of June 30, 2019, and 2018, respectively.

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 NCRTD. 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 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.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Credit Risk Investments – The NCRTD’s investments shall be in accordance with State Law, 6-10-10, and 6-10-10.1 NMSA 1978, in that credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating agency. In addition, in an effort to address liquidity requirements, higher balances are maintained in demand deposit account which also limits the NCRTD’s exposure to credit risk.

The District’s Investments are rated as follows:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments		
Municipal Bonds – Albuquerque Bernalillo County	Aa2 / AAA	1.99%
Municipal Bonds – New Mexico St. Severance Tax	Aa2 / AA-	5.67%

Custodial Credit Risk Investments – Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the NCRTD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The NCRTD’s investments are not exposed to custodial credit risk. All are fully collateralized and the collateral is held in the NCRTD’s name.

NOTE 4. INVESTMENTS (CONTINUED)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the NCRTD’s investment in a single issuer, of more than 5%. The NCRTD’s investments are diversified to avoid including concentration of credit risk. Per the NCRTD’s investment policy; with the exception of U.S. Treasury securities and authorized pools, no more than 65% of the total investment portfolio will be invested in a single sector or with a single financial institution or in a single maturity date.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the NCRTD investments. Per NCRTD’s policy; interest rate risk shall be controlled through duration management such that overall portfolio duration is set to a target based on existing market interest rates and rate expectations. The NCRTD’s investment policy follows New Mexico State Statute Section 6-10-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rated fixed 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.

Specific details of the collateralization of the NCRTD’s deposits are included on the Schedule of Collateral as listed in the table of contents.

As of June 30, 2019, NCRTD’s bank and investment balances of \$6,523,650 were exposed to custodial credit risk as follows:

Amount of deposits	\$ 6,523,650
FDIC coverage	<u>(4,175,882)</u>
Total uninsured public funds	<u>2,347,768</u>
Collateralized by securities held by the pledging institution	
Or agent in other than the District’s name	3,163,080
Collateral requirement (50%)	<u>1,173,884</u>
Over (under) collateralization	<u>\$ 1,989,196</u>

As of June 30, 2019, the NCRTD has the following invested in the State Treasurer Local Government Investment Pool:

<u>Financial Institution</u>	<u>Cost Basis</u>	<u>Market</u>	<u>Risk Rating</u>
State of NM Local Government Investment Pool (LGIP)	\$ 10,665	10,665	AAAm

New Mexico State Statutes authorize the creation of the short-term investment fund in the New Mexico State Treasury. The Statutes authorize the State Treasurer to pool monies received from local public bodies for investment purposes with public monies under control. The purpose of the local short-term fund is to provide a voluntary investment alternative for local political subdivisions to realize the maximum return consistent with safe and prudent management. The local short-term investment fund, along with other public monies in the State Treasurer’s investment account, is invested in repurchase agreements secured at 102% by U.S. Government Securities. The State Treasurer has the responsibility to pledge collaterals at 102% of investment balances for the NCRTD. All investing is performed in accordance with State Statutes and the NCRTD’s investment policy. The State Treasurer LGIP is exempt from GASB Statement No. 72, and should continue to be measured and disclosed in accordance with existing literature.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (CONTINUED)

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer LGIP is not SEC registered. Section 67-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government, or by its departments or agencies and are either direct obligations of the United States, or are backed by the full faith and credit of the United States government, or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the location government investment pool is voluntary.

The LGIP's portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investment to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The NCRTD has no investment policy that would further limit its investment choices. As of June 30, 2019, the NCRTD's investment in the New MexiGROW LGIP was rated AAAM by Standard & Poor's. The independent auditor's report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditor's report on compliance and internal controls are available from New Mexico State Treasurer, 2019 Galisteo Street, Bldg K, Santa Fe, New Mexico 87504, upon written request.

Credit Risk LGIP – With respect to credit risk, the LGIP, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

Concentration of Risk – GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

Foreign Currency Risk – GASB Statement No. 40 defines interest rate risk that interest rate variation may adversely affect the fair value of an investment. The NCRTD is not exposed to the risk that exchange rates will adversely affect the fair value of an investment as none of the investments pools or certificates of deposit are dominated in a foreign currency.

Fair Values Measurement (GASB Statement No. 72) – In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB Statement No. 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The NCRTD holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the NCRTD's mission, the NCRTD determines that the disclosures related to these investments only need to be disaggregated by major type. The NCRTD chooses a table format for the fair value disclosures.

NOTE 4. INVESTMENTS (CONTINUED)

The NCRTD categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach: this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach: this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach: this approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB Statement No. 72 establishes a hierarchy of inputs to the valuation techniques listed above.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy's three levels are as follows:

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries).

Level 2

Are significant other observable inputs

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability, such as:
 1. Interest rates and yield curves observable at commonly quoted intervals,
 2. Implied volatilities, and
 3. Credit spreads.
- d. Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap).

Level 3

Are significant unobservable inputs for an asset or liability (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data).

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables consist of the following at June 30:

Type	2019	2018
AR – Customers	\$ 47,407	13,370
Federal Transit administration	41,975	72,950
NM DOT federal grant receivable	1,442,080	1,897,146
Tribal transit receivable	317,746	222,301
Total	\$ 1,849,208	2,205,767

All receivables noted above are deemed fully collectible and an allowance for doubtful accounts has not been established. All amounts are deemed collectible within one year of June 30, 2019.

NOTE 6. DUE TO/FROM OTHER GOVERNMENTS

Amounts due to other governments consisted of the following at June 30:

Due to entity	Purpose	2019	2018
Rio Metro RD	Gross receipts tax contribution	\$ 456,055	647,474
Los Alamos County	Gross receipts tax contribution	739,345	365,718
Total due to other governments		\$ 1,195,400	1,013,192

Amounts due from other governments consisted of the following at June 30:

Due from entity	Purpose	2019	2018
Los Alamos County	Gross receipts pass-through	\$ 354,519	418,831
Rio Metro Regional	Gross receipts pass-through	-	1,306
Taos County	Gross receipts pass-through	149,890	148,758
Rio Arriba County	Gross receipts pass-through	121,664	121,359
Santa Fe County	Gross receipts pass-through	912,110	908,620
Total GRT due from other governments		\$ 1,538,183	1,598,874

NOTE 7. ACCRUED WAGES

Accrued wages at June 30, consist of the following:

Type	2019	2018
Accrued payroll	\$ 78,526	143,612
Payroll related taxes and deductions	76,939	41,174
Total	\$ 155,465	184,786

NOTE 8. PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment are summarized as follows:

Business-Type Activities	2018	Additions	Deletions	Transfers	2019
Capital assets not being depreciated:					
Land	\$ 1,564,455	177,742	-	-	1,742,197
Construction in progress	-	185,353	-	-	185,353
Total capital assets not being depreciated	1,564,455	363,095	-	-	1,927,550
Capital assets being depreciated:					
Vehicles	7,137,910	41,542	-	-	7,179,452
Vehicles component and related equipment	952,742	118,290	-	-	1,071,032
Furniture, fixtures, and equipment	-	-	-	-	-
Office and maintenance equipment	121,150	-	-	-	121,150
Bus shelter and shelter improvement	1,035,926	5,976	-	-	1,041,902
Buildings and improvements	3,247,117	-	-	-	3,247,117
Leasehold improvements	-	-	-	-	-
Intangible assets	-	-	-	-	-
Total capital assets being depreciated	12,494,845	165,808	-	-	12,660,653
Less accumulated depreciation for:					
Vehicles	(3,932,101)	(778,390)	-	-	(4,710,491)
Vehicles component and related equipment	(262,569)	(116,602)	-	-	(379,171)
Furniture, fixtures, and equipment	-	-	-	-	-
Office and maintenance equipment	(70,378)	(13,040)	-	-	(83,418)
Bus shelters and shelters improvement	(185,051)	(56,541)	-	-	(241,592)
Buildings and improvements	(499,363)	(90,681)	-	-	(590,044)
Leasehold improvements	-	-	-	-	-
Intangible assets	-	-	-	-	-
Total accumulated depreciation	(4,949,462)	(1,055,254)	-	-	(6,004,716)
Total capital assets being depreciated	7,545,383	(889,446)	-	-	6,655,937
Capital assets, net	\$ 9,109,838	(526,351)	-	-	8,583,487

For the years ended June 30, 2019 and 2018, depreciation expense was \$1,055,254 and \$981,880, respectively. As of the year ended June 30, 2019 and 2018, respectively, the NCRTD had no idle equipment.

