

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO
ECONOMIC DEVELOPMENT DISTRICT**

**Financial Statements
For the Year Ended June 30, 2011**

(With Independent Auditor's Report Thereon)

**ROBERT J. RIVERA, CPA, PC
CERTIFIED PUBLIC ACCOUNTANTS
SANTA FE, NEW MEXICO 87505-4761**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC
DEVELOPMENT DISTRICT
June 30, 2011**

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**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Official Roster
as of June 30, 2011**

Board Of Directors

Nick L. Salazar President
Lawry Mann Vice-President
Nick J. Vigil Treasurer
Ernesto J. Salazar Secretary

COLFAX COUNTY

Marietta Shell
Fred Sparks
Tresa Kagan
William H. Conley

LOS ALAMOS COUNTY

Jim West
Nona B. Bowman
Anthony Mortillaro
Lawry Mann

MORA COUNTY

Peter Martinez
Anita LaRan
Betty Medina
Vacant

RIO ARRIBA COUNTY

Elias Coriz/
Lorenzo Valdez (Alt)
Nick L. Salazar
Joseph Maestas
Nick Vigil

SANDOVAL COUNTY

Annelle Brown
Orlando Lucero
Joshua Magdalena
Peggy Cote

SAN MIGUEL COUNTY

Tony Marquez
Les Montoya
Ernesto J. Salazar
Vacant

SANTA FE COUNTY

David Coss
Dr. Pat Larragoite
Harry Montoya
Jack Kolkmeier

TAOS COUNTY

Bobby Duran
Rebecca Latham
Gabriel J. Romero
John Otis

**INDIAN
REPRESENTATIVES**

James R. Madalena

EX-OFFICIO MEMBER

Vacant

ADMINISTRATIVE OFFICIAL

Tim Armer Executive Director

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

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SANTA FE, NEW MEXICO 87505-4761

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INDEPENDENT AUDITOR'S REPORT

Nick L. Salazar, President
and
Tim Armer, Executive Director
North Central New Mexico Economic Development District
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and major special revenue fund, and the aggregate remaining fund information of the State of New Mexico, North Central New Mexico Economic Development District (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and the budgetary comparisons as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, North Central New Mexico Economic Development District, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparisons for all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with **Government Auditing Standards**, we have also issued our report dated October 28, 2011, on our consideration of the District'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 should be considered in assessing the results of our audit.

The management's discussion and analysis on pages ix through xv are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and is not a required part of the financial statements. The additional schedules listed as "supplemental schedules" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 28, 2011

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The Management's Discussion and Analysis (MD & A) for the North Central New Mexico Economic Development District (District) will provide an overview of the District's activities and programs by (1) evaluating the operating results for the year, (2) assess its financial position and condition, (3) understand its sources and uses of financial resources, (4) determine if budgets were met, and (5) identify budget issues or concerns.

AGENCY HIGHLIGHTS

The District was created on May 31, 1967, by a joint powers agreement between eight counties. The eight counties that are part of the agreement are: Rio Arriba, Taos, Colfax, Sandoval, Los Alamos, Santa Fe, San Miguel and Mora. The authority for the creation of the District is the Joint Powers Agreement Act, Sections 11-1-1 to 11-1-7, NMSA, 1978 Compilation. The purpose of the District is to provide cooperative planning and implementation of overall economic development for north central New Mexico, thereby promoting the social and economic environment of its members. Another principal purpose of the District is to implement specific programs and projects that are considered essential and worthy to the welfare of the members of the District. To fulfill this purpose, the District also administers services provided to elderly citizens under the Older American Act through a contract with the New Mexico Aging and Long-Term Care Department.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded liabilities at the close of the most recent fiscal year by \$1,760.0 (*net assets*). A significant reason for the District's positive net asset balance is its loan portfolio in the amount of \$973.7, and the cash balances associated with the revolving loan funds in the amount of \$487.7.
- The District's total net assets decreased by \$164.5 compared to the prior year.
- As of the close of the current fiscal year, the District's governmental activities reported combined ending net assets of \$245.2, a decrease of \$135.5 from the previous year. The decrease is insignificant.
- All of the District's long-term liabilities are comprised of compensated absences payable. The balance increased by \$3.2. The increase is insignificant.

USING THIS ANNUAL REPORT

With implementation of GASB 34, the District has made significant changes in the financial statement presentation. The focus is now on government-wide reporting and major individual funds. The financial report includes the sections described below:

Management's Discussion and Analysis

This section provides an analysis of the District's financial activities based on currently known facts, decisions or conditions. It also provides an analysis of the District's overall financial position and results of operations to assist users in assessing whether the financial position has improved or if changes have occurred as a result of the year's activities.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

USING THIS ANNUAL REPORT (Cont'd)

Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the District as a whole using accounting similar to those used by private sector businesses. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The financial statements report the District's net assets and how they have changed.

Fund Financial Statements

The fund Financial Statements provide a more detailed look at the District's significant funds. Funds are accounting methods that the District uses to keep track of specific sources of funding and spending for a particular purpose. The District has two types of funds:

Governmental Funds - Most of the District's services are included in governmental funds. The funds present sources and uses of liquid resources. This is the manner in which the financial plan (the budget) is typically developed. Funds are established for various purposes and the financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities.

Proprietary Funds - These funds are used to account for ongoing organizations and activities that are similar to those found in the private sector. The revolving loan funds are accounted for as enterprise funds since capital maintenance is critical, the funds carry long-term assets and cash flow information is necessary to assess the activity of the funds.

The funds are further classified as major and non-major. Major funds are determined by a percentage of assets, liabilities, revenues, or expenditures/expenses in relation to the totals of all funds in those categories. The General fund will always be considered major. The Area Agency on Aging PSA fund, and all of the revolving loan funds were determined to be major funds.

Budgetary Comparisons

GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the governments's budgetary basis. As required by the Office of the State Auditor, the budgetary comparison statements are presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

Notes to Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 32 of this report.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets: Below is a summary of the District's net assets for the fiscal year ending 2011. The District reports balances in the following three categories of net assets: (1) invested in capital assets, (2) restricted, and (3) unrestricted. Restricted net assets are created by grant agreements and are required to be used for loans. See page 1 of this report for a more detailed look at the Statement of Net Assets.

**Net Assets
(in thousands)**

	2010			2011			Increase (Decrease)
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total	
Current assets	\$ 2,687.4	\$ 506.4	\$ 2,620.4	\$ 2,133.4	\$ 376.6	\$ 2,510.0	\$ (110.4)
Noncurrent assets	-	864.4	891.5	-	973.7	973.7	82.2
Capital assets	62.0	-	104.7	42.2	-	42.2	(62.5)
Total assets	2,749.4	1,370.8	3,616.6	2,175.6	1,350.3	3,525.9	(90.7)
Current liabilities	2,344.8	-	2,344.8	1,903.3	-	1,903.3	(441.5)
Long-term liabilities	23.9	-	23.9	27.1	-	27.1	3.2
Total liabilities	2,368.7	-	2,368.7	1,930.4	-	1,930.4	(438.3)
Net assets:							
Invested in capital assets	62.0	-	104.7	42.2	-	42.2	(62.5)
Restricted	-	1,370.8	1,379.2	-	1,350.3	1,350.3	(28.9)
Unrestricted	318.7	-	276.1	203.0	-	203.0	(73.1)
Total net assets	\$ 380.7	\$ 1,370.8	\$ 1,760.0	\$ 245.2	\$ 1,350.3	\$ 1,595.5	(164.5)

The largest portion of the District's assets is related to the cash, due from grantors, and loan receivable balances of the revolving loan funds. These balances account for 9% of the District's assets. In accordance with GASB 34, the District has capitalized fixed assets, recorded depreciation, and recognized a liability for compensated absences payable in the governmental activities.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Statement of Activities: The following represents the revenues and expenses for fiscal year 2011. See page 2 for a more detailed look at the Statement of Activities.

**Net Asset Changes
(in thousands)**

	2010			2011			Increase (Decrease)
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total	
Revenues:							
<i>Program revenues</i>							
Operating grants & contracts	\$ 20,425.8	\$ -	\$ 20,425.8	\$ 20,185.3	\$ -	\$ 20,185.3	(240.5)
Charges for services	13.3	26.3	39.6	4.7	30.4	35.1	(4.5)
General revenues (interest)	6.2	2.3	8.5	2.3	10.8	13.1	4.6
Other	2.3	4.7	7.0	-	0.7	0.7	(6.3)
Total revenues	20,447.6	33.3	20,480.9	20,192.3	41.9	20,234.2	(246.7)
Expenses:							
Community welfare	20,487.8	1.7	20,489.5	20,323.5	22.5	20,346.0	(143.5)
Economic development	-	-	-	-	-	-	-
Total expenses	20,487.8	1.7	20,489.5	20,323.5	22.5	20,346.0	(143.5)
Excess (deficiency) before transfers	(40.2)	31.6	(8.6)	(131.2)	19.4	(111.8)	(103.2)
Transfers	40.0	(40.0)	-	40.0	(40.0)	-	-
Increase (decrease) in net assets	(0.2)	(8.4)	(8.6)	(91.2)	(20.6)	(111.8)	(103.2)
Net assets-beginning (as restated)	380.9	1,379.2	1,760.1	336.4	1,370.9	1,707.3	(52.8)
Net assets-ending	\$ 380.7	\$ 1,370.8	\$ 1,751.5	\$ 245.2	\$ 1,350.3	\$ 1,595.5	(156.0)

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

FUND FINANCIAL ANALYSIS

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. As mentioned previously, funds are used by the District to keep track of specific sources of funding and spending for a particular purpose.

For the current year, the District had nineteen governmental funds and two proprietary funds. Fourteen of the District's governmental funds are used to account for specific grants and report no fund balance. One governmental fund is the general fund, one governmental fund is used to account for long-term care services to senior citizens and finally, two governmental funds are used to account for the administration of the revolving loan programs. The two proprietary funds are used to account for the revolving loan programs.

Governmental fund revenues decreased by \$255.3 or 1.25% from \$20,447.6 to \$20,192.3, and governmental fund expenditures decreased by \$164.3 or 0.8% from \$20,487.8 to \$20,323.5. Governmental fund balances decreased by \$184.7 or 39.5%, from \$407.4 to \$293.0. The reason for the decrease in expenditures was insignificant. The majority of governmental fund balance (\$292.1) is unreserved and available for expenditure in future years. The Board of Directors has reserved \$101.7 for fixed asset acquisitions and \$3.8 to fund compensated absences payable.

Proprietary fund net assets decreased by \$20.5 or 1.5% from \$1,370.8 to \$1,350.3. \$1,350.3 of proprietary fund net assets are restricted to making loans in accordance with the agreements that provided the initial capitalization of the loan funds. The restrictions associated with the Tri-County loan fund have expired and the net asset balance of that fund is unrestricted.

BUDGETARY HIGHLIGHTS

The District's budget was amended several times during the year. The primary reason for budget adjustments was to reflect amendments in grant agreements. Another reason for amendment is to reflect revised activity projections. The variance from the final amended budget was a significant decrease of 36.13%, from \$33,115.3 to \$21,152.3. The primary reason for the significant decrease of \$12,338.8 in budget was that the BTOP-ARRA grant funds were originally budgeted for \$13,391.4 and adjusted to \$1,052.6. The budget is a multi-year budget, and only the amount expended during the current year was reflected as the final approved budget.

CAPITAL ASSET AND ADMINISTRATION

Capital Assets: The District's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$42.2 (net of accumulated depreciation). This investment in capital assets consists mainly of vehicles and office equipment.

Major capital asset events during the current year included \$39.8 of depreciation expense. There were capital asset additions (leasehold improvements) during the year totaling \$20.0 and there were \$10.9 of capital assets deleted.

Capital Assets

Governmental Activities

	<u>2010</u>	<u>2011</u>
Capital assets net of accumulated depreciation	\$62.0	\$42.2

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Long-Term Debt: At the end of the current fiscal year, the District had total long term debt outstanding of \$27.1, in amounts due to employees, comprising accumulated balances for vacation leave and sick leave eligible for payment to employees upon termination of their employment.

Long-Term Debt

Governmental Activities

	<u>2010</u>	<u>2011</u>
Accumulated leave balances:		
Vacation leave	\$17.7	\$21.6
Sick leave	<u>6.2</u>	<u>5.5</u>
Total	<u>\$23.9</u>	<u>\$27.1</u>

Long-term compensated absences payable decreased by \$3.2 or 13.6% from the previous year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

See information below under activity highlights. The District does not anticipate any significant changes in next year's operations and budgets.

ACTIVITY HIGHLIGHTS:

In fiscal year 2010-2011, North Central New Mexico Economic Development District (NCNMEDD) continued its provision of services to the elderly much as it had the previous year in the 32 county service area known as the Non-Metro Area Agency on Aging. To cover this service area, NCNMEDD has offices in Santa Fe, Clovis, Tucumcari, Taos and Deming.

Staff continued to work with each provider to help them determine a true cost for each unit of the various services they provide. Programs were encouraged to determine their full cost and to estimate how many of each service type they could provide. Contracts were based on the program's self-identified costs and the number of service units anticipated.

Non- Metro staff also continued the administration of the federally mandated data collection system for services to the elderly. This enabled contractors to simply verify the number of services provided each month in order to be paid based on the pre-determined fee.

Reimbursement of state and federal funds to senior programs was based on the agreed upon unit costs and the verified number of services provided.

Non-Metro administered funds provided through the American Recovery and Reinvestment Act (ARRA) on behalf of senior citizens throughout its service area, supplementing the reduced funding available from state and local sources and insuring adequate nutrition for senior citizens in need.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The Long Term Care Program did not generate any revenues for NCNMEDD this year. All providers in the program have begun billing the state directly. Known formally as the Medicaid Personal Care Option, this program allows payment to providers of certain in-home services to eligible senior citizens. NCNMEDD does not expect additional revenue in this area and will use the reserve fund created for board approved activities.

NCNMEDD concluded its contract work with New Mexico's Land Grant communities, but continues to work with them as special purpose units of government within the District.

NCNMEDD continued to administer two contracts with the New Mexico Department of Transportation for Regional Planning Organizations. The Northern Pueblos RPO provided transportation planning to Santa Fe, Los Alamos, Rio Arriba and Taos Counties and the cities (with the exception of Santa Fe) and Indian Nations in that area. The NorthEast RPO provided similar services in Colfax, Mora and San Miguel Counties.

NCNMEDD continues to work on water and wastewater issues. The District is assisting the mutual domestic water consumers associations, Santa Fe and Rio Arriba Counties and the city of Española in the development of greater regional cooperation. This has led to an extensive use of District GIS resources to map small systems and to help them develop asset management plans,

NCNMEDD continues to participate in a team led by the Regional Development Corporation to develop a 25-year strategic economic development plan for Los Alamos, Santa Fe, Rio Arriba and Taos Counties and the associated municipalities and tribes.

As part of that process, NCNMEDD served as the applicant for a grant from the US Department of Commerce National Telecommunications and Information Administration for the Broadband Technology Opportunity Program, representing Los Alamos, Santa Fe and Rio Arriba Counties, the City of Española and the Pueblos of Pojoaque, Tesuque, San Ildefonso, Santa Clara and Ohkay Owingeh.

NCNMEDD continues to operate two loan funds for business development.

NCNMEDD ended its responsibility for the funds held in trust for the New Mexico Association of Regional Councils in April and transferred those funds to the Southeast New Mexico Economic Development District.

Finally, NCNMEDD did experience reductions in funds for services to the elderly and for regional planning as provided through the contract with the Department of Finance and Administration. These reductions did curtail services. Continued reductions are anticipated.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide the general public and other interested parties with a general overview of this District's finances and accountability of funds. Questions regarding this report or requests for additional information should be addressed to:

**North Central New Mexico Economic Development District
P.O. Box 5115
Santa Fe, NM 87502-5115**

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Cash on deposit	\$ 333,186	\$ 376,538	\$ 709,724
Due from grantors	1,796,304	-	1,796,304
Other receivables	3,900	-	3,900
Loans receivable (net)	-	973,721	973,721
Capital assets (net)	42,166	-	42,166
	<u>2,175,556</u>	<u>1,350,259</u>	<u>3,525,815</u>
Total assets			
LIABILITIES			
Accounts payable	1,525,563	-	1,525,563
Payroll taxes payable	-	-	-
Payroll benefits payable	-	-	-
Suspense	2,000	-	2,000
Deferred revenue	284,464	-	284,464
Due to State of NM	25,614	-	25,614
Other liabilities	3,670	-	3,670
Compensated absences:			
Due within one year	61,930	-	61,930
Due after one year	27,146	-	27,146
	<u>1,930,387</u>	<u>-</u>	<u>1,930,387</u>
Total liabilities			
NET ASSETS			
Invested in capital assets	42,166	-	42,166
Restricted for:			
Loans	-	1,350,259	1,350,259
Unrestricted	203,003	-	203,003
	<u>245,169</u>	<u>1,350,259</u>	<u>1,595,428</u>
Total net assets	\$	\$	\$

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Govern- mental Activities	Business- Type Activities	Total
Governmental Activities:						
Community welfare	\$ (20,323,494)	\$ 4,650	\$ 20,185,310	\$ (133,534)	\$ -	\$ (133,534)
Business-type Activities:						
Economic development	(22,540)	30,425	-	-	7,885	7,885
Total	\$ (20,346,034)	\$ 35,075	\$ 20,185,310	(133,534)	7,885	(125,649)
General Revenues:						
Interest				2,331	696	3,027
Loan loss recoveries				-	10,800	10,800
Transfers				40,000	(40,000)	-
Total general revenues and transfers				42,331	(28,504)	13,827
Change in net assets - increase (decrease)				(91,203)	(20,619)	(111,822)
Net assets, beginning, as reported				380,695	1,370,775	1,751,470
Restatements:						
Prior-period adjustment (note 11)				(44,323)	103	(44,220)
Net assets, beginning, as restated				336,372	1,370,878	1,707,250
Net assets, ending				\$ 245,169	\$ 1,350,259	\$ 1,595,428

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds			Non-Major Funds	Total
	General Fund	Special Revenue Funds		Special Revenue Funds	
		Area Agency on Aging PSA	BTOP-ARRA Grant	Other Funds	
ASSETS					
Cash on deposit and equivalent	\$ 203,471	\$ 3,670	\$ 39,242	\$ 86,803	\$ 333,186
Due from grantors	-	1,359,668	337,619	99,017	1,796,304
Other receivables	3,900	-	-	-	3,900
Due from other funds	-	-	55,014	-	55,014
Due from other programs	-	131,575	-	-	131,575
Total assets	\$ <u>207,371</u>	\$ <u>1,494,913</u>	\$ <u>431,875</u>	\$ <u>185,820</u>	\$ <u>2,319,979</u>
LIABILITIES					
Accounts payable	\$ 1,859	\$ 1,310,497	\$ 180,865	\$ 32,342	\$ 1,525,563
Deferred revenue	-	18,955	251,010	14,499	284,464
Due to other funds	-	-	-	55,014	55,014
Due to other programs	-	131,575	-	-	131,575
Other liabilities	-	5,670	-	-	5,670
Due to State of New Mexico	-	25,614	-	-	25,614
Total liabilities	1,859	1,492,311	431,875	101,855	2,027,900
FUND BALANCES					
Fund balances:					
Committed:					
Capital asset acquisition	101,698	-	-	-	101,698
Payment of compensated absences	3,758	-	-	-	3,758
Assigned:					
Administration	-	536	-	83,965	84,501
Capital asset acquisition	-	2,066	-	-	2,066
Unassigned	100,056	-	-	-	100,056
Total fund balances	205,512	2,602	-	83,965	292,079
Total liabilities and fund balance	\$ <u>207,371</u>	\$ <u>1,494,913</u>	\$ <u>431,875</u>	\$ <u>185,820</u>	\$ <u>2,319,979</u>

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Reconciliation of the Balance Sheet to the Statement of Net Assets
 Governmental Funds
 June 30, 2011

	Total
Total fund balance for the governmental funds	\$ 292,079
Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Capital assets (net)	42,166
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:	
Compensated absences	(89,076)
Net assets of Governmental Activities	\$ 245,169

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds			Non-Major Funds	Total
	General Fund	Special Revenue Funds		Special Revenue Funds	
		Area Agency on Aging PSA	BTOP-ARRA Grant	Other Funds	
REVENUES					
Federal operating grants	\$ -	\$ 6,527,921	\$ 481,106	\$ 289,733	\$ 7,298,760
State operating grants and contracts	-	12,182,697	-	99,214	12,281,911
Local and private grants and contributions	-	-	571,500	33,139	604,639
Membership assessments	4,650	-	-	-	4,650
Bank interest	2,331	-	-	-	2,331
Total revenues	6,981	18,710,618	1,052,606	422,086	20,192,291
EXPENDITURES					
Community welfare:					
Health and welfare	-	16,753,875	-	-	16,753,875
Administration	36,073	1,931,743	1,052,606	482,542	3,502,964
Construction-new leasehold	19,980	-	-	-	19,980
Capital outlay	-	25,000	-	1,440	26,440
Total expenditures	56,053	18,710,618	1,052,606	483,982	20,303,259
Excess (deficiency) of revenues over expenditures	(49,072)	-	-	(61,896)	(110,968)
Other financing sources (uses):					
Operating transfers in - from Proprietary Funds	-	-	-	40,000	40,000
Operating transfers in	-	-	-	21,430	21,430
Operating transfers (out)	(21,430)	-	-	-	(21,430)
Total other financing sources (uses)	(21,430)	-	-	61,430	40,000
Net change in fund balance	(70,502)	-	-	(466)	(70,968)
Fund balance - beginning, as reported	276,014	2,602	-	128,754	407,370
Restatements:					
Prior-period adjustment (note 11)	-	-	-	(44,323)	(44,323)
Fund balance-beginning, as restated	276,014	2,602	-	84,431	363,047
Fund balance - ending	\$ 205,512	\$ 2,602	\$ -	\$ 83,965	\$ 292,079

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance to the Statement of Activities
 Governmental Funds
 June 30, 2011

		Total
Net Change in Fund Balance - Governmental Funds	\$	(70,968)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital asset contributions	\$	-
Capital outlay		19,980
Depreciation expense		(39,830)
		(19,850)
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:</p>		
Increase in compensated absences		(385)
Changes in Net Assets of Governmental Activities	\$	(91,203)