Liens – All capital equipment purchased with funds provided by New Mexico Department of Transportation (NMDOT) shall reflect a lien held by NMDOT. The maturity of liens is as follows: four years for vans, sedans, and station wagons and seven years for small buses from the date of issuance of Certificate of Title.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2019 is as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2018</u>	<u>Due Within One Year</u>
Compensated absences	\$ 183,127	16,426	(40,547)	159,006	55,652
Total	\$ 183,127	16,426	(40,547)	159,006	55,652

Prior year compensated absences have been liquidated by the operating fund. No short-term debt was incurred during fiscal year 2019 or 2018.

NOTE 10. GROSS RECEIPTS TAX REVENUE

Starting in 2009, the NCRTD began collecting 1/8th of a percent of gross receipts tax (GRT) in four counties, which was approved by the voters of those counties in 2008. The counties are made up of Los Alamos, Rio Arriba, Santa Fe, and Taos. The GRT is applied and collected in the four local counties. The businesses in each county collect the tax and remit it to the New Mexico State Tax and Revenue Department (the Department). Then, the Department sends it to the NCRTD via the counties. The tax was set to sunset in 2023, however on November 6, 2018, voters within the four-county area of Los Alamos, Rio Arriba, Santa Fe, and Taos elected to renew the tax supporting the repeal of the sunset provision and reauthorization of a one-eighth-cent tax increment.

The NCRTD also has an agreement with Rio Metro Regional Transit District regarding sharing a portion of the taxes collected out of Santa Fe County. The funds that are paid to Santa Fe Trails and Los Alamos County are subject to annual review of the regional services they provide, by the Board of Directors. If any of the services were to be modified by the two entities, it could impact the amount of funding they receive for reimbursements. Any modifications are required to be reviewed by the staff at the NCRTD and subsequently approved by the NCRTD's Board of Directors.

The NCRTD collects the GRT and contributes 60% of the collection on to other transit agencies that provide regional services within the four-county area as noted above. The NCRTD then keeps the remaining 40%, which is utilized for the NCRTD provided services. Any excess revenue is placed into the NCRTD's cash reserves. The following table shows the amount of the collection and amount passed through for the years ended June 30:

<u>Type</u>		<u>2019</u>	<u>2018</u>
Gross receipts and other taxes	\$	<u>8,557,979</u>	8,063,102
Less: Receipts contributed to other entities		<u>(5,032,903)</u>	(4,913,701)
Net GRT	\$	<u>3,525,076</u>	3,149,401

NOTE 11. GRANTS

The NCRTD receives financial assistance from federal sources in the form of grants. The expenditures of the funds received are generally limited to specific compliance requirements as specified in the grant agreement. The federal agencies reserve the right to conduct a follow-up review. Any disallowed expenditures resulting from federal agency review could become a liability of the NCRTD.

NOTE 12. UNRESTRICTED NET POSITION

Unrestricted net position consists of undesignated and designated net position. The designated net position is 25% of all revenue, during the current fiscal year. This 25% of total revenue, serves as a cash reserve fund, in case the NCRTD ever needed significant immediate funds. The reserve can vary from year to year depending on the use of the reserve fund. The undesignated net position, is the remaining net position, less net investment in capital assets.

The NCRTD had the following unrestricted net position:

<u>Type</u>	<u>2019</u>	<u>2018</u>
Undesignated	\$ 416,321	249,888
Designated	<u>3,092,632</u>	<u>3,018,708</u>
Total	<u>\$ 3,508,953</u>	<u>3,268,596</u>

NOTE 13. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

Plan Description. The Public Employees Retirement Fund (PERA) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions; and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978); the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978); the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978, and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member’s final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors’ annuities are also available.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

NOTE 13. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

Contributions. See PERA’s compressive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY18						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

At June 30, 2019, the District reported a liability of \$4,496,124 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District’s proportion was 0.2820 %, which was an increase of 0.0126% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$791,591. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 129,948	118,044
Changes in assumptions	407,637	25,851
Net difference between projected and actual earnings on pension plan investments	333,455	-
Changes in proportion and differences between District’s contributions and proportionate share of contributions	418,763	235
District’s contributions subsequent to the measurement date	245,406	-
Total	<u>\$ 1,535,209</u>	<u>144,130</u>

\$245,406 reported as deferred outflows of resources related to pensions resulting from District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 13. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

Year Ended June 30,	
2020	\$ 738,611
2021	307,473
2022	82,470
2023	17,119
2024	-
Total	\$ <u>1,145,673</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefits payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>ALL FUNDS – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets	20.00%	6.48%
Total	<u>100.00%</u>	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
PERA Fund Municipal General Division			
District’s proportionate share of the net pension liability	\$ <u>6,928,225</u>	<u>4,496,124</u>	<u>2,485,603</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

Payables to the pension plan. At June 30, 2019, there were \$16,110 in contributions due and payable to PERA for the District.

NOTE 14. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

General Information about the OPEB. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active Membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$51,394 for the year ended June 30, 2019.

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District reported a liability of \$2,544,222 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District’s proportion was 0.05851 percent. For the year ended June 30, 2019, the District recognized OPEB expense of \$29,680. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	150,634
Changes of assumptions	-	474,995
Net difference between projected and actual earnings on OPEB plan investments	-	31,751
Change in Proportion	156,077	
Contributions made after the measurement date	<u>51,394</u>	<u>-</u>
Total	<u>\$ 207,471</u>	<u>657,380</u>

Deferred outflows of resources totaling \$51,394 represent District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2020	\$ (133,959)
2021	(133,959)
2022	(133,959)
2023	(95,919)
2024	<u>(3,507)</u>
Total	<u>\$ (501,303)</u>

NOTE 14. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50% to 12.50%, based on years of service, including inflation
Investment rate of return adverse	7.25%, net of OPEB plan investment expense and margin for deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Health Mortality Table with White Collar Adjustments (males) and GRS Southwest Region Teacher Mortality Table (females) PERA Members: RP-2000 Combines Healthy Mortality

The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	7.8
Private equity	11.8
Credit and structured finance	5.3
Real estate	4.9
Absolute return	4.1
U.S. equity - small/mid cap	7.1

■ NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(3.08%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(4.08%)</u>	<u>1% Increase</u> <u>(5.08%)</u>
District’s proportionate share of the OPEB liability	\$ 3,079,108	2,544,222	2,122,613

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1% Increase</u>
	\$ 2,150,760	2,544,222	2,852,706

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

Payables to the OPEB plan. At June 30, 2019, there were \$2,873 in contributions due and payable to NMRHCA for the District.

NOTE 15. GOVERNMENTAL MONEY PURCHASE PLAN AND TRUST

During FY 14, the NCRTD elected to open a Governmental Money Purchase Plan and Trust (401(a)). This plan services as a retirement plan for employees who wish to opt-out of Social Security, and who meet the requirements to be employees who perform services as members of a coverage group (as defined in Section 218(d)(4) of the Act) designated as Part A of the PERA of New Mexico. The NCRTD filed a Section 218 Modification in order to be able to allow eligible employees to opt-out of Social Security coverage.

NOTE 15. GOVERNMENTAL MONEY PURCHASE PLAN AND TRUST (CONTINUED)

The NCRTD approved a resolution on August 2, 2013, providing for an individual choice election of eligible employees. Under the 401 (a), the normal retirement age is 59½ years. The eligible employees contribute a minimum of 4.2% every pay period. Additionally, they have the option to increase their contribution rate by 1% intervals, up to 6.2%. The employees are also allowed to make additional after tax contributions. The NCRTD contributes a fixed 6.2% every pay period, for all participants.

Contributions made to this plan for the years ended June 30, 2019 were as follows:

<u>Type</u>		<u>2019</u>	<u>2018</u>
Employer	\$	<u>18,150</u>	23,310
Employee		<u>13,321</u>	17,337
Total	\$	<u><u>31,471</u></u>	<u><u>40,647</u></u>

NOTE 16. RELATED PARTY TRANSACTIONS

The by-laws of the NCRTD require the composition of the Board of Directors to represent member governments. As a result, many members of the Board of Directors are employed by, or serve in an elected capacity for, the member governments. Due to the nature of the NCRTD, Board members have a significant interest in the NCRTD’s transactions related to the furnishing of services to their respective governments, community and constituents.