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Major Governmental Funds
General Fund - All Accounts
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Membership assessments	\$ 15,000	\$ 2,331	\$ 2,331	\$ -
Bank interest	7,500	4,650	4,650	-
Other revenue	-	-	-	-
Operating transfers in	-	-	-	-
Prior cash budgeted	250,839	70,502	-	(70,502)
Total revenues	273,339	77,483	6,981	(70,502)
EXPENDITURES:				
Community welfare:				
Administration	-	36,073	36,073	-
Construction-new leasehold	-	19,980	19,980	-
Operating transfers out	21,430	21,430	21,430	-
Budgeted reserves	251,909	-	-	-
Total expenditures	273,339	77,483	77,483	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ -	\$ -	\$ (70,502)	\$ (70,502)
Reconciliation of GAAP basis to budget basis:				
		Revenues	Expenditures	
GAAP basis		\$ 6,981	\$ 77,483	
Adjustments- none		-	-	
Budget basis		\$ 6,981	\$ 77,483	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Major Governmental Funds
Area Agency on Aging PSA Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants	\$ 6,200,867	\$ 6,528,720	\$ 6,527,920	\$ (800)
State operating grants and contracts	12,183,284	12,183,744	12,220,270	36,526
Local and private gifts and grants	-	-	-	-
Prior year cash budgeted	-	-	-	-
	<u>18,384,151</u>	<u>18,712,464</u>	<u>18,748,190</u>	<u>35,726</u>
EXPENDITURES:				
Community welfare:				
Health and welfare	16,676,981	16,779,929	16,778,082	1,847
Administration	1,707,170	1,907,535	1,945,108	(37,573)
Capital outlay	-	25,000	25,000	-
	<u>18,384,151</u>	<u>18,712,464</u>	<u>18,748,190</u>	<u>(35,726)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 18,748,190	\$ 18,748,190	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 18,748,190</u>	<u>\$ 18,748,190</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis)
Major Governmental Funds
BTOP-ARRA Special Revenue Fund (04-240)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants	\$ 10,565,792	\$ 481,106	\$ 481,106	\$ -
State operating grants and contracts	-	-	-	-
Local and private gifts and grants	2,825,651	571,500	571,500	-
Prior-year cash budgeted	-	-	-	-
	<u>13,391,443</u>	<u>1,052,606</u>	<u>1,052,606</u>	<u>-</u>
Total revenues				
EXPENDITURES:				
Community welfare:				
Health and welfare	-	-	-	-
Administration	13,391,443	1,052,606	1,052,606	-
Capital outlay	-	-	-	-
	<u>13,391,443</u>	<u>1,052,606</u>	<u>1,052,606</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 1,052,606	\$ 1,052,606	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 1,052,606</u>	<u>\$ 1,052,606</u>	

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Statement of Net Assets
 Proprietary Funds
 June 30, 2011

	(25-601) Economic Development Administration RLF	(24-601) Tri-County RLF	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
<i>Current Assets:</i>			
Cash on deposit	\$ 103,101	\$ 273,437	\$ 376,538
<i>Noncurrent Assets:</i>			
Loans receivable (net)	<u>661,938</u>	<u>311,783</u>	<u>973,721</u>
Total assets	<u>765,039</u>	<u>585,220</u>	<u>1,350,259</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Restricted for loans	765,039	585,220	1,350,259
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 765,039</u>	<u>\$ 585,220</u>	<u>\$ 1,350,259</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	(25-601) Economic Development Administration RLF	(24-601) Tri-County RLF	Total
OPERATING REVENUES			
Loan interest	\$ 21,426	\$ 8,999	\$ 30,425
Loan loss recoveries	-	10,800	10,800
Loan fees	-	-	-
	<u>21,426</u>	<u>19,799</u>	<u>41,225</u>
Total operating revenues	21,426	19,799	41,225
OPERATING EXPENSES			
Administrative expenses	-	-	-
Provision for loan losses	22,540	-	22,540
	<u>22,540</u>	<u>-</u>	<u>22,540</u>
Total operating expenses	22,540	-	22,540
Operating income (loss)	(1,114)	19,799	18,685
NON-OPERATING REVENUES			
Bank interest	393	303	696
	<u>393</u>	<u>303</u>	<u>696</u>
Income (loss) before contributions and transfers	(721)	20,102	19,381
Contributions and transfers:			
Operating transfers out - to governmental funds	(15,000)	(25,000)	(40,000)
	<u>(15,000)</u>	<u>(25,000)</u>	<u>(40,000)</u>
Net income (loss)	(15,721)	(4,898)	(20,619)
	<u>(15,721)</u>	<u>(4,898)</u>	<u>(20,619)</u>
Net assets, beginning, as reported	780,657	590,118	1,370,775
Restatements:			
Prior-period adjustment (note 11)	103	-	103
	<u>103</u>	<u>-</u>	<u>103</u>
Net assets, beginning, as restated	780,760	590,118	1,370,878
	<u>780,760</u>	<u>590,118</u>	<u>1,370,878</u>
Net assets, ending	\$ 765,039	\$ 585,220	\$ 1,350,156
	<u>\$ 765,039</u>	<u>\$ 585,220</u>	<u>\$ 1,350,156</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Cash Flows - Increase (Decrease) in Cash and Cash Equivalents
Proprietary Funds
For the Year Ended June 30, 2011

	Economic Development Administration RLF	Tri-County RLF	Total
Cash flows from operating activities:			
Other operating expenses	\$ -	\$ -	\$ -
Program loans made	(362,250)	(22,250)	(384,500)
Program loan repayments	136,852	126,156	263,008
Loan interest received	21,426	8,999	30,425
Net cash provided (used) by operating activities	<u>(203,972)</u>	<u>112,905</u>	<u>(91,067)</u>
Cash flows from non-capital financing activities:			
Operating transfers out	<u>(15,000)</u>	<u>(25,000)</u>	<u>(40,000)</u>
Net cash provided (used) by non-capital financing activities	<u>(15,000)</u>	<u>(25,000)</u>	<u>(40,000)</u>
Cash flows from investing activities:			
Interest income	<u>393</u>	<u>303</u>	<u>696</u>
Net cash provided (used) by investing activities	<u>393</u>	<u>303</u>	<u>696</u>
Net increase (decrease) in cash	(218,579)	88,208	(130,371)
Cash, beginning of year	<u>321,580</u>	<u>184,819</u>	<u>506,399</u>
Cash, end of year	<u>\$ 103,001</u>	<u>\$ 273,027</u>	<u>\$ 376,028</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,114)	\$ 19,799	\$ 18,685
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in loans receivable	(225,398)	103,906	(121,492)
Increase (decrease) in allowance	<u>22,540</u>	<u>(10,800)</u>	<u>11,740</u>
Net cash provided (used) by operating activities	<u>\$ (203,972)</u>	<u>\$ 112,905</u>	<u>\$ (91,067)</u>

Noncash investing, capital and financial activities:

There were no significant noncash investing, capital and financing activities during the reporting period.

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

1. History and Functions

The North Central New Mexico Economic Development District (District) was created on May 31, 1967, pursuant to a joint powers agreement between Rio Arriba, Taos, Colfax, Sandoval, Los Alamos, Santa Fe, San Miguel and Mora Counties under the authority of the Joint Powers Agreement Act, Section 11-1 to 11-1-7, NMSA, 1978 Compilation.

The purpose of the District is to provide cooperative planning and implementation of overall economic development for north central New Mexico, thereby promoting the social and economic environment of its members.

2. Summary of Significant Accounting Policies

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Proprietary activities have applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB statements and interpretations, APB opinions, and ARB's of the Committee on Accounting Procedure. FASB statements and interpretations issued after November 30, 1989, have not been applied.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No.34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation based on the size of the government.

In June 2001, the GASB unanimously approved Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statements 34 and should be implemented simultaneously with Statement 34. Statement 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB Statement No. 34, 37 and 38 effective July 1, 2001. As part of this Statement, there is a new reporting requirement regarding the government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and, therefore, is unaffected by this requirement.

A. Financial Reporting Entity

The District is a special purpose government created by a joint powers agreement between eight counties under the authority of the Joint Powers Agreement Act. The District is governed by a Board of Directors constituted as follows:

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

A. Financial Reporting Entity (Cont'd)

8	Elected county officials - one per county
8	Elected city officials or delegates - one from the largest city of each county
8	Overall Economic Development Program committee members - one per county
8	Lay persons at large
<u>2</u>	Indian representatives
<u>34</u>	Total board members

The officers of the District are selected from the Board of Directors. The District is a governmental subdivision of the State of New Mexico and a body with all the powers of public or quasi-municipal corporation and these financial statements include all funds and activities over which the District officers have oversight responsibility. The officers of the District have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District is not included in any other governmental reporting entity as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. The District does not have any component units.

B. Basic Financial Statements - Government-Wide Statements

The District's basic financial statements include both government-wide (based on the District as a whole) and fund financial statements and report information on all non-fiduciary activities. The new reporting model focus is on either the District as a whole or major individual funds (within the fund financial statements). The District is a multiple-program government that engages in both governmental and business-type activities and has no component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type activities. In the government-wide Statements of Net Assets, both the governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, restricted net assets and unrestricted net assets.

Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The functions are also supported by general revenues (primarily interest on cash deposits). The Statement of Activities reduces gross expense (including depreciation) by related program revenues, charges for services and operating grants and contributions. Program revenues must be directly associated with the function. The District includes only two functions: community welfare and economic development.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in the governmental fund category.

The governmental fund statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. This presentation is deemed more appropriate to

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

B. Basic Financial Statements - Government-Wide Statements (Cont'd)

demonstrate legal compliance, to demonstrate the source and use of liquid resources and to demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental-wide presentation.

The proprietary fund statements (enterprise funds) are presented on the full accrual, economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets and receivables. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Proprietary fund equity is classified as net assets.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District first uses restricted resources then unrestricted resources.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported on the basis of funds in the fund financial statements. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is reported by a generic fund type classification within the financial statements known as governmental funds.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are also reported by a generic type classification known as governmental funds.

PROPRIETARY FUNDS

Enterprise Funds - The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

C. Basic Financial Statements - Fund Financial Statements (Cont'd)

PROPRIETARY FUNDS (Cont'd)

GASB Statement No. 34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets.

The funds are further classified as major or nonmajor, with emphasis placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the General fund of the District or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

All funds have been administratively established by the Board of Directors to account for the sources and uses of specific operating grants or where the Board has decided that establishment for a separate fund is necessary for accountability.

MAJOR FUNDS

General Fund

Special Revenue Funds

Area Agency on Aging PSA Fund - Accounts for revenues and expenditures associated with a grant agreement with the New Mexico State Agency on Aging funded by the Older Americans Act, Title IIIB, IIIC, IIID and IIIE and the General Appropriations Act (House Bill 2). The counties served by PSA are: San Juan, Rio Arriba, Taos, Colfax, McKinley, Sandoval, Los Alamos, Santa Fe, San Miguel, Cibola, Valencia and Torrance, Catron, Socorro, Hidalgo, Grant, Sierra, Luna, Dona Ana and Otero.

Broadband Technology Opportunities Program (BTOP) - Accounts for the activities associated with a grant from the U.S. Department of Commerce, pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 (2009) (ARRA) for the costs of constructing a broadband infrastructure in a four-county region in New Mexico.

Proprietary Funds

Economic Development Administration Revolving Loan Fund - Accounts for activities initially capitalized by a grant from the U. S. Department of Commerce and 25% matching funds. The fund was originally established in 1983 and is currently in its revolving phase. Loans are made to eligible borrowers to stimulate economic development. The principal and a portion of the interest on loan payments must remain intact and be used to recapitalize the fund for future loans.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. **Summary of Significant Accounting Policies (Cont'd)**

C. **Basic Financial Statements - Fund Financial Statements (Cont'd)**

Proprietary Funds (Cont'd)

Tri-County Revolving Loan Fund - Accounts for activities initially capitalized by a grant from the U. S. Department of Energy. The purpose of the grant was to stimulate economic development in Los Alamos, Rio Arriba and Santa Fe counties as a result of workforce displacement at Los Alamos National Laboratory. The restrictions associated with the grant expired in May 1999, however, it is the Board's intention to maintain the fund for economic development.

NONMAJOR FUNDS

Special Revenue Funds

Medicaid Personal Care Fund - Accounts for services provided and funds received under agreement with the New Mexico Human Services Department.

State Grant-in-Aid Fund - Created under Section 4-58-4, et. Seq., NMSA, 1978 Compilation. The purpose of the fund is to account for grant monies to assist units of local governments in development and implementation of regional economic development programs.

Economic Development Administration Planning Fund - Accounts for EDA grant funds used to implement an economic development program designed to encourage new employment opportunities and to foster a stable and diversified local economy. Funded by Section 301(b) of the Public Works and Economic Development Act of 1985, as amended.

San Miguel County Planning Funds - Accounts for the activities associated with a grant from San Miguel County.

NPRPO Transportation Planning - Accounts for activities associated with a grant from the New Mexico State Highway Department for the Northern Pueblos Regional Planning Organization for planning.

Eagle Nest Planning - Accounts for activities associated with a grant to map in GIS, the water infrastructure for the Town of Eagle Nest, New Mexico.

Rio Arriba County Planning - Accounts for activities associated with a grant for planning and technical assistance for Rio Arriba County.

Economic Development Administration RLF Administration Fund - Accounts for the cost of administering the Economic Development Administration Revolving Loan Fund. Under the terms of the agreement with the U. S. Department of Commerce, a portion of the interest earned on loans is to be used for the administration of the fund.

Tri-County RLF Administration Fund - Accounts for the cost of administering the Tri-County Revolving Loan Fund.

NERPO Planning - Accounts for activities associated with a grant from the New Mexico State Highway Department for the Northeast Regional Planning Organization for planning.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

C. Basic Financial Statements - Fund Financial Statements (Cont'd)

NONMAJOR FUNDS

Special Revenue Funds

EMNRD - ARRA Grant - Accounts for the activities associated with a pass-through grant from the New Mexico Energy and Minerals Department, pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5 (2009) (ARRA) for the costs of retro-fitting to improve energy modifications in homes and businesses in Wagon Mound, New Mexico.

Santa Fe County Planning - Accounts for activities associated with a grant for planning and technical assistance for Santa Fe County.

McCune Foundation - Accounts for activities associated with a grant from the McCune Foundation.

Regional Development Corporation - Accounts for activities associated with a purpose of developing a 25 year strategic economic development plan for Los Alamos, Santa Fe, Rio Arriba and Taos counties and associated municipalities and tribes.

Federal Emergency Fund - CDBG - Accounts for activities associated with a pass-through grant from the New Mexico Department of Finance and Administration - Local Government Division, funded by a Community Development Block Grant to assist home owners in northern New Mexico with repairs caused by freezing temperatures during the winter of 2010-2011.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual - The government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (normally sixty days). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

E. Encumbrances

Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation, is not employed by the District.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

F. Use of Estimates

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

G. Financial Statement Amounts

1. Cash and Cash Equivalents

For the purpose of the Proprietary Fund Statement of Cash Flows, the District considers highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash consists of petty cash and cash on deposit with banks.

2. Accrued Revenue

Various reimbursement procedures are used for Federal, State and Local awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year end represent amounts expended during the fiscal year that are related to grant programs, however, the reimbursement for the expenditure was not received prior to the end of the fiscal year.

3. Interfund Receivables and Payables

To improve efficiency and physical control, the District maintains a pooled cash account for all governmental funds with each fund having an interest in the pooled cash account and reporting its interest in its balance sheet. Funds that have overdrawn their share of the pooled cash account report an interfund liability to the fund(s) which have absorbed the deficit cash balance (the fund(s) that management has deemed to have "loaned" the cash to the overdrawn fund). The funds which have absorbed the deficit cash balance reports a receivable from the overdrawn fund. Interfund balances are expected to be repaid within one year from the date of the financial statements of June 30, 2011.

4. Loans Receivable and Allowance for Loan Losses

The District administers various revolving loan funds. The funds were initially capitalized through grants from other governmental entities. The grants provide capital for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, plus interest and other related income, create a revolving source of capital to finance other business enterprises.

Loans are stated at unpaid principal balances. Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest income on impaired loans is recognized only to the extent of interest payments received. Loans are secured by various assets pledged by the borrower.

The allowance for loan losses is maintained at a level which, in management's judgement, is adequate to absorb credit losses inherent in the loans. The amount of the allowance is based on management's evaluation of the collectibility of the loans, including the nature of the loans, credit

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

G. Financial Statement Amounts (Cont'd)

4. Loans Receivable and Allowance for Loan Losses (Cont'd)

concentrations, trends in historical loss experience, specific impaired loans, economic conditions and other risks inherent in the loans. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows, it is reasonably possible that a material change could occur in the allowance for loan losses in the near future. However, the amount of the change that is reasonably possible cannot be estimated. The allowance is increased by a provision for loan losses or reduced by loan loss recoveries, which is charged to expense or credited to income and reduced by charge-offs, net of recoveries. Changes in the allowance are charged to the provision for loan losses or credited to loan loss recoveries.

5. Capital Assets

Capital assets of the District include data processing equipment, furniture and fixtures, equipment and automobiles. The District does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold of movable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. The District has adopted this change in an accounting estimate, per Accounting Principles Board (APB) 20. Old inventory items that do not meet the new capitalization threshold will remain on the inventory list and continue to be depreciated. Any items received after July 1, 2005, will be added to the inventory only if they meet the new capitalization policy. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Computer software which is purchased with data processing computer equipment is included as part of the capitalized computer equipment in accordance with 2.20.1.9 C (5) The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The District does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the District are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

Depreciation on all exhaustible capital assets is provided on the straight-line basis with no salvage value. The estimated useful life for capital assets is as follows:

Office equipment - 3 years	Vehicles - 5 years
Office furniture - 7 years	Leasehold improvements - lease term

GASB Statement No. 34 requires the District to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe, traffic signals, etc. The District does not own any infrastructure assets.

6. Due to Grantees

The District manages programs for the elderly under contract with the New Mexico State Agency on Aging pursuant to the Older Americans Act. The District contracts with local governments and not-for-profit organizations to provide services for the elderly. Amounts due to those providers are services rendered prior to year-end are recorded as due to grantees.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

G. Financial Statement Amounts (Cont'd)

7. **Deferred Revenue/Advances**

In accordance with GASB Statement No. 33, most governmental grants are considered voluntary nonexchange transactions. Accordingly, revenues are recognized when allowable costs have been incurred and any other eligibility requirements have been met. Amounts provided in advance of requirements being met are presented as deferred revenues. The grants stipulate that any grant funds which are advanced and not expended by the expiration of the grant must be returned to the U. S. Treasury. The District does not anticipate any funds being returned to the grantors.

8. **Compensated Absences**

Employees are entitled to accumulate annual leave at a rate of three to four weeks per year depending on their tenure. A maximum of 240 hours of annual leave may be accrued. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination.

Employees are entitled to accumulate sick leave at a rate of eight hours per month. There is no limit to the amount of sick leave that an employee may accumulate. Employees may trade in sick leave for annual leave at a rate of four hours of sick leave for one hour of annual leave.

The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources in accordance with GASB Interpretation No. 6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

9. **Equity Classifications**

Government-Wide Statements

Equity is classified as net assets. Net assets is the difference between assets and liabilities. Net assets invested in capital assets represents the historical cost of assets or fair value on date of receipt less accumulated depreciation on those assets. Net assets are reported as restricted when there are legal litigations imposed on their use by the District or external restrictions by other governments, creditors or grantors. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets".

Fund Statements

Governmental fund equity is classified as fund balance.

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, was implemented by the District for the year ending June 30, 2011. Statement No. 54 replaces the old fund balance terminology ("reserved", "unreserved", "designated", and "undesignated") with new financial reporting categories for fund balances of governmental funds.

Governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

2. Summary of Significant Accounting Policies (Cont'd)

G. **Financial Statement Amounts (Cont'd)**

9. **Equity Classifications (Cont'd)**

Non-spendable includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

The spendable fund categories can be depicted as follows:

Restricted are amounts that are so due to enabling legislation, constitutional provisions, externally imposed by grantors, contributors, laws or regulations of other governments, or by creditors, such as through debt covenants.

Committed are amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and removal of the constraint would require a formal action by the same authority.

Assigned consists of amounts that are intended to be used for a specific purpose established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

Unassigned represents the residual amount after all classifications have been considered for the government's general fund, and could report a surplus or a deficit.

Proprietary fund equity is classified in the same manner as in the government-wide financial statements.

10. **Revenues and Expenditures**

Substantially all governmental fund revenues are accrued. Program revenues consist principally of Federal operating and State grants that are restricted to expenditure for a particular purpose. Proprietary fund program revenues consist principally of interest on loans receivable and are recognized when earned, except for interest on impaired loans which is recognized when received.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Non-operating revenues are all other revenues. For the District, non-operating revenues include interest income.

Expenditures are recognized when the related fund liability is incurred.

3. Stewardship, Compliance and Accountability

By its nature as a government unit, the District is subject to various laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows:

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

3. Stewardship, Compliance and Accountability (Cont'd)

A. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget is prepared prior to May 1 by the district's fiscal officers. The budget request includes proposed expenditures and the means of financing them through Federal and State grants and membership assessments.
2. A proposed budget is presented to the Executive Committee for review in its June meeting and subsequently approved by the Board of Directors. The Board of Directors must approve all subsequent budget transfers and increases. The budget was amended during the year. The legal level of budgetary control is by fund. In addition, budgetary control is also exercised at the grant level by program. (See note 10).
3. The General and Special Revenue funds operating budgets for the District are adopted on a basis consistent with accounting principles generally accepted in the United States of America, with the exception that prior cash budgeted is treated as a revenue source in the accompanying budgetary comparison statements. The District does not utilize an encumbrance system and appropriations do not lapse at year-end. Budgets are adopted to proprietary funds.

4. Detail Notes on Accounts and Transaction Classes

A. Cash on Deposit

Cash deposits are reported at carrying amount which reasonable estimates fair value. At year-end, the carrying amounts of bank accounts and bank balances were as follows:

	<u>Account Type</u>	<u>Balance per Depository</u>	<u>Reconciling Items</u>	<u>Balance Per Financial Statements</u>
Los Alamos Bank:				
General operating account	Demand	\$ 555,809	\$(223,273)	\$332,536
EDA RLF account	Demand	198,101	(95,000)	103,101
TC RLF account	Demand	<u>273,437</u>	<u>-</u>	<u>273,437</u>
Total		<u>\$1,027,347</u>	<u>\$(318,273)</u>	709,074
Petty cash				<u>650</u>
Total per government-wide and fund financial statements				<u>\$709,724</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011**

4. Detail Notes on Accounts and Transaction Classes (Cont'd)

A. Cash on Deposit (Cont'd)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's deposit policy for custodial credit risk is as follows:

Bank accounts are insured by the FDIC up to \$250,000, per bank, per type of account. In general, State statute require that banks pledge collateral equal to one half of the deposit balance in excess FDIC insurance limits. Accounts are in one financial institution as listed above. As of June 30, 2011, \$777,347 of the District's bank balances of \$1,027,347 is exposed to custodial credit risk as follows:

<u>Custodial Credit Risk</u>	<u>Bank Balance</u>
Fully insured (FDIC)	\$ 250,000
Collateralized with securities held by pledging financial institutions trust department or agent	<u>777,347</u>
	<u>\$ 1,027,347</u>

The following schedule presents cash on deposit with various banks and the collateral pledged by each institution in accordance with Section 6-10-16, NMSA, 1978 compilation:

<u>Los Alamos National Bank</u>	<u>Carrying Amount</u>	<u>Book Balance</u>
Total deposits per bank	\$1,027,347	\$ 709,074
Less deposits covered by FDIC	(250,000)	(250,000)
Total	<u>\$ 777,347</u>	<u>\$ 459,074</u>
50% collateral requirement	\$ (388,674)	\$ (229,537)
Pledged collateral	<u>2,000,000</u>	<u>2,000,000</u>
Over (under) requirement	<u>\$1,611,326</u>	<u>\$ 1,770,463</u>

Pledged security consists of the following items and is held by the Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Suite 100, Irving TX 75063-2547:

<u>Description</u>	<u>Par</u>	<u>Lower of Par of Market Value</u>
76171EJ6FFCB FHLB Letter of Credit Fixed Rate Note, 8/1/2011	\$2,000,000	\$2,000,000

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011**

4. Detail Notes on Accounts and Transaction Classes (Cont'd)

B. Accrued Revenue

Amounts are due from granting authorities as follows:

New Mexico Agency on Aging - PSA	\$ 1,359,668
BTOP - ARRA Grant	337,619
San Miguel County	5,747
Santa Fe County	4,940
EDA Planning	11,785
U.S. Department of Transportation - NERPO - Regional Planning	21,183
U.S. Department of Transportation - NPRPO - Regional Planning	23,394
EMNRD-ARRA	23,907
Federal Emergency Funds-CDBG	<u>8,061</u>
	<u>\$ 1,796,304</u>