In addition, the finance director facilitates collection of money on behalf of the Tesuque Pueblo, Pojoaque Pueblo, Pueblo de San Ildefonso, and Santa Clara Pueblo. The NCRTD has MOU’s with the pueblos and processes paperwork on behalf of the pueblos so they can collect federal transit revenues.

NOTE 17. RISK MANAGEMENT

The NCRTD is insured through purchase of commercial insurance policies for general liability and purchases Worker’s Compensation Insurance from the New Mexico Self Insurer’s Fund. Worker’s Compensation claims are handled by the New Mexico Self Insurer’s Fund.

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REQUIRED SUPPLEMENTARY INFORMATION



NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability of PERA Fund Division;
Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	Fiscal Year	2019	2018	June 30:	2016	2015
	Measurement Date	2018	2017	2016	2015	2014
The NCRTD's proportion of the net pension liability (asset) (%)		0.28%	0.27%	0.24%	0.19%	0.19%
The NCRTD's proportionate share of the net pension liability (asset) (\$)	\$	4,496,124	3,701,784	3,888,713	1,901,529	1,458,021
The NCRTD's covered-employee payroll	\$	569,673	2,499,599	2,273,073	2,086,698	1,483,608
The NCRTD's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		789.25%	148.10%	171.08%	91.13%	98.28%
Plan fiduciary net position as a percentage of the total pension liability		71.13%	73.74%	69.18%	76.99%	81.29%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the North Central Regional Transit is not available prior to fiscal year 2015, the year the statement's requirements became effective.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Required Supplementary Information
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division; Municipal General Division
Last 10 Fiscal Years*

	June 30:				
Fiscal Year	2019	2018	2017	2016	2015
Measurement Date	2018	2017	2016	2015	2014
Statutory required contribution	\$ 245,406	378,689	217,078	199,280	141,685
Contributions in relation to the contractually required contribution	<u>(245,406)</u>	<u>(378,689)</u>	<u>(217,078)</u>	<u>(199,280)</u>	<u>(141,685)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the North Central Regional Transit is not available prior to fiscal year 2015, the year the statement's requirements became effective.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability of NMRHC Fund Division;
New Mexico Retiree Health Care Plan
Last 10 Fiscal Years*

	Fiscal Year Measurement Date	June 30:	
		<u>2019 2018</u>	<u>2018 2017</u>
The NCRTD's proportion of the net OPEB liability		0.0585%	0.0551%
The NCRTD's proportionate share of the net OPEB liability	\$	2,544,222	2,497,405
The NCRTD's covered-employee payroll	\$	5,210,440	2,295,668
The NCRTD's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the North Central Regional Transit will present information for available years.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Required Supplementary Information
Schedule of Contributions
New Mexico Retiree Health Care Plan
NMRHC Fund Division
Last 10 Fiscal Years*

	Fiscal Year Measurement Date	June 30:	
		2019 2018	2018 2017
Contractually required contribution	\$	91,432	175,000
Contributions in relation to the contractually required contribution		90,315	87,831
Contribution deficiency	\$	1,117	87,169
NCRTD's covered-employee payroll		2,510,440	2,295,688
Contributions as a percentage of covered-employee payroll		3.60%	3.83%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the North Central Regional Transit will present information for available years.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Notes to Required Supplementary Information
June 30, 2019

Public Employees Retirement Association (PERA)

Changes of benefit terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

Changes of assumptions and methods: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>

New Mexico Retiree Health Care Authority (NMRHCA) Plan

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY18 audit available at <http://www.nmrhca.org/financial-documents.aspx>

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2018 report is available at <http://www.nmrhca.org/financial-documents.aspx>

SUPPLEMENTARY INFORMATION



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NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Revenue, Expenses and Changes in Fund Net Position
Budget (non-GAAP Budget Basis) and Actual
For the Year Ended June 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues				
Charges for services	\$ 53,800	68,100	141,090	72,990
Operating Expenses				
Personnel services	4,101,915	4,401,739	4,695,203	(293,464)
Other operating expenses	1,591,092	1,825,984	1,873,162	(47,178)
Capital outlay	1,850,654	2,204,964	165,808	2,039,156
Total operating expenses	<u>7,543,661</u>	<u>8,432,687</u>	<u>6,734,173</u>	<u>1,698,514</u>
Operating income (loss)	<u>(7,489,861)</u>	<u>(8,364,587)</u>	<u>(6,593,083)</u>	<u>1,771,504</u>
Nonoperating Revenues (Expenses)				
Federal grants	3,338,103	3,436,221	2,663,936	772,285
Tribal transit grants	373,665	306,552	386,395	(79,843)
Advertising sales	21,000	25,000	17,235	7,765
State appropriation	-	195,000	-	195,000
Member local match	482,324	482,114	482,142	(28)
Gross receipts and other taxes	7,765,749	7,330,000	8,557,979	(1,227,979)
Gross receipt contributions made to other entities	(4,810,464)	(4,743,220)	(5,032,903)	289,683
Investment and interest income	30,000	30,000	104,751	(74,751)
Other income	130,000	40,000	17,000	23,000
Total nonoperating revenues (expenses)				
Income (loss)	7,330,377	7,101,667	<u>7,196,535</u>	<u>(94,868)</u>
Cash balance budgeted	<u>159,484</u>	<u>1,262,920</u>		
Total nonoperating revenues (expenses)				
Income (loss), including budgeted cash balance	<u>7,489,861</u>	<u>8,364,587</u>		
Change in net position	<u>-</u>	<u>-</u>	<u>603,452</u>	<u>1,676,636</u>

Reconciliation to Statement of Revenue, Expenses, and Changes in Net Position

Change in net position-budget basis	\$ 603,452
Subtract depreciation that was recorded on the statement of revenue, expenses, and changes in net position but not on non-GAAP budget basis	(1,055,254)
Capital outlay that was capitalized on the statement of net position but not on non-GAAP budget basis	165,808
Gain/(loss) on sale of capital asset, taken into account on balance sheet, but was not on non-GAAP budget basis	-
Change in net position-business type activity - full accrual basis	<u>\$ (285,994)</u>

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STATISTICAL SECTION

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FINANCIAL STATISTICS



**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
NET POSITION BY COMPONENT - ACCRUAL BASIS OF ACCOUNTING (UNAUDITED)
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Business-type activities				
Investment in capital assets	\$ 2,841,769	\$ 3,851,537	\$ 5,593,594	\$ 5,539,060
Restricted	700,000	700,000	700,000	700,000
Unrestricted	3,012,084	5,080,645	5,491,203	6,637,523
Total business-type activities net position	<u>\$ 6,553,853</u>	<u>\$ 9,632,182</u>	<u>\$ 11,784,797</u>	<u>\$ 12,876,583</u>

Source: Current and prior year's financial statements

Notes:

- [a] The District implemented GASB 68 during FY2015 which is related to pension liabilities. The reduction of net position is related to the recording of pension expense and the associated deferred inflows and outflows of resources.
- [b] The District acquired the transit vehicle and shelters from the Town of Taos on July 1, 2015 to oper Transit system.
- [c] The District modified the annual funding agreement during FY2016 with the Incorporated County of Los Alamos to remove the restricted funds for capital replacement due to sufficient unrestricted fund balance for the same purpose.
The District implemented GASB 75 during FY2018 which is related to post-
- [d] employment benefits liabilities.
The significant reduction of net position is related to the recording of expense

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 6,338,336	\$ 6,068,352	\$ 7,360,990 [b]	\$ 8,795,979	\$ 9,109,838	\$ 8,583,487
700,000	700,000	- [c]	-	-	-
6,825,811	5,702,703 [a]	7,008,509	6,660,965 [d]	3,268,596	3,508,953
<u>\$13,864,147</u>	<u>\$12,471,055</u>	<u>\$14,369,499</u>	<u>\$15,456,944</u>	<u>\$12,378,434</u>	<u>\$12,092,440</u>