C. Loan Receivable and Allowance for Loan Losses

Net loans receivable of business-type activities are comprised of economic development loans with average maturities of seven years. Net loans receivable are comprised of the following amounts:

	<u>EDA RLF</u>	<u>TC RLF</u>	<u>Total</u>
Loans receivable - beginning	\$ 510,086	\$ 450,331	\$ 960,417
Plus: loans originated	362,250	22,250	384,500
Less: loans repaid (canceled)	<u>(136,849)</u>	<u>(126,156)</u>	<u>(263,005)</u>
Loans receivable - ending	<u>735,487</u>	<u>346,425</u>	<u>1,081,912</u>
Allowance for loan losses - beginning	51,009	45,032	96,041
Plus : provision for loan losses	22,540	-	22,540
Less: loan loss recoveries	<u>-</u>	<u>(10,390)</u>	<u>(10,390)</u>
Allowance for loan losses - end	<u>73,549</u>	<u>34,642</u>	<u>108,191</u>
Net loans receivable	<u>\$ 661,938</u>	<u>\$ 311,783</u>	<u>\$ 973,721</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

4. Detail Notes on Accounts and Transaction Classes (Cont'd)

D. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental activities:				
Furniture and equipment	\$ 135,347	\$ -	\$ (1,544)	\$ 133,803
Leasehold improvements	9,371	19,980	(9,371)	19,980
Vehicles	213,786	-	-	213,786
	<u>358,504</u>	<u>19,980</u>	<u>(10,915)</u>	<u>367,569</u>
Total capital assets				
	358,504	19,980	(10,915)	367,569
Less accumulated depreciation:				-
Furniture and equipment	104,979	16,146	(1,544)	119,581
Leasehold improvements	6,695	3,009	(9,371)	333
Vehicles	184,814	20,675	-	205,489
	<u>296,488</u>	<u>39,830</u>	<u>(10,915)</u>	<u>325,403</u>
Total accumulated depreciation				
	296,488	39,830	(10,915)	325,403
Net capital assets:				
Furniture and equipment	30,368	(16,146)	-	14,222
Leasehold improvements	2,676	16,971	-	19,647
Vehicles	28,972	(20,675)	-	8,297
	<u>62,016</u>	<u>(19,850)</u>	<u>-</u>	<u>42,166</u>
Net capital assets	\$ 62,016	\$ (19,850)	\$ -	\$ 42,166

The District does not have any debt related to capital assets.

Depreciation expense of \$39,830 was charged and is included in the Community Welfare expense function of the governmental activities in the Statement of Activities, Exhibit B.

E. Long-Term Liabilities

Long-term liability activity of the governmental activities for the year ended June 30, 2011, was as follows:

	<u>Adjusted</u> <u>Balance</u> <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2011</u>
Compensated absences payable	\$88,691	\$95,115	\$(94,730)	\$89,076

Management estimates that the amount payable within one year will be approximately \$61,930. In prior years the general fund has been used to liquidate compensated absences.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

4. Detail Notes on Accounts and Transaction Classes (Cont'd)

F. Lease Commitments

The District leases office space in Santa Fe, Taos, and Deming, NM. There are no future minimum rentals under the lease. Lease expenditures for the year ended June 30, 2011, amount to \$53,544.

G. Due From/To Other Funds

The following amounts are due to/from other funds.

<u>Due From Other Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
BTOP ARRA Grant	\$ 55,014	\$ -
 <u>Due To Other Funds (BTOP-ARRA)</u>		
Federal Emergency Funds - CDBG	-	235
NPRPO - Transportation	-	23,216
NERPO - Transportation	-	20,876
Santa Fe County	-	4,940
San Miguel County	-	5,747
	<hr/>	<hr/>
Totals	\$ <u>55,014</u>	\$ <u>55,014</u>

See Note 2.G.3 regarding the purpose of interfund balances. The interfund balances have been eliminated in the government-wide financial statements.

H. Due From/Due to Other Programs (Intra-Fund)

<u>AAA - PSA Special Revenue Fund</u>	<u>Due From Other Programs</u>	<u>Due To Other Programs</u>
Title III-C1	\$ 10,267	\$ -
Title III-C2	25,451	-
Title III-D	955	-
Cash-in-Lieu NSIP	47,497	-
PSA Administration	10,547	-
PSA - Capital Outlay - Computers	1,874	-
PSA - Alliance	3,670	-
PSA - N4AAA	6,625	-
PSA - Provider Support	24,689	-
State Funds/HB2	-	79,653
Senior Employment Program	-	29,251
Title III-B	-	7,296
Title III-E	-	15,371
ARRA Title III-C - 2	-	4
	<hr/>	<hr/>
Totals	\$ <u>131,575</u>	\$ <u>131,575</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011**

4. Detail Notes on Accounts and Transaction Classes (Cont'd)

I. Interfund Transfers

Operating transfers are as follows:

	Transfers In	Transfers Out
Governmental activities:		
General Fund	\$ -	\$ 21,430
Economic Development Admin. Planning Special Revenue Fund	21,430	-
EDA RLF Administration Special Revenue Fund	15,000	-
TC RLF Administration Special Revenue Fund	25,000	-
	61,430	21,430
Business-type activities:		
Economic Development Admin. RLF Proprietary Fund	-	15,000
Tri-County RLF Proprietary Fund	-	25,000
	-	40,000
	\$ 61,430	\$ 61,430

Interfund transfers are used to provide matching funds on grants or to transfer funds from the fund required to receive resources to the fund that budgets expenditure of resources. Interfund transfers have been eliminated in the government-wide financial statements except for the residual transfers between governmental activities and business-type activities.

J. Short-Term Debt

The District had no short-term debt activity during the year.

5. Pension Plan - Public Employees Retirement Association

Plan Description. Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 8.92% (ranges from 4.00% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The District is required to contribute 15.09% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the District's are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to PERA for the fiscal years ending June 30, 2011, 2010, and 2009 were \$185,745, \$198,886, and \$212,069, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011**

6. Post Employment Benefits - State Retiree Health Care Plan

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011

6. Post Employment Benefits - State Retiree Health Care Plan (Cont'd)

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The District's contributions to the RHCA for the years ended June 30, 2011, 2010, and 2009, were \$26,672, \$15,418, and \$16,335, respectively, which equal the required contributions for each year.

7. Risk Management

The District obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the District are covered by blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2010, through June 30, 2011. The District paid \$31,451 to the RMD in insurance premiums for the 2010-2011 fiscal year.

8. Contingencies

The District receives funding pursuant to various grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant that, if not met, could require the District to refund amounts received in the granting agency. The District carefully monitors grant requirements and believes it has met all such conditions.

9. Joint Powers Agreement

The District was created by a joint powers agreement entered into on May 13, 1967, pursuant to the Joint Powers Agreement Act, between the District, the City of Santa Fe, and the following counties: Colfax, Taos, Rio Arriba, Sandoval, Los Alamos, San Miguel, Mora and Santa Fe.

The governing body of the district is its Board of Directors, which is made up of representatives of each county. The Board has thirty-four members.

The District was created for the following purposes:

1. To implement and carry out the provisions and spirit of the Public Works and Economic Development Act of 1965, Public Law 8-136, and all subsequently enacted Federal and State legislation related to these purposes.
2. To stimulate economic growth and orderly development through multi-county planning and investment, pooling of total resources and vigorous local leadership involvement.
3. To prepare, adopt and extend a District "Overall Economic Development Program" (OEDP) as required for District formal designation.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011**

9. Joint Powers Agreement (Cont'd)

4. To formulate, develop and administer the District OEDP and coordinate this activity among the member Counties and Municipalities.
5. To implement specific programs and projects as are considered essential and worth to the members of the District.
6. To carry out such research, planning and advisory functions as are necessary and helpful to the foregoing.

The agreement is perpetual or until dissolved by the Board of Directors with approval of the New Mexico State Board of Finance.

The District prepares an annual budget and keeps records of all transactions. All records are audited annually by proper authority.

10. Original and Final Budgets - By Fund

		<u>Original Budget</u>	<u>Final Budget</u>
<u>Major Funds</u>			
General Fund - All accounts	01-601	\$ 273,339	\$ 77,483
AAA - PSA - Special Revenue Fund	02-all	18,384,151	18,712,464
<u>Non-Major Funds</u>			
Special Revenue Funds:			
Medicaid personal care	02-420	60,000	60,000
State Grant-in-aid	04-160	103,100	99,214
Federal Emergency Funds-CDBG	04-215	22,848	22,849
EDA Planning	04-230	40,715	52,214
EDA Planning	04-232	40,715	63,429
BTOP-ARRA Grant	04-240	13,391,443	1,052,606
EMNRD ARRA Grant	04-245	56,690	53,690
NERPO Planning	04-255	80,150	65,150
NPRPO Planning	04-250	65,150	87,545
Land Grant - DFA	04-265	-	-
Eagle Nest	04-305	692	692
Santa Fe County	04-306	516	538
Rio Arriba County	04-307	7,623	18,589
McCune Foundation	04-301	6,911	6,911
Regional Development Corp	04-303	6,409	6,409
Ohkay Planning	04-315	-	-
TCR-RLF Admin	10-601	25,000	25,291
EDA-RLF Admin	11-601	15,000	15,175
<u>Proprietary Funds</u>			
TCR-RLF	24-601	193,300	194,336
EDA-RLF	25-601	341,500	341,856
		<u>\$ 33,115,252</u>	<u>\$ 20,956,441</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2011**

11. Prior-Period Adjustments

Special Revenue Funds

Economic Development Administration Planning	\$ (22,714)
Rio Arriba County Planning	(8,289)
McCune Foundation	(6,911)
Regional Development Corporation	<u>(6,409)</u>
	\$ <u>(44,323)</u>

The net assets as of June 30, 2010, of the governmental activities, and the fund balances of the individual special revenue funds as of June 30, 2010, as described above, were adjusted to reflect as deferred revenue.

Proprietary Funds

Economic Development Administration - RLF	\$ <u>103</u>
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The net assets as of June 30, 2010, of the business type activities, and the net assets of the individual proprietary fund as of June 30, 2010, as described above, were adjusted to reflect a correction to the allowance for uncollectible loans receivable.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - OTHER FUNDS
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Funds					
	Medicaid Personal Care	State Grant-in- Aid	Economic Development Admin. Planning	San Miguel County Planning	NPRPO Transportation Planning	Subtotal
Assets						
Cash on deposit	\$ 69,243	\$ 312	\$ 16	\$ -	\$ -	\$ 69,571
Due from grantors	-	-	11,785	5,747	23,394	40,926
Due from other funds	-	-	-	-	-	-
Total assets	\$ 69,243	\$ 312	\$ 11,801	\$ 5,747	\$ 23,394	\$ 110,497
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	\$ 312	\$ 302	\$ -	\$ 178	\$ 792
Deferred revenue	-	-	11,499	-	-	11,499
Due to other funds	-	-	-	5,747	23,216	28,963
Due to State of NM	-	-	-	-	-	-
Total liabilities	-	312	11,801	5,747	23,394	41,254
Fund Equity:						
Fund balance:						
Assigned	69,243	-	-	-	-	69,243
Total fund equity	69,243	-	-	-	-	69,243
Total liabilities and fund equity	\$ 69,243	\$ 312	\$ 11,801	\$ 5,747	\$ 23,394	\$ 110,497

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - OTHER FUNDS
Non -Major Governmental Funds
June 30, 2011