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
CHANGES IN NET POSITION (ACCRUAL BASIS OF
(UNAUDITED)
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Business-type activities:				
Transit	\$ 3,770,124	\$ 3,504,613	\$ 3,842,687	\$ 4,131,654
Total business-type activities expenses	<u>\$ 3,770,124</u>	<u>\$ 3,504,613</u>	<u>\$ 3,842,687</u>	<u>\$ 4,131,654</u>
Program Revenues				
Business-type activities:				
Charges for services:				
Transit	\$ 15,484	\$ 25,965	\$ 30,550	\$ 17,925
Operating grants and contributions	4,182,238	3,338,955	3,166,482	2,457,128
Total business-type activities program revenues	<u>\$ 4,197,722</u>	<u>\$ 3,364,920</u>	<u>\$ 3,197,032</u>	<u>\$ 2,475,053</u>
Net (Expenses)/Revenues				
Business-type activities	<u>\$ 427,598</u>	<u>\$ (139,693)</u>	<u>\$ (645,655)</u>	<u>\$ (1,656,601)</u>
General Revenues and Other Changes in Net Position				
Business-type activities:				
Net gross receipts taxes	\$ 3,553,772 [b]	\$ 3,144,345 [b]	\$ 2,832,727 [b]	\$ 2,543,447 [b]
Investment earnings	5,400	2,752	8,309	3,377
Special items	-	70,925	(42,766)	(1,724)
Capital contributions	-	-	-	-
Total business-type activities	<u>\$ 3,559,172</u>	<u>\$ 3,218,022</u>	<u>\$ 2,798,270</u>	<u>\$ 2,545,100</u>
Change in Net Position				
Business-type activities	<u><u>\$ 3,986,770</u></u>	<u><u>\$ 3,078,329</u></u>	<u><u>\$ 2,152,615</u></u>	<u><u>\$ 888,499</u></u>

Source: Current and prior year's financial statements

[a] The District implemented a transit Gross Receipt Tax for all 4 counties in its service area

[b] The transit Gross Receipt Tax is net of the contributions to other entities in the service area

[c] The District acquired the transit vehicle and shelters from the Town of Taos on July 1, 2015 to operate the Chili Line transit system.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 4,338,773	\$ 4,403,831	\$ 5,507,671	\$ 6,314,317	\$ 7,073,267	\$ 7,623,619
\$ 4,338,773	\$ 4,403,831	\$ 5,507,671	\$ 6,314,317	\$ 7,073,267	\$ 7,623,619
\$ 44,685	\$ 44,821	\$ 102,092	\$ 140,488	\$ 85,779	\$ 141,090
2,513,224	2,233,820	3,849,256	4,213,187	3,674,611	3,532,473
\$ 2,557,909	\$ 2,278,641	\$ 3,951,348	\$ 4,353,675	\$ 3,760,390	\$ 3,673,563
\$ (1,780,864)	\$ (2,125,190)	\$ (1,556,323)	\$ (1,960,642)	\$ (3,312,877)	\$ (3,950,056)
\$ 2,553,850 [b]	\$ 2,735,438 [b]	\$ 3,085,575 [b]	\$ 2,860,182 [b]	\$ 3,149,401 [b]	\$ 3,525,076
6,125	20,408	31,872	25,165	34,652	104,751
16,916	27,680	21,444	24,369	16,837	34,235
-	33,600	591,109 [c]	- [c]	-	-
\$ 2,576,891	\$ 2,817,126	\$ 3,730,000	\$ 2,909,716	\$ 3,200,890	\$ 3,664,062
<u>\$ 796,027</u>	<u>\$ 691,936</u>	<u>\$ 2,173,677</u>	<u>\$ 949,074</u>	<u>\$ (111,987)</u>	<u>\$ (285,994)</u>

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
TAXABLE GROSS RECEIPTS BY BUSINESS SECTOR (UNAUDITED)
LAST TEN FISCAL YEARS

Year	Services	Construction	Retail & Food Service	Telecom	Manufacturing & Wholesale	Agriculture & Mining	Public Administration	Other	Total
2010	1,936,638	998,916	2,223,624	348,743	242,296	70,943	271,444	1,019,453	7,112,057
2011	2,332,413	856,051	2,288,680	338,478	269,195	72,212	269,135	1,053,622	7,479,786
2012	2,033,781	797,593	2,263,890	352,666	257,637	73,065	270,014	1,035,281	7,083,927
2013	1,749,720	814,143	2,301,812	355,648	250,317	48,820	285,930	1,064,881	6,871,271
2014	1,243,320	924,729	2,562,603	414,087	276,352	58,046	330,728	1,206,081	7,015,946
2015	1,711,152	763,912	2,575,614	354,998	265,034	66,872	298,722	1,211,056	7,247,360
2016	2,016,238	893,290	2,547,117	370,037	250,740	65,105	327,287	1,203,841	7,673,655
2017	2,361,916	626,765	1,966,273	501,925	197,842	70,338	185,483	1,657,798	7,568,340
2018	2,522,074	718,521	2,262,789	534,737	210,775	72,187	191,855	1,550,163	8,063,102
2019	2,790,618	778,121	2,412,419	537,557	215,212	72,118	193,630	1,558,305	8,557,979

Sources: New Mexico Taxation and Revenue Department NM_RP-80 Gross receipts by NAICS Code Quarterly Report

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
TEN LARGEST GROSS RECEIPT TAX GENERATING COMMUNITIES (UNAUDITED)
LAST FOUR FISCAL YEARS**

COMMUNITY	COUNTY	2019			2018		
		TAXABLE GROSS RECEIPTS	RANK	% OF TOTAL ASSESSED VALUATION	TAXABLE GROSS RECEIPTS	RANK	% OF TOTAL ASSESSED VALUATION
City of Santa Fe	Santa Fe	\$ 3,765,331	1	44.00%	\$ 3,452,671	1	42.82%
Los Alamos (City & County)	Los Alamos	2,032,150	2	23.75%	1,113,050	2	13.80%
Santa Fe County (remainder)	Santa Fe	820,111	3	9.58%	682,950	3	8.47%
Town of Taos	Taos	321,000	4	3.75%	315,211	4	3.91%
Taos County (remainder)	Rio Arriba	175,010	7	2.04%	186,208	7	2.31%
Española (Rio Arriba)	Rio Arriba	202,315	6	2.36%	206,158	6	2.56%
Rio Arriba County (remainder)	Taos	279,419	5	3.27%	201,152	5	2.49%
Town of Edgewood	Santa Fe	97,158	8	1.14%	98,180	8	1.22%
Taos Ski Valley TIDD	Taos	74,101	9	0.87%	73,150	9	0.91%
Town of Red River	Taos	57,117	10	0.67%	28,959	10	0.36%
Total of ten largest GRT generating communities		7,823,712		78.85%	6,357,689		78.85%
Total GRT generated in the remaining communities		734,267		21.15%	1,705,413		21.15%
Total GRT generated		\$ 8,557,979		100.00%	\$ 8,063,102		100.00%

COMMUNITY	COUNTY	2017			2016		
		TAXABLE GROSS RECEIPTS	RANK	% OF TOTAL ASSESSED VALUATION	TAXABLE GROSS RECEIPTS	RANK	% OF TOTAL ASSESSED VALUATION
City of Santa Fe	Santa Fe	\$ 2,894,317	1	38.24%	\$ 2,785,695	1	36.30%
Los Alamos (City & County)	Los Alamos	960,435	2	12.69%	1,012,980	2	13.20%
Santa Fe County (remainder)	Santa Fe	500,141	3	6.61%	556,106	3	7.25%
Town of Taos	Taos	292,216	4	3.86%	325,137	4	4.24%
Española (Rio Arriba)	Rio Arriba	192,270	7	2.54%	273,213	7	3.56%
Rio Arriba County (remainder)	Rio Arriba	191,198	5	2.53%	251,623	5	3.28%
Taos County (remainder)	Taos	190,954	6	2.52%	196,265	6	2.56%
Town of Edgewood	Santa Fe	96,243	8	1.27%	98,132	8	1.28%
Taos Ski Valley TIDD	Taos	67,783	9	0.90%	78,859	9	1.03%
Town of Red River	Taos	57,890	10	0.76%	52,059	10	0.68%
Total of ten largest GRT generating communities		5,443,449		71.92%	5,630,069		73.37%
Total GRT generated in the remaining communities		2,124,891		28.08%	2,043,584		26.63%
Total GRT generated		\$ 7,568,340		100.00%	\$ 7,673,654		100.00%

Source: Taxable Gross Receipts (from State of New Mexico Taxation and Revenue Department - Quarterly report NIM_RP-80 Gross Receipts by NAICS Code)

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
GROSS RECEIPTS TAX REVENUES (GRT) AND RATES (UNAUDITED)
LAST TEN FISCAL YEARS**

	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>
Regional Transit GRT Revenues				
Los Alamos County	\$ 1,909,877	\$ 2,284,466	\$ 1,838,146	\$ 1,509,469
Less: Regional services provided by Atomic City	738,997	1,459,741	1,313,896	1,332,180
Los Alamos County GRT	<u>1,170,880</u>	<u>824,725</u>	<u>524,250</u>	<u>177,289</u>
Rio Arriba County GRT	<u>568,209</u>	<u>578,994</u>	<u>593,160</u>	<u>567,199</u>
Santa Fe County	3,888,579	3,845,798	3,959,371	4,027,621
Less: Regional services provided by Santa Fe	875,000	952,776	957,630	981,831
Less: Regional services provided by RailRunner	1,944,288	1,922,924	1,979,674	2,013,813
Santa Fe County GRT	<u>1,069,291</u>	<u>970,098</u>	<u>1,022,067</u>	<u>1,031,977</u>
Taos County GRT	<u>745,392</u>	<u>770,528</u>	<u>693,250</u>	<u>766,982</u>
Total Net GRT Revenues	<u>\$ 3,553,772</u>	<u>\$ 3,144,345</u>	<u>\$ 2,832,727</u>	<u>\$ 2,543,447</u>
GRT Rates by Imposing Authority				
State imposed rate	5.0000%	5.1250% ^b	5.1250%	5.1250%
Locally imposed by county:				
Los Alamos County	2.0625%	2.0625%	2.0625%	2.0625%
Rio Arriba County	1.0625%	1.1875% ^c	1.2500% ^d	1.2500%
Santa Fe County	1.3750%	1.3750%	1.3750%	1.3750%
Taos County	1.8750%	1.8750%	1.8750%	1.8750% ^e
North-Central Regional Transit District (NCRTD):				
Regional Transit	0.1250% ^a	0.1250%	0.1250%	0.1250%

Sources: NCRTD financial system and NM state gross receipt tax rate schedules

Notes:

[a] Santa Fe County rate changed July 1, 2015 to 1.7500%

[b] State rate changed July 1, 2010

[c] Rio Arriba County rate changed July 1, 2010 to 1.0625% and changed January 1, 2011 to 1.1875%

[d] Rio Arriba County rate changed July 1, 2011 to 1.2500%

[e] Taos County rate changed July 1, 2011 to 1.3750% and changed January 1, 2012 to 1.1875%

[f] Santa Fe County rate changed July 1, 2013 to 1.62500%

[g] Santa Fe County rate changed July 1, 2015 to 1.7500%

<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,380,501	\$ 1,367,132	\$ 1,581,244	\$ 1,502,565	\$ 1,728,890	\$ 2,063,103
1,344,249	1,361,838	1,380,700	1,419,000	1,444,500	1,466,600
36,252	5,294	200,544	83,565	284,390	596,503
548,414	595,908	594,165	516,331	507,710	486,734
4,204,355	4,392,219	4,481,778	4,591,719	4,916,102	5,078,365
1,015,670	953,974	966,490	993,300	1,011,150	1,026,620
2,102,176	2,196,110	2,240,889	2,295,859	2,458,051	2,539,683
1,086,509	1,242,135	1,274,399	1,302,560	1,446,901	1,512,063
882,675	892,101	1,016,466	957,725	910,400	929,776
<u>\$ 2,553,850</u>	<u>\$ 2,735,438</u>	<u>\$ 3,085,575</u>	<u>\$ 2,860,181</u>	<u>\$ 3,149,401</u>	<u>\$ 3,525,076</u>

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NORTH CENTRAL REGIONAL TRANSIT DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
 LAST TEN FISCAL YEARS

Year	Population	Personal Income	Per Capita Personal Income	Full and Part Time Employment	Unemployment Rate
2010	233,698	9,108,380	38,975	143,305	7.4%
2011	235,685	9,185,823	38,975	140,457	7.4%
2012	236,839	9,567,585	40,397	139,587	7.0%
2013	237,570	9,906,194	41,698	138,582	6.7%
2014	238,021	9,897,865	41,584	139,082	6.6%
2015	238,422	10,573,539	44,348	139,316	6.3%
2016	238,843	10,442,455	43,721	146,407	6.7%
2017	239,903	11,311,337	47,150	146,763	6.2%
2018	239,442	12,062,673	50,378	147,773	5.7%
2019	240,998	12,424,553	51,555	148,881	5.0%

Sources: US Census Bureau; US Bureau of Economic Analysis; and New Mexico Department of Workforce Solutions

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
NUMBER OF EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities										
Administration										
Executive Director's Office	2	2	2	2	2	2	3	3	3	3
Finance	2	3	3	3	3	3	3	3	3	4
Public Information Office	1	1	1	1	1	2	2	2	2	2
Special Projects	-	1	1	1	-	-	-	-	-	-
Human Resources	-	-	-	-	1	1	1	1	1	2
Operations										
Operations Administration	3	3	3	2	2	2	2	2	2	2
Transportation Planning	2	1	1	1	1	1	2	2	2	2
Route Supervision	3	2	2	2	2	2	3	4	4	5
Dispatchers	2	2	2	2	2	2	3	3	3	3
Fleet & Facilities	1	1	1	3	3	3	4	6	5	6
Drivers	30	31	34	33	33	33	43	45	45	49
Totals	46	47	50	50	49	51	66	71	70	78

Source: Fiscal Year Budgets

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
RIDERSHIP- NCRTD OPERATED ROUTES (UNAUDITED)
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
NCRTD Operated Routes				
100- Riverside Drive	11,473	24,341	40,507	41,470
110- Westside	7,376	9,828	13,062	13,359
150- Chimayo	3,040	5,920	5,873	6,645
160- Santa Clara	2,117	5,501	7,022	7,225
170- Jicarilla	-	-	-	-
180- El Rito	3,695	3,972	4,149	4,876
190- Chama	246	1,101	1,887	3,292
200- Santa Fe	13,121	18,853	24,170	25,286
220- Tesuque to Santa Fe	7,228	8,861	7,176	7,524
230- San Ildefonso Pueblo	514	1,883	3,399	3,347
255- Santa Fe Mountain Trail	-	-	-	-
260- La Cienega	-	-	-	-
270- Turquoise Trail	-	4,508	6,852	5,899
280- El Dorado	-	7,665	8,243	7,045
290- Edgewood	-	-	4,946	7,568
300- Taos	7,097	9,837	12,169	10,500
305- Taos Express	-	-	-	-
310- Red River	828	3,275	4,890	5,219
320- Questa	11,949	13,482	12,201	12,913
330- Peñasco	5,838	6,034	8,697	9,189
340- Chile Line Red	-	-	-	-
341- Taos Ski Valley	-	-	-	-
350- UNM Klauer	1,326	3,446	3,197	4,504
360- Tres Piedras	-	-	-	-
400- Los Alamos	745	1,258	1,317	1,461
Demand Response	6,070	7,762	7,762	7,849
Pojoaque/Nambe Demand Response	2,276	3,913	3,167	2,035
Pojoaque Dial-A-Ride	-	4,724	3,088	3,515
Chile Line ADA- Demand Response	-	-	-	-
ADA Flex Routes	-	-	-	-
Special Events	-	-	-	-
Dead Head	-	-	-	-
Las Trampas	866	2,146	2,052	2,196
Greater El Dorado Express	8,835	-	-	-
Total Unlinked Riders on NCRTD Operated	<u><u>94,640</u></u>	<u><u>148,310</u></u>	<u><u>185,826</u></u>	<u><u>192,917</u></u>