	Special Revenue Funds					
	Eagle Nest Planning	Rio Arriba County Planning	EDA-RLF Administration	TC-RLF Administration	NERPO Planning	Subtotal
Assets						
Cash on deposit	\$ -	\$ 2,510	\$ 9,245	\$ 5,477	\$ -	\$ 86,803
Due from grantors	-	-	-	-	21,183	62,109
Due from other funds	-	-	-	-	-	-
Total assets	\$ -	\$ 2,510	\$ 9,245	\$ 5,477	\$ 21,183	\$ 148,912
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	\$ 2,510	\$ -	\$ -	\$ 307	\$ 3,609
Deferred revenue	-	-	-	-	-	11,499
Due to other funds	-	-	-	-	20,876	49,839
Due to State of NM	-	-	-	-	-	-
Total liabilities	-	2,510	-	-	21,183	64,947
Fund Equity:						
Fund balance:						
Assigned	-	-	9,245	5,477	-	83,965
Total fund equity	-	-	9,245	5,477	-	83,965
Total liabilities and fund equity	\$ -	\$ 2,510	\$ 9,245	\$ 5,477	\$ 21,183	\$ 148,912

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - OTHER FUNDS
Non -Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>					
	<u>EMNRD-ARRA Grant</u>	<u>Santa Fe County</u>	<u>McCune Foundation</u>	<u>Regional Development Corporation</u>	<u>Federal Emergency Funds-CDBG</u>	<u>Total</u>
<u>Assets</u>						
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,803
Due from grantors	23,907	4,940	-	-	8,061	99,017
Due from other funds	-	-	-	-	-	-
Total assets	\$ 23,907	\$ 4,940	\$ -	\$ -	\$ 8,061	\$ 185,820
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts payable	\$ 20,907	\$ -	\$ -	\$ -	\$ 7,826	\$ 32,342
Deferred revenue	3,000	-	-	-	-	14,499
Due to other funds	-	4,940	-	-	235	55,014
Due to State of NM	-	-	-	-	-	-
Total liabilities	23,907	4,940	-	-	8,061	101,855
Fund Equity:						
Fund balance:						
Assigned	-	-	-	-	-	83,965
Total fund equity	-	-	-	-	-	83,965
Total liabilities and fund equity	\$ 23,907	\$ 4,940	\$ -	\$ -	\$ 8,061	\$ 185,820

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - OTHER FUNDS
Non-Major Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds					Subtotal
	Medicaid Personal Care	State Grant-in- Aid	Economic Development Administration Planning	San Miguel County Planning	NPRPO Transp. Planning	
REVENUES						
Federal	\$ -	\$ -	\$ 60,500	\$ -	\$ 87,545	\$ 148,045
State	-	99,214	-	-	-	99,214
Local and private grants and contributions	-	-	-	-	-	-
Total revenues	-	99,214	60,500	-	87,545	247,259
EXPENDITURES						
Community welfare:						
Health and welfare	-	-	-	-	-	-
Administration	-	99,214	81,930	-	87,545	268,689
Capital outlay	-	-	-	-	-	-
Total expenditures	-	99,214	81,930	-	87,545	268,689
Excess (deficiency) of revenue over expenditures	-	-	(21,430)	-	-	(21,430)
Other financing sources (uses)						
Operating transfers in (out)	-	-	21,430	-	-	21,430
Total other financing sources (uses)	-	-	21,430	-	-	21,430
Net change in fund balance	-	-	-	-	-	-
Fund balance - beginning, as reported	69,243	-	22,714	-	-	91,957
Restatements:						
Prior period adjustment (note 11)	-	-	(22,714)	-	-	(22,714)
Fund balance- beginning, as restated	69,243	-	-	-	-	69,243
Fund balance - ending	<u>\$ 69,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,243</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - OTHER FUNDS
Non-Major Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds					Subtotal
	Eagle Nest Planning	Rio Arriba County Planning	EDA-RLF Admin.	TC-RLF Admin.	NERPO Planning	
REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	\$ 65,150	\$ 213,195
State	-	-	-	-	-	99,214
Local and private grants and contributions	692	18,589	-	-	-	19,281
Total revenues	<u>692</u>	<u>18,589</u>	<u>-</u>	<u>-</u>	<u>65,150</u>	<u>331,690</u>
EXPENDITURES						
Community welfare:						
Health and welfare	-	-	-	-	-	-
Administration	692	17,149	15,175	25,291	65,150	392,146
Capital outlay	-	1,440	-	-	-	1,440
Total expenditures	<u>692</u>	<u>18,589</u>	<u>15,175</u>	<u>25,291</u>	<u>65,150</u>	<u>393,586</u>
Excess (deficiency) of revenue over expenditures	-	-	(15,175)	(25,291)	-	(61,896)
Other financing sources (uses)						
Operating transfers in (out)	-	-	15,000	25,000	-	61,430
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>25,000</u>	<u>-</u>	<u>61,430</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(175)</u>	<u>(291)</u>	<u>-</u>	<u>(466)</u>
Fund balance - beginning, as reported	-	8,289	9,420	5,768	-	115,434
Restatements:						
Prior period adjustment (note 11)	-	(8,289)	-	-	-	(31,003)
Fund balance- beginning, as restated	-	-	9,420	5,768	-	84,431
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,245</u>	<u>\$ 5,477</u>	<u>\$ -</u>	<u>\$ 83,965</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - OTHER FUNDS
Non-Major Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue Funds					Total
	EMNRD-ARRA Grant	Santa Fe County	McCune Foundation	Regional Development Corporation	Federal Emergency Funds-CDBG	
REVENUES						
Federal	\$ 53,690	\$ -	\$ -	\$ -	\$ 22,848	\$ 289,733
State	-	-	-	-	-	99,214
Local and private grants and contributions	-	538	6,911	6,409	-	33,139
Total revenues	<u>53,690</u>	<u>538</u>	<u>6,911</u>	<u>6,409</u>	<u>22,848</u>	<u>422,086</u>
EXPENDITURES						
Community welfare:						
Health and welfare	-	-	-	-	-	-
Administration	53,690	538	6,911	6,409	22,848	482,542
Capital outlay	-	-	-	-	-	1,440
Total expenditures	<u>53,690</u>	<u>538</u>	<u>6,911</u>	<u>6,409</u>	<u>22,848</u>	<u>483,982</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	(61,896)
Other financing sources (uses)						
Operating transfers in (out)	-	-	-	-	-	61,430
Total other financing sources (uses)	-	-	-	-	-	61,430
Net change in fund balance	-	-	-	-	-	(466)
Fund balance - beginning, as reported	-	-	6,911	6,409	-	128,754
Restatements:						
Prior period adjustment (note 11)	-	-	(6,911)	(6,409)	-	(44,323)
Fund balance- beginning, as restated	-	-	-	-	-	84,431
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,965</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
MEDICAID PERSONAL CARE (LTC) SPECIAL REVENUE FUND (02-420)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
State operating grants and contracts	\$ -	\$ -	\$ -	\$ -
Prior cash budgeted	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>(60,000)</u>
EXPENDITURES:				
Community welfare:				
Administration				-
Budgeted reserves				<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ (60,000)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ -	\$ -	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ -</u>	<u>\$ -</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Non-Major Governmental Funds
STATE GRANT-IN-AID SPECIAL REVENUE FUND (04-160)
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
State operating grants and contracts	\$ 103,100	\$ 99,214	\$ 99,214	\$ -
Total revenues	<u>103,100</u>	<u>99,214</u>	<u>99,214</u>	<u>-</u>
EXPENDITURES:				
Community welfare: Administration	<u>103,100</u>	<u>99,214</u>	<u>99,214</u>	<u>-</u>
Total expenditures	<u>103,100</u>	<u>99,214</u>	<u>99,214</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 99,214	\$ 99,214	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 99,214</u>	<u>\$ 99,214</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
ECONOMIC DEVELOPMENT ADMINISTRATION - PLANNING SPECIAL REVENUE FUND (04-230)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants and contracts	\$ 30,000	\$ 18,501	\$ 18,501	\$ -
Operating transfers in	10,715	10,715	10,715	-
Prior cash budgeted	-	-	-	-
	<u>40,715</u>	<u>29,216</u>	<u>29,216</u>	<u>-</u>
Total revenues				
EXPENDITURES:				
Community welfare:				
Administration	<u>40,715</u>	<u>29,216</u>	<u>29,216</u>	<u>-</u>
Total expenditures	<u>40,715</u>	<u>29,216</u>	<u>29,216</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 29,216	\$ 29,216	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		\$ <u>29,216</u>	\$ <u>29,216</u>	

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Non-Major Governmental Funds
 ECONOMIC DEVELOPMENT ADMINISTRATION - PLANNING SPECIAL REVENUE FUND (04-232)
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants and contracts	\$ 30,000	\$ 41,999	\$ 41,999	\$ -
Operating transfers in	10,715	10,715	10,715	-
Prior cash budgeted	-	-	-	-
	<u>40,715</u>	<u>52,714</u>	<u>52,714</u>	<u>-</u>
Total revenues				
EXPENDITURES:				
Community welfare:				
Administration	<u>40,715</u>	<u>52,714</u>	<u>52,714</u>	<u>-</u>
Total expenditures	<u>40,715</u>	<u>52,714</u>	<u>52,714</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 52,714	\$ 52,714	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 52,714</u>	<u>\$ 52,714</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
NPRPO TRANSPORTATION PLANNING - SPECIAL REVENUE FUND (04-250)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants	\$ 65,150	\$ 65,160	\$ 87,545	\$ 22,385
Prior cash budgeted	-	22,385	-	(22,385)
	<u>65,150</u>	<u>87,545</u>	<u>87,545</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	<u>65,150</u>	<u>87,545</u>	<u>87,545</u>	<u>-</u>
Total expenditures	<u>65,150</u>	<u>87,545</u>	<u>87,545</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 87,545	\$ 87,545	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		\$ <u>87,545</u>	\$ <u>87,545</u>	

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Non-Major Governmental Funds
 EAGLE NEST - PLANNING SPECIAL REVENUE FUND (04-305)
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Local and private grants and contracts	\$ 692	\$ 692	\$ 692	\$ -
Prior cash budgeted	-	-	-	-
Total revenues	<u>692</u>	<u>692</u>	<u>692</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	692	692	692	-
Budgeted reserves	-	-	-	-
Total expenditures	<u>692</u>	<u>692</u>	<u>692</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 692	\$ 692	
Adjustments- none		-	-	
Budget basis		<u>\$ 692</u>	<u>\$ 692</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
RIO ARRIBA COUNTY SPECIAL REVENUE FUND (04-307)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Local and private grants and contributions	\$ -	\$ 18,589	\$ 18,589	\$ -
Prior cash budgeted	<u>7,623</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,623</u>	<u>18,589</u>	<u>18,589</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	7,623	18,589	18,589	-
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,623</u>	<u>18,589</u>	<u>18,589</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 18,589	\$ 18,589	
Adjustments - none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 18,589</u>	<u>\$ 18,589</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
EDA - RLF ADMINISTRATION SPECIAL REVENUE FUND (11-601)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Operating transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Prior year cash budgeted	<u>-</u>	<u>175</u>	<u>-</u>	<u>(175)</u>
Total revenues	<u>15,000</u>	<u>15,175</u>	<u>15,000</u>	<u>(175)</u>
EXPENDITURES:				
Community welfare:				
Administration	15,000	15,175	15,175	-
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>15,000</u>	<u>15,175</u>	<u>15,175</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(175)</u>	\$ <u>(175)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 15,000	\$ 15,175	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 15,000</u>	<u>\$ 15,175</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
TC-RLF ADMINISTRATION SPECIAL REVENUE FUND (10-601)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Operating transfers in	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Prior year cash budgeted	-	291	-	(291)
	<u>25,000</u>	<u>25,291</u>	<u>25,000</u>	<u>(291)</u>
Total revenues	25,000	25,291	25,000	(291)
EXPENDITURES:				
Community welfare:				
Administration	25,000	25,291	25,291	-
Budgeted reserves	-	-	-	-
	<u>25,000</u>	<u>25,291</u>	<u>25,291</u>	<u>-</u>
Total expenditures	25,000	25,291	25,291	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ -	\$ -	\$ (291)	\$ (291)
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 25,000	\$ 25,291	
Adjustments- none		-	-	
		<u>25,000</u>	<u>25,291</u>	
Budget basis		\$ 25,000	\$ 25,291	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
NERPO PLANNING SPECIAL REVENUE FUND (04-255)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants	\$ 65,150	\$ 65,150	\$ 65,150	\$ -
Prior cash budgeted	15,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	80,150	65,150	65,150	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Community welfare:				
Administration	80,150	65,150	65,150	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	80,150	65,150	65,150	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 65,150	\$ 65,150	
Adjustments- none		-	-	
		<hr/>	<hr/>	
Budget basis		\$ 65,150	\$ 65,150	
		<hr/>	<hr/>	