Source: Ridership Reports

2014	2015	2016	2017	2018	2019
48,943	45,007	48,279	55,197	55,692	59,645
15,393	12,864	12,664	14,316	15,433	15,706
7,818	8,633	8,261	9,673	10,293	9,359
8,027	5,680	7,242	6,317	5,299	5,531
-	-	-	-	2,528	3,561
4,980	3,229	1,777	1,290	1,510	1,891
3,834	2,902	4,376	5,190	5,456	6,567
29,643	23,972	21,313	20,381	18,996	17,602
10,448	9,322	8,950	7,742	7,752	7,637
2,951	1,997	4,060	4,861	5,535	4,925
-	-	4,597	5,917	4,546	8,483
-	-	124	1,447	1,289	1,879
7,438	9,220	7,116	5,940	4,917	3,970
6,636	5,154	4,760	5,168	5,753	5,012
9,612	8,822	7,003	6,997	5,761	4,532
10,243	9,862	12,983	13,004	13,585	14,916
-	731	1,442	1,591	1,790	2,121
4,380	3,605	3,274	4,058	3,292	4,403
10,792	9,794	12,035	14,701	16,206	16,883
7,707	6,567	7,368	4,673	5,187	5,332
-	-	67,049	67,161	64,961	59,726
-	-	6,200	10,208	10,285	13,983
3,579	1,908	1,691	1,707	1,995	1,086
-	236	625	872	832	651
1,685	1,820	1,318	1,088	1,380	1,846
8,030	7,028	6,855	6,023	7,883	5,375
1,389	1,251	1,093	3,188	3,572	3,330
3,911	2,695	2,825	1,095	917	821
-	-	1,230	1,711	1,532	5,478
-	-	-	-	185	17
-	105	384	1,509	1,001	661
-	-	1,030	1,263	1,078	958
2,311	1,768	-	-	-	-
-	-	-	-	-	-
209,750	184,172	267,924	284,285	286,441	293,887

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
 RIDERSHIP- NCRTD PARTIALLY FUNDED ROUTES (UNAUDITED)
 LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NCRTD Partially Funded Routes										
RailRunner	399,569	392,239	360,076	309,115	360,269	337,680	301,063	289,432	278,297	251,720
Santa Fe Route 2	16,726	46,512	48,773	48,382	49,393	50,606	48,474	45,818	30,130	28,966
Santa Fe Route 4	4,131	11,805	11,116	10,015	11,543	9,626	8,928	7,103	5,648	4,992
Santa Fe Route 22	4,779	6,580	8,950	10,925	10,318	7,739	6,323	6,854	5,803	5,158
Santa Fe Pick Up	15,005	66,394	66,180	80,318	76,413	86,790	76,305	85,384	85,516	82,993
Los Alamos - White Rock Rt 2	8,655	36,247	37,352	46,008	106,671	98,779	73,954	49,632	55,354	50,193
Los Alamos Enhanced	-	54,183	66,820	66,523	51,148	57,204	36,971	25,831	27,986	52,253
Los Alamos Route-White Rock Express Rt 11	-	3,883	6,930	6,792	6,230	6,873	7,117	6,520	6,728	8,009
Total Unlinked Riders on NCRTD Partially Funded Routes	448,865	617,843	606,197	578,078	671,985	655,297	559,135	516,574	495,462	484,284

Source: Ridership Reports

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
LARGEST EMPLOYERS (UNAUDITED)
LAST FOUR FISCAL YEARS**

Employer	Type of Business	2019			2018		
		Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
State of New Mexico	Government	27,191	1	18.35%	27,081	1	18.32%
Los Alamos National Laboratory	Research and Development	11,830	2	7.98%	11,738	2	7.94%
St. Vincent Regional Medical Center	Medical Services	2,185	3	1.47%	2,160	3	1.46%
Santa Fe Public Schools	Education	1,925	4	1.30%	1,913	4	1.29%
City of Santa Fe	Government	1,525	5	1.03%	1,515	5	1.02%
Santa Fe Community College	Education	987	6	0.67%	987	6	0.67%
Santa Fe County	Government	929	7	0.63%	926	7	0.63%
Los Alamos County	Government	803	8	0.54%	798	8	0.54%
Santa Fe Opera	Entertainment	791	9	0.53%	795	9	0.54%
Taos Ski Valley	Ski Resort	750	10	0.51% (a)	750	10	0.51%
Other Employers		99,245		66.98%	99,175		67.08%
Total Workforce		148,161		100.00%	147,838		100.00%

Employer	Type of Business	2017			2016		
		Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
State of New Mexico	Government	21,729	1	14.81%	19,655	1	13.42%
Los Alamos National Laboratory	Research and Development	11,031	2	7.52%	10,500	2	7.17%
St. Vincent Regional Medical Center	Medical Services	2,132	3	1.45%	2,021	3	1.38%
Santa Fe Public Schools	Education	1,780	4	1.21%	1,763	4	1.20%
City of Santa Fe	Government	1,449	5	0.99%	1,500	5	1.02%
Santa Fe Community College	Education	905	6	0.62%	909	6	0.62%
Santa Fe County	Government	883	7	0.60%	846	7	0.58%
Peters Corporation	Various	746	8	0.51%	730	8	0.50%
Los Alamos County	Government	739	9	0.50%	684	9	0.47%
Santa Fe Opera	Entertainment	615	10	0.42%	630	10	0.43%
Other Employers		104,754		71.38%	107,169		73.20%
Total Workforce		146,763		100.00%	146,407		100.00%

Sources: Individual Employers, Santa Chamber of Commerce, New Mexico Department of Labor, New Mexico Career Development Association (MMCDA), City of Santa Fe and Los Alamos County CAFRs

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
OPERATING INDICATORS (UNAUDITED)
LAST FIVE FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Cost per mile					
Operating cost per vehicle mile- Monthly average	\$ 2.76	\$ 2.82	\$ 2.87	\$ 2.63	\$ 2.79
Paratransit operating cost per vehicle mile- Monthly average	\$ -	\$ 2.76 [a]	\$ 2.60	\$ 2.26	\$ 8.89
Region 6 operating cost per vehicle mile [a]- Monthly average	\$ 2.21	\$ 2.21	\$ 2.23	\$ 2.11	\$ 2.24
Operating cost per trip- Monthly average	\$ 15.28	\$ 14.44	\$ 13.73	\$ 12.84	\$ 13.35
Paratransit operating cost per trip- Monthly average	\$ -	\$ 23.04	\$ 24.29	\$ 20.04	\$ 18.56
Region 6 Monthly operating cost per trip [a]- Monthly Average	\$ 14.70	\$ 14.70	\$ 13.68	\$ 16.54	\$ 14.60
Fleet					
Spare vehicles	11	17	21	18	17
Number of vehicles needed to run	26	34	35	37	36
Spare vehicle ratio	40.51%	49.14%	58.71%	48.65%	47.22%
Average fleet age in miles	126,883	105,196	85,718	100,010	120,000
Percentage of on time inspections	95	92	97	99	99
Operations					
Commendations	-	-	12 [b]	8	10
Complaints	50	29	30	35	30
Customer Incidents	82	139	79	84	75
Paratransit					
Cancellations	-	-	-	1,532 [c]	1,456
Late cancellations	-	-	-	1,940 [c]	19,888
No shows	-	-	-	915 [c]	761
On-time performance- Percentage	-	68.74%	54.13%	44.64%	53.29%
Early performance- Percentage	-	30.02%	42.33%	51.17%	40.98%
Late performance- Percentage	-	1.24%	3.54%	4.19%	5.74%
Average trip per client- Minutes	-	14.79	16.90	20.68	21.21
Average trip per client- Miles	-	5	6.4	7.7	7.7
Commendations	-	-	1	3	- [d]
Complaints	-	7	2	2	- [d]
Customer Incidents	-	21	18	4	- [d]

Source: Ridership Reports

Notes:

[a] The District started tracking paratransit information separately in fy 2016; prior to 2016 paratransit ridership was included with on-demand services.

[b] Prior to 2017 the District was not keeping track on commendations received.