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Non-Major Governmental Funds
 SANTA FE COUNTY SPECIAL REVENUE FUND (04-306)
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Local and private grants and contributions	\$ 516	\$ 538	\$ 538	\$ -
Prior cash budgeted	-	-	-	-
Total revenues	<u>516</u>	<u>538</u>	<u>538</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	516	538	538	-
Budgeted reserves	-	-	-	-
Total expenditures	<u>516</u>	<u>538</u>	<u>538</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 538	\$ 538	
Adjustments - none		-	-	
Budget basis		<u>\$ 538</u>	<u>\$ 538</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
McCUNE FOUNDATION SPECIAL REVENUE FUND (04-301)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Favorable
	Budget	Budget	Basis	(Unfavorable)
REVENUES:				
Local and private grants and contributions	\$ -	\$ -	\$ -	\$ -
Prior cash budgeted	6,911	6,911	6,911	-
Total revenues	6,911	6,911	6,911	-
EXPENDITURES:				
Community welfare:				
Administration	6,911	6,911	6,911	-
Budgeted reserves	-	-	-	-
Total expenditures	6,911	6,911	6,911	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -
Reconciliation of GAAP basis to budget basis:				
		Revenues	Expenditures	
GAAP basis		\$ 6,911	\$ 6,911	
Adjustments- none		-	-	
Budget basis		\$ 6,911	\$ 6,911	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
REGIONAL DEVELOPMENT CORPORATION SPECIAL REVENUE FUND (04-303)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Local and private grants and contracts	\$ -	\$ -	\$ -	\$ -
Prior cash budgeted	<u>6,409</u>	<u>6,409</u>	<u>6,409</u>	<u>-</u>
Total revenues	<u>6,409</u>	<u>6,409</u>	<u>6,409</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	6,409	6,409	6,409	-
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,409</u>	<u>6,409</u>	<u>6,409</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 6,409	\$ 6,409	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 6,409</u>	<u>\$ 6,409</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
EMNRD ARRA GRANT SPECIAL REVENUE FUND (04-245)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants and contracts	\$ 56,690	\$ 53,690	\$ 53,690	\$ -
Total revenues	<u>56,690</u>	<u>53,690</u>	<u>53,690</u>	<u>-</u>
EXPENDITURES:				
Community welfare: Administration	<u>56,690</u>	<u>53,690</u>	<u>53,690</u>	<u>-</u>
Total expenditures	<u>56,690</u>	<u>53,690</u>	<u>53,690</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 53,690	\$ 53,690	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 53,690</u>	<u>\$ 53,690</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Non-Major Governmental Funds
FEDERAL EMERGENCY FUNDS-CDBG SPECIAL REVENUE FUND (04-215)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants and contracts	\$ 22,848	\$ 22,849	\$ 22,848	\$ (1)
Total revenues	<u>22,848</u>	<u>22,849</u>	<u>22,848</u>	<u>(1)</u>
EXPENDITURES:				
Community welfare:				
Administration	<u>22,848</u>	<u>22,849</u>	<u>22,848</u>	<u>1</u>
Total expenditures	<u>22,848</u>	<u>22,849</u>	<u>22,848</u>	<u>1</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 22,848	\$ 22,848	
Adjustments - none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 22,848</u>	<u>\$ 22,848</u>	

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

SUPPLEMENTAL SCHEDULES

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Expenditures of Federal Awards
For Year Ending June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal Catalog Domestic Assistance Number	Pass- Through Entity Identifying Number	Award Amount	Federal Expenditures	To Sub- recipients	For Admin- istration
U.S. Department of Commerce						
Economic Development - State and Local Economic Development Planning	11.302	N/A	\$	\$ 60,500	\$ -	\$ -
Special Economic Development and Adjustment Assistance Program: Sudden and Severe Economic Dislocation and Long-Term Deterioration - EDA loans (MAJOR)	11.307	N/A		853,763	-	-
BTOP-ARRA-Redi-Net (MAJOR)	11.557	NT10BIX5570116	10,565,792	481,106	-	-
Total U.S. Department of Commerce				<u>1,395,369</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation						
NPRPO - Transportation-Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	20.205	M00371		87,545	-	-
NERPO - Transportation-Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	20.205	M00473/WA		65,150	-	-
Total U.S. Department of Transportation				<u>152,695</u>	<u>-</u>	<u>-</u>
U.S. Department of Housing and Urban Development						
New Mexico Energy and Minerals Department EMNRD-ARRA	14.703	10681807	56,690	53,690	-	-
New Mexico Department of Finance and Administration-Local Government Division Commun. Develop. Block Grant-Emergency Home Repair		11-C-NR-I-5-G-02	157,143	22,848	-	-
Total U.S. Department of Housing and Urban Development				<u>76,538</u>	<u>-</u>	<u>-</u>
U.S. Department of Health and Human Services						
New Mexico State Agency on Aging						
Title III, Part B - Supportive Services and Senior Centers (MAJOR)	93.044	Cluster		1,338,810	1,224,789	114,021
Title III, Part C-1 - Nutrition Services (MAJOR)	93.045	Cluster		1,870,855	1,706,661	164,194
Title III, Part C-1 - Nutrition Services (ARRA) (MAJOR)	93.045	Cluster		28,321	6,024	22,297
Title III, Part C-2 - Nutrition Services (MAJOR)	93.045	Cluster		883,880	838,180	45,700
Title III, Part C-2 - Nutrition Services (ARRA) (MAJOR)	93.045	Cluster		15,419	4,437	10,982
Title III, Part D - Disease Prevention and Health Promotion (MAJOR)	93.043			95,138	95,138	-
Title III, Part E - National Family Caregiver Support (MAJOR)	93.052			676,044	612,311	63,733
Nutrition services Incentive Program (MAJOR)	93.053	Cluster		1,619,454	1,619,454	-
Total U.S. Department of Health and Human Services				<u>6,527,921</u>	<u>6,106,994</u>	<u>420,927</u>
Total Expenditure of Federal Awards				<u>\$ 8,152,523</u>	<u>\$ 6,106,994</u>	<u>\$ 420,927</u>

The accompanying notes are an integral part of this schedule.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northern Central New Mexico Economic Development District (the District) and is presented on the accrual basis of accounting, except that loans outstanding at the beginning of the period and loans made during the period are presented as expenditures. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of states, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of the basic financial statements.

2. Loans Outstanding

The District had the following loan balances outstanding at June 30, 2011. The loan balances were initially funded with Federal funds at the rate of 75%. These loan balances outstanding are also included in the federal expenditures presented in this schedule.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loans Outstanding</u>
Special Economic Development and Adjustment Assistance Program: Sudden and Severe Economic Dislocation and Long-Term Economic Deterioration	11.307	\$ 735,487

3. Federal Revolving Loan Funds

The Special Economic Development and Adjustment Assistance Program: Sudden and Severe Economic Dislocation and Long-Term Deterioration - EDA Loans is a federal revolving loan fund (RLF). Monies were originally received from the US Department of Commerce as grant funds.

For the RLF part of the Special Economic Development and Adjustment Assistance Program, calculation of Federal awards expended for the current year consider the following:

- a. Balance of RLF loans outstanding at the end of the fiscal year, plus
- b. Cash and investment balance in the RLF at the end of the fiscal year, plus
- c. Administrative expenses paid out of the RLF income during the fiscal year.

The federal share of the grantee's RLF is calculated as follows: [sum of all EDA-RLF dollars from all of grantee's RLF awards] / (sum of all project dollars for all of grantee's RLF awards)] x grantee's RLF.

<u>6/30/11 Loan Balance</u>	+	<u>6/30/11 Cash Balance</u>	+	<u>(From EDA Admin. Acct. 11-601) FY 11 Operating Expenses</u>	=	<u>Federal Expense</u>
\$735,487	+	\$103,101	+	\$15,175	=	\$853,763

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Notes to the Schedule of Expenditures of Federal Awards
 June 30, 2011

4. Subrecipients

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Sub- Recipients Amount Provided</u>
Special Programs for the Aging:		
Title III, Part B - Supportive Services and Senior Centers	93.044	\$1,224,789
Title III, Part C -1 - Nutrition Services	93.045	1,706,661
Title III, Part C -1 (ARRA)- Nutrition Services	93.045	6,024
Title III, Part C -2 - Nutrition Services	93.045	838,180
Title III, Part C -2 (ARRA) - Nutrition Services	93.045	4,437
Title III, Part D - Disease Prevention and Health Promotion	93.043	95,138
Title III, Part E - National Family Caregiver Support	93.052	612,311
Nutrition Services Incentive Program	93.053	<u>1,619,454</u>
		<u>\$6,106,994</u>

5. Reconciliation of Schedule to Basic Financial Statements

Expenditures per Schedule of Expenditures of Federal Awards	\$8,152,523
Less: Loans at end of year, cash balances and administrative expenditures	<u>(853,763)</u>
Federal operating grant revenues per the Fund Financial Statements (Exhibit E)	<u>\$7,298,760</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 GENERAL FUND ACCOUNTS
 June 30, 2011

	01-601 General Fund Account	20-601 Vehicle Reserve General Fund Account	21-601 Leave-Gen Expend. Res General Fund Account	22-601 Cap. Equip Reserve General Fund Account	23-601 Office Bldg. Reserve General Fund Account	Total General Fund
ASSETS						
Cash on deposit and equivalents	\$ 47,243	\$ 25,000	\$ 3,758	\$ 22,200	\$ 105,020	203,221
Petty cash	250	-	-	-	-	250
Other receivables	3,900	-	-	-	-	3,900
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 51,393</u>	<u>\$ 25,000</u>	<u>\$ 3,758</u>	<u>\$ 22,200</u>	<u>\$ 105,020</u>	<u>207,371</u>
LIABILITIES						
Liabilities:						
Accounts payable & accrued expenses	\$ 1,859	-	-	-	-	\$ 1,859
Due to grantees	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>1,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,859</u>
FUND BALANCE						
Fund Balances:						
Reserved for:						
Capital asset acquisition	-	25,000	-	22,200	105,020	152,220
Payment of compensated absences	-	-	3,758	-	-	3,758
Unreserved-undesignated:						
General Fund	49,534	-	-	-	-	49,534
Total fund balance	<u>49,534</u>	<u>25,000</u>	<u>3,758</u>	<u>22,200</u>	<u>105,020</u>	<u>205,512</u>
Total liabilities and fund balance	<u>\$ 51,393</u>	<u>\$ 25,000</u>	<u>\$ 3,758</u>	<u>\$ 22,200</u>	<u>\$ 105,020</u>	<u>207,371</u>

The accompanying notes are an integral part of this schedule.