[c] Prior to 2018 the District was not keeping track on cancellations/late cancellations or no shows for paratransit

[d] After 2018 the District started reporting Paratransit commendations, complained and customer incidents under operations

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
 CAPITAL ASSETS - (UNAUDITED)
 LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Transit										
Lease Space	1	1	1	-	-	-	-	-	-	-
Buildings - Land	-	-	-	1	1	1	2	2	2	3
Buses	19	19	21	33	37	36	52	66	75	75
Other Vehicles	3	4	8	8	8	10	11	12	15	17
Shelters	-	-	33	33	34	34	58	60	62	62
Total Assets	23	24	63	75	80	81	123	140	154	157
Increase (Decrease) Assets	5	1	39	12	5	1	42	17	14	3

Sources: District Departments and Capital Asset Records

NORTH CENTRAL REGIONAL TRANSIT DISTRICT FARE
SCHEDULE (UNAUDITED)
FISCAL YEAR ENDING 2019

Fare Schedule FY 2019			
ROUTE NAME	ROUTE NUMBER	SERVICE TYPE	Flex Fare * (Routes are fare-free unless noted as "PREMIUM")
Riverside	100	Fixed	ADA flex: fare-free; non-ADA flex: \$10/one-way
Westside-Cross	110	Fixed	Fare-free
Chimayo	150	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Santa Clara	160	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Jicarilla	170	Fixed	Fare-free
El Rito	180	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Chama	190	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Santa Fe	200	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Pojoaque/Nambe Dial-a-Ride Subscription Service	210	Flex	ADA flex: fare-free; non-ADA flex: \$1/one-way
Tesuque	220	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
San Ildefonso	230	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Mountain Trail	255	Flex	PREMIUM *** Winter: \$5/one-way; non-winter: \$5 roundtrip. Year-round: ADA flex: fare-free; non-ADA flex: \$10/one-way
La Cienega	260	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Turquoise Trail	270	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Eldorado	280	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Edgewood	290	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Taos	300	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Taos Express	305	Flex	PREMIUM *** \$5 one-way full trip, \$2 one-way partial trip (between Taos/Espanola or Santa Fe/Espanola). ADA flex: fare free; non-ADA flex: \$10/one-way
Red River	310	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Questa	320	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Peñasco	330	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Chile Line Red	340	Fixed	Fare-free
UNM Taos	350	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
TSV Green	341	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Tres Piedras	360	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way
Chili Ride – Paratransit	370	Flex	ADA flex: fare-free; non-ADA flex: \$1/one-way
Night Rider	380	Flex	ADA flex: fare-free; non-ADA flex: \$1/one-way
Angel Fire	800	Flex	ADA flex: fare-free; non-ADA flex: \$1/one-way
Los Alamos	400	Flex	ADA flex: fare-free; non-ADA flex: \$10/one-way

Sources: Grants & Planning Department

Note: * Flex requests will be served in areas where infrastructure allows

FUNDING SOURCES

The following section provides a description of each of the major funding resources used by the District and their available uses.

Fare Revenue

The District collects fares from passengers to ride the bus. The current passenger fare schedule is in the previous page.

Gross Receipts Tax (GRT)

Gross Receipts Tax revenue comes from a dedicated 1/8th cent tax, levied in all four counties the District serves. The initiative passed and its applied and collected in the following four local counties: Los Alamos, Rio Arriba, Santa Fe and Taos. The Gross Receipts Tax was supposed to sunset in 2023; On November 8, 2018 during the midterm election, the tax payers in the four-county area voted in favor to renew the tax district-wide in perpetuity.

Advertising

The District currently contracts out all of the sales of advertising space on NCRD's fleet and facilities, the organization also pursues in-kind partnerships for advertising with applicable partners

FTA Section 5304

Purpose:

This provides funding and procedural requirements for multimodal transportation planning in metropolitan areas and states that are cooperative, continuous, and comprehensive, resulting in long-range plans and short-range programs of transportation investment priorities. The planning programs are jointly administered by FTA and the Federal Highway Administration (FHWA), which provides additional funding.

Statutory References

- 49 U.S.C. Section 5303– Metropolitan transportation planning
- 49 U.S.C. Section 5304 – Statewide and Nonmetropolitan transportation planning
- 49 U.S.C. Section 5305 – Planning Programs

Eligible Recipients

- States, with allocation of funding to Metropolitan Planning Organizations (MPO).
- Transit agencies may apply, as a sub-recipient, to the state for the Statewide and Nonmetropolitan transportation planning program.

■ FUNDING SOURCES

FTA Section 5309

Purpose:

This provides grants for new and expanded rail, bus rapid transit, and ferry systems that reflect local priorities to improve transportation options in key corridors. This program defines a new category of eligible projects, known as core capacity projects, which expand capacity by at least 10% in existing fixed-guideway transit corridors that are already at or above capacity today, or are expected to be at or above capacity within five years. The program also includes provisions for streamlining aspects of the New Starts process to increase efficiency and reduce the time required to meet critical milestones.

Statutory References:

- 49 U.S.C. Section 5309

Eligible Recipients

- State and local government agencies, including transit agencies.

Eligible Activities

- o New fixed-guideways or extensions to fixed guideways (projects that operate on a separate right of way exclusively for public transportation, or that include a rail or a catenary system)
- o Bus rapid transit projects operating in mixed traffic that represent a substantial investment in the corridor.
- o Projects that improve capacity on an existing fixed-guideway system.
- o FTA Section 5310

Purpose

This program is intended to enhance mobility for seniors and persons with disabilities by providing funds for programs to serve the special needs of transit-dependent populations beyond traditional public transportation services and Americans with Disabilities Act (ADA) complementary paratransit services.

Statutory References

- 49 U.S.C. Section 5310

Eligible Recipients

- States (for all areas under 200,000 in population) and designated recipients.
- Subrecipients: states or local government authorities, private non-profit organizations, or operators of public transportation that receive a grant indirectly through a recipient.

FTA Section 5310 (continued)*Eligible Activities*

- At least 55% of program funds must be used on capital projects that are:
 - Public transportation projects planned, designed, and carried out to meet the special need of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.
- The remaining 45% may be used for:
 - Public transportation projects that exceed the requirements of the ADA;
 - Public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit;
 - Alternatives to public transportation that assist seniors and individuals with disabilities.

FTA Section 5311*Purpose*

This program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations less than 50,000, where many residents often rely on public transit to reach their destinations.

Statutory References

- 49 U.S.C. Section 5311

Eligible Recipients

- States, Indian tribes
- Subrecipients: State or local government authorities, nonprofit organizations, operators of public transportation or intercity bus service that receive funds indirectly through a recipient

Eligible Activities

- Planning, capital, operating, job access and reverse commute projects, and the acquisition of public transportation services.

FTA Section 5311c – Tribal Formula*Purpose*

This program provides capital, planning, and operating assistance to federally recognized Indian tribes to provide public transportation services on and around Indian reservations or tribal land in rural areas. Funding is provided as a set-aside within of the Formula Grants to Rural Areas program and allocated both by statutory formula and through a competitive discretionary program. The revenues are received by the District from the Indian Pueblos and Nation as member contributions.

■ FUNDING SOURCES

FTA Section 5311 c – Tribal Formula (continued)

Statutory References

- 49 U.S.C. Section 5311(c)

Eligible Recipients

- Indian tribes
- Subrecipients: State or local government authorities, nonprofit organizations, operators of public transportation or intercity bus service that receive funds indirectly through a recipient

Eligible Activities

- o Planning, capital, operating, job access and reverse commute projects, and the acquisition of public transportation services.



SINGLE AUDIT SECTION

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NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Direct			
5307 Grant Urbanized Area Formula Program	20.507	N/A	\$ <u>73,845</u> 73,845
Passed through New Mexico Department of Transportation			
5311 Grant - Formula Grants for Other than Urbanized Areas	20.509	*M01388 & M01442	2,316,282
5311 Grant - ADA Upgrades to Shelters	20.509	* D01473/1	<u>133,749</u>
Total 20.509			<u>2,450,031</u>
5304 Grant - Statewide Planning Transportation Alternatives Program	20.515	M01311	53,277 <u>3,960</u>
Total Passed Through U.S. Department of Transportation			<u>2,507,268</u>
Total Expenditures of Federal Awards			<u>\$ 2,581,113</u>

* = Denotes major program

1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the North Central Regional Transit District (NCRTD) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule represents only a selected portion of the operations of NCRTD, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments.

3 – Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended June 30, 2019.

4 – Subrecipients

NCRTD provided no federal awards presented above to subrecipients during the year.

5 – Indirect Cost Rate

NCRTD did not use the 10 percent de minimis indirect cost rate.

**Independent Auditor's Report over Internal Control Over Financial Reporting and On
Compliance and other Matters Based on the Audit of Financial Statements
Performed in Accordance with *Governmental Auditing Standards***

Mr. Brian Colón
New Mexico State Auditor and
The Board of Directors
North Central Regional Transit District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the North Central Regional Transit District (NCRTD) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the NCRTD's basic financial statements and have issued our report thereon dated November 27, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NCRTD's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 questioned costs as items 2019-001.

NCRTD's Response to Findings

NCRTD's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. NCRTD's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico
November 27, 2019

**Independent Auditor’s Report on Compliance For Each Major Federal Program and Report on Internal Control
Over Compliance As Required by Uniform Guidance**

Mr. Brian Colón
New Mexico State Auditor and
The Board of Directors
North Central Regional Transit District

Report on Compliance for Each Major Federal Program

We have audited North Central Regional Transit District’s (NCRTD), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the NCRTD’s major federal programs for the year ended June 30, 2019. NCRTD’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the NCRTD’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the NCRTD’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the NCRTD, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico
November 27, 2019

**NORTH CENTRAL REGIONAL TRANSIT DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2019**

A. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal Control

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es) Yes None Reported

Type of auditor’s report issued on major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

CFDA Numbers

<u>Funding Source</u>	<u>Name of Federal Programs</u>	<u>Funding Source</u>
20.509	Capital, Administrative and Operating Expenses	U.S. Dept. of Transportation

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

B. FINDINGS – FINANCIAL STATEMENTS

2019-001 Internal Controls Over Fuel Cards – (Other Non-Compliance)

Condition: During our review of fuel card expenditures, we noted that in 1 of 10 items tested, amount per the fuel card statement did not match total per receipts submitted to the Finance Office for a total of \$23.01.

Criteria: NMAC 1.5.4.12 provides criteria and controls as to fuel cards purchases.

Effect: The District does not have proper oversight and is in violation of New Mexico Statutes over fuel card purchases.

Cause: The District is not in compliance with New Mexico State Statutes in regard to fuel card purchases.

Auditor's Recommendation: We recommend that the District implement a procedure to ensure that gas purchases are in line with receipts submitted.

Management's Response: The District does have a process in place to ensure that gas purchases are in line with receipts submitted. The process requires that (1) Drivers fill up the buses fuel tanks at the end of during their shift to ensure there is enough fuel to operate the bus the following day; (2) they keep the receipt so that it can be turned in to the Operations' Administrative Assistant at end of their shift; Complete a Fuel Card Expense Form with the Details of the transaction (including odometer readings); (3) turn the receipt so that the Administrative Assistant compares the ticket with the form and to the WEX Fuel Card Transaction Report. In this particular instance the Driver submitted the wrong receipt but completed the form appropriately, due to an oversight on the Administrative Assistant the receipt was not compared to the WEX Transaction Report. The difference between the transaction and the receipt was \$23.01.

Current Status/Plan of Action: The issue was brought to the Operations Director and Fleet Manager's attention, the Finance Director asked that the information was conveyed to the Administrative Assistance to ensure that the receipts are also compared to the WEX Transaction Report and that the appropriate receipt is turned in by the Drivers. Additionally, Finance Department agreed to take over this function once the Senior Accountant Position is filled and the Finance Department is fully staffed, this is expected to be corrected by June 2020.

Person Responsible: Operations Director, Fleet Manager and Administrative Assistant.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

B. FINDINGS – FEDERAL AWARDS

None

NORTH CENTRAL REGIONAL TRANSIT DISTRICT

Summary of Prior Year Audit Findings

Year Ended June 30, 2019

PRIOR YEAR AUDIT FINDINGS

2018-001 – Travel & Per Diem (Other non-compliance) - Resolved

2018-002 – Public Employees Retirement Act and Retirement Health Care (Other Non-Compliance - Resolved

2018-003 – Restatement of Capital Assets (Significant Deficiency) - Resolved

2018-004 – Late Submission of Data Collection Form (Other non-compliance) - Resolved

2018-005 – Financial Reporting and Internal Controls (Significant Deficiency – Resolved

2018-006 – Federal Awards Payroll Compliance (Other Matters) – Resolved



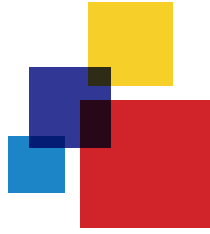
North Central Regional Transit District
1327 N. Riverside Dr.
Española, NM 87532
(505) 629-4725

NORTH CENTRAL REGIONAL TRANSIT DISTRICT

Corrective Action Plan

For the Year Ended June 30, 2019

<u>Audit Finding</u>	<u>Corrective Action Plan</u>	<u>Person(s) Responsible</u>	<u>Estimated Completion Date</u>
2018-001 Internal Controls Over Fuel Cards	See management's response in the schedule of findings and questioned costs	Operations Director & Fleet Manager	6/30/2020



OTHER SUPPLEMENTARY INFORMATION

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NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Cash and Investments
As of June 30, 2019

Financial Institution	Account Type	Reconciled Balance	Balance Per Bank	Federal Home Loan Bank or FDIC Coverage	Total Uninsured	Required Collateral Coverage	Collateral Requirement	Collateral Pledged	Over/(Under) Collateralized
Los Alamos National Bank	Checking	\$ 2,592,236	2,597,768	(250,000)	2,347,768	50%	1,173,884	3,163,080	1,989,196
Total cash and cash equivalents		2,592,236	2,597,768	(250,000)	2,347,768		1,173,884	3,163,080	1,989,196
Los Alamos National Bank (Brokered CDs)									
065680NR7	Certificate of deposit	245,005	245,000	(245,005)	-	50%	-	-	-
61760AMV8	Certificate of deposit	245,005	245,000	(245,005)	-	50%	-	-	-
254673LN4	Certificate of deposit	244,924	245,000	(244,924)	-	50%	-	-	-
06740KKN6	Certificate of deposit	244,880	245,000	(244,880)	-	50%	-	-	-
949763JS6	Certificate of deposit	244,882	245,000	(244,882)	-	50%	-	-	-
45083AHF2	Certificate of deposit	244,914	245,000	(244,914)	-	50%	-	-	-
856285LK5	Certificate of deposit	244,990	245,000	(244,990)	-	50%	-	-	-
06063HEV1	Certificate of deposit	244,944	245,000	(244,944)	-	50%	-	-	-
02006L5P4	Certificate of deposit	244,674	245,000	(244,674)	-	50%	-	-	-
1404206N5	Certificate of deposit	244,652	245,000	(244,652)	-	50%	-	-	-
02587D2L1	Certificate of deposit	244,745	245,000	(244,745)	-	50%	-	-	-
14042RKM2	Certificate of deposit	244,745	245,000	(244,745)	-	50%	-	-	-
59013JK73	Certificate of deposit	244,819	245,000	(244,819)	-	50%	-	-	-
87165FSP0	Certificate of deposit	244,956	245,000	(244,956)	-	50%	-	-	-
61747MQ53	Certificate of deposit	245,659	245,000	(245,659)	-	50%	-	-	-
Cash account		354	354	(354)	-	50%	-	-	-
Total Los Alamos National Bank		3,674,148	3,675,354	(3,674,148)	-		-	-	-
Sanctia Area Federal Credit Union									
420356-30	Certificate of deposit	251,734	248,907	(251,734)	-	50%	-	-	-
Total investments		\$ 3,925,882	3,924,261	(3,925,882)	-		-	-	-

See Independent Auditor's Report.

NORTH CENTRAL REGIONAL TRANSIT DISTRICT
Schedule of Pledged Collateral
As of June 30, 2019

Bank	CUSIP	Current Shares or Face Value	Coupon or Rate	Marked Value	Maturity Date
Los Alamos National Bank FHLB AFS	3137B7YY9	3,000,000	3.490%	3,163,080	1/25/2024
		<u>3,000,000</u>		<u>3,163,080</u>	

NORTH CENTRAL REGIONAL TRANSIT DISTRICT

Exit Conference

Year Ended June 30, 2019

An exit conference was held in a closed session on October 25, 2019, at NCRTD's offices in Española, New Mexico. In attendance were the following:

Representing the NCRTD:

Anthony Mortillaro, Executive Director

Hector Ordonez, Finance Director

Ed Moreno, Santa Fe County

Lillian Garcia, Pueblo de San Ildefonso

Antonio Maggiore, Los Alamos County

Representing Axiom Certified Public Accountants and Business Advisors LLC:

Jaime Rumbaoa, CPA, Partner

Financial Statements

The Comprehensive Annual Financial Report of the NCRTD as of June 30, 2019, was substantially prepared by the District's Finance Department. The financial statements were prepared with considerable assistance from AXIOM, CPA's; However, the financial statement responsibility rests with NCRTD's management.

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