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 General Fund Accounts
 For the Year Ended June 30, 2011

	01-601 General Fund Account	20-601 Vehicle Reserve General Fund Account	21-601 Leave-Gen Expend. Res General Fund Account	22-601 Cap. Equip Reserve General Fund Account	23-601 Office Bldg. Reserve General Fund Account	Total General Fund
REVENUES						
Membership assessment	\$ 4,650	\$ -	\$ -	\$ -	\$ -	\$ 4,650
Bank interest	2,331	-	-	-	-	2,331
Other revenue	-	-	-	-	-	-
Total revenues	<u>6,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,981</u>
EXPENDITURES						
Administration	36,073	-	-	-	-	36,073
Construction-new building	-	-	-	-	19,980	19,980
Total Expenditures	<u>36,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,980</u>	<u>56,053</u>
Excess revenues over (under) exp	<u>(29,092)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,980)</u>	<u>(49,072)</u>
Other financing Sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	<u>(21,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,430)</u>
Total other financing sources (uses)	<u>(21,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,430)</u>
Excess (deficiency of revenues over expenditures)	(50,522)	-	-	-	(19,980)	(70,502)
Fund balance, beginning	<u>100,056</u>	<u>25,000</u>	<u>3,758</u>	<u>22,200</u>	<u>125,000</u>	<u>276,014</u>
Fund balance, ending	<u>\$ 49,534</u>	<u>\$ 25,000</u>	<u>\$ 3,758</u>	<u>\$ 22,200</u>	<u>\$ 105,020</u>	<u>\$ 205,512</u>

The accompanying notes are an integral part of this schedule.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - BY PROGRAM
State of New Mexico Agency on Aging - PSA SPECIAL REVENUE FUND
June 30, 2011

	03-100 State Funds HB2	02-100 State Funds HB2	02-110 Senior Employ Pro	02-111 SEP/ Enrollee	02-201 Title III-B	02-202 Title III C-1	02-203 Title III C-2	02-204 Title III-D	02-205 Title III-E	02-206 ARRA Title III C-1	02-207 ARRA Title III C-2	Sub- Total
ASSETS												
Cash	\$320	-	-	-	-	-	-	\$990	-	-	-	\$1,310
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from grantors	-	\$821,548	\$103,012	-	\$111,336	\$152,957	\$65,252	4,631	\$99,552	-	\$4	1,358,292
Due from other AAA programs	-	-	-	-	-	10,267	25,451	955	-	-	-	36,673
Total assets	\$320	\$821,548	\$103,012	-	\$111,336	\$163,224	\$90,703	\$6,576	\$99,552	-	\$4	\$1,396,275
LIABILITIES AND FUND BALANCE												
Liabilities:												
Payroll taxes payable	-	-	-	-	-	-	-	-	-	-	-	-
Payroll benefits payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	-	\$1,000	-	-	-	-	-	-	-	-	-	\$1,000
Accounts payable	-	740,895	\$50,259	-	\$101,941	\$162,822	\$88,211	\$5,773	\$77,245	-	-	1,227,146
Suspense	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	2,099	-	2,492	803	6,936	-	-	12,330
Due to other AAA programs	-	79,653	29,251	-	7,296	-	-	-	15,371	-	4	131,575
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Due to State of New Mexico	\$320	-	23,502	-	-	402	-	-	-	-	-	24,224
Total liabilities	320	821,548	103,012	-	111,336	163,224	90,703	6,576	99,552	-	4	1,396,275
Fund balance	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balance	\$320	\$821,548	\$103,012	-	\$111,336	\$163,224	\$90,703	\$6,576	\$99,552	-	\$4	\$1,396,275

	02-210 Cash in Lieu NSIP	02-501 PSA Adminis.	02-502 PSA Adm-ADDG	02-503 PSA ARRA	02-504 PSA Cap Out	02-505 PSA Cap Out-Comp	02-506 PSA Alliance	02-507 PSA Dir. Sr.	02-508 PSA N4AAA	02-509 PSA Prov Supp	Sub- Total	Total
ASSETS												
Cash	-	\$400	\$380	-	\$1,580	-	-	-	-	-	\$2,360	\$3,670
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from grantors	-	1,376	-	-	-	-	-	-	-	-	1,376	1,359,668
Due from other AAA programs	\$47,497	10,547	-	-	-	\$1,874	\$3,670	-	\$6,625	\$24,689	94,902	131,575
Total assets	\$47,497	\$12,323	\$380	-	\$1,580	\$1,874	\$3,670	-	\$6,625	\$24,689	\$98,638	\$1,494,913
LIABILITIES AND FUND BALANCE												
Liabilities:												
Payroll taxes payable	-	-	-	-	-	-	-	-	-	-	-	-
Payroll benefits payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	-	\$4,383	-	-	-	-	-	-	\$24,689	\$29,072	\$30,072	\$30,072
Accounts payable	\$47,495	5,784	-	-	-	-	-	-	-	-	53,279	1,280,425
Suspense	-	2,000	-	-	-	-	-	-	-	-	2,000	2,000
Deferred revenue	-	-	-	-	-	-	-	-	6,625	-	6,625	18,955
Due to other AAA programs	-	-	-	-	-	-	-	-	-	-	-	131,575
Other liabilities	-	-	-	-	-	-	3,670	-	-	-	3,670	3,670
Due to State of New Mexico	2	-	-	-	1,388	-	-	-	-	-	1,390	25,614
Total liabilities	47,497	12,167	-	-	1,388	-	3,670	-	6,625	24,689	\$96,036	1,492,311
Fund balance	-	156	380	-	192	1,874	-	-	-	-	2,802	2,602
Total liabilities and fund balance	\$47,497	\$12,323	\$380	-	\$1,580	\$1,874	\$3,670	-	\$6,625	\$24,689	\$98,638	\$1,494,913

The accompanying notes are an integral part of this schedule.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY PROGRAM
State of New Mexico Agency on Aging - PSA SPECIAL REVENUE FUND
For the Year Ended June 30, 2011

	02-100 State Funds HB2	02-110 Senior Employ Pro	02-111 SEP/ Enrollee	02-201 Title III-B	02-202 Title III C-1	02-203 Title III C-2	02-204 Title III-D	02-205 Title III-E	02-206 ARRA Title III C-1	02-207 ARRA Title III C-2	Sub- Total
REVENUES											
Federal - AAA	-	-	-	\$1,224,789	\$1,706,661	\$838,180	\$95,138	\$612,311	\$6,024	\$4,437	\$4,487,540
Federal cash in lieu	-	-	-	-	-	-	-	-	-	-	-
State	10,065,750	703,443	22,206	-	-	-	-	-	-	-	10,791,399
Local	-	-	-	-	-	-	-	-	-	-	-
Total revenues	10,065,750	703,443	22,206	1,224,789	1,706,661	838,180	95,138	612,311	6,024	4,437	15,278,939
EXPENDITURES											
Administration	-	122,312	22,206	-	-	-	-	-	-	-	144,518
Distribution to grantees	10,065,750	581,131	-	1,224,789	1,706,661	838,180	95,138	612,311	6,024	4,437	15,134,421
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,065,750	703,443	22,206	1,224,789	1,706,661	838,180	95,138	612,311	6,024	4,437	15,278,939
Excess (deficiency of revenues over expenditures)	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beg. as reported	-	-	-	-	-	-	-	-	-	-	-
Restatements:											
Prior-period adjustment	-	-	-	-	-	-	-	-	-	-	-
Fund balance, be., as restated	-	-	-	-	-	-	-	-	-	-	-
Fund balance, end	-	-	-	-	-	-	-	-	-	-	-

	02-210 Cash in Lieu NSIP	02-501 PSA Admin.	02-502 PSA Adm-ADDG	02-503 PSA ARRA	02-504 PSA Cap Out	02-505 PSA Cap Out-Corj	02-506 PSA Alliance	02-507 PSA Dir. Sr.	02-508 PSA N4AA	02-509 PSA Prov Supp	Sub- Total	Total
REVENUES												
Federal - AAA	\$1,619,454	\$387,648	-	\$33,279	-	-	-	-	-	-	\$2,040,381	\$6,527,921
Federal cash in lieu	-	-	-	-	-	-	-	-	-	-	-	-
State	-	1,166,487	-	-	25,000	-	-	22,737	-	177,074	\$1,391,298	12,182,697
Local	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,619,454	1,554,135	-	33,279	25,000	-	-	22,737	-	177,074	\$3,431,679	18,710,618
EXPENDITURES												
Administration	-	1,554,135	-	33,279	-	-	-	22,737	-	177,074	\$1,787,225	1,931,743
Distribution to grantees	1,619,454	-	-	-	-	-	-	-	-	-	\$1,619,454	16,753,875
Capital outlay	-	-	-	-	25,000	-	-	-	-	-	\$25,000	25,000
Total expenditures	1,619,454	1,554,135	-	33,279	25,000	-	-	22,737	-	177,074	\$3,431,679	18,710,618
Excess (deficiency of revenues over expenditures)	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beg. as reported	-	156	380	-	192	1,874	-	-	-	-	\$2,602	2,602
Restatements:												
Prior-period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beg, as restated	-	156	380	-	192	1,874	-	-	-	-	\$2,602	2,602
Fund balance, end	-	\$156	\$380	-	\$192	\$1,874	-	-	-	-	\$2,602	2,602

The accompanying notes are an integral part of this schedule.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Proprietary Fund
Economic Development Administration RLF (25-601)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Bank interest income	\$ 1,500	\$ 393	\$ 393	\$ -
Loan interest income	20,000	21,463	21,426	(37)
Loan loss recoveries	-	-	-	-
Prior year cash budgeted	<u>320,000</u>	<u>320,000</u>	<u>-</u>	<u>(320,000)</u>
Total revenues	<u>341,500</u>	<u>341,856</u>	<u>21,819</u>	<u>(320,037)</u>
EXPENDITURES:				
Administrative expenses	-	-	-	-
Non-operating transfers out	15,000	15,000	15,000	-
Budgeted reserves	<u>326,500</u>	<u>326,856</u>	<u>-</u>	<u>326,856</u>
Total expenditures	<u>341,500</u>	<u>341,856</u>	<u>15,000</u>	<u>326,856</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,819</u>	\$ <u>6,819</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 21,819	\$ 15,000	
Adjustments - provision for loan losses		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 21,819</u>	<u>\$ 15,000</u>	

The accompanying notes are an integral part of this schedule.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
Proprietary Fund
Tri-County RLF (24-601)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Bank interest income	\$ 900	\$ 303	\$ 303	\$ -
Loan interest income	7,400	9,033	8,999	(34)
Prior year cash budgeted	<u>185,000</u>	<u>185,000</u>	<u>-</u>	<u>(185,000)</u>
Total revenues	<u>193,300</u>	<u>194,336</u>	<u>9,302</u>	<u>(185,034)</u>
EXPENDITURES:				
Non-operating transfers out	25,000	25,000	25,000	-
Budgeted reserves	<u>168,300</u>	<u>169,336</u>	<u>-</u>	<u>169,336</u>
Total expenditures	<u>193,300</u>	<u>194,336</u>	<u>25,000</u>	<u>169,336</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(15,698)</u>	\$ <u>(15,698)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 9,302	\$ 25,000	
Adjustments - provision for loan losses		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 9,302</u>	<u>\$ 25,000</u>	

The accompanying notes are an integral part of this schedule.

SUPPLEMENTAL INFORMATION

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

Nick L. Salazar, President
and
Tim Armer, Executive Director
North Central New Mexico Economic Development District
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund, and the combining and individual funds presented as supplemental information of the State of New Mexico, North Central New Mexico Economic Development District (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 controls 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting. (See finding 2011-1.) 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** which are described in the accompanying Schedule of Findings and Responses as item 2011-1.

This report is intended solely for the information and use of the District's management, others within the agency, the State Auditor, the New Mexico Department of Finance and Administration, and the New Mexico Legislature, and is not intended to be and should not be used by anyone other than these specified parties.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 28, 2011

ROBERT J. RIVERA, CPA, PC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Nick L. Salazar, President
and
Tim Armer, Executive Director
North Central New Mexico Economic Development District
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the State of New Mexico, North Central New Mexico Economic Development District's (District) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing



procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District'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 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.

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

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 28, 2011

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs (Federal Award Programs)
Year Ended June 30, 2011**

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements and the combining and individual fund financial statements of the State of New Mexico, North Central New Mexico Economic Development District.
2. There was one significant deficiency disclosed during the audit of the financial statements.
3. There was one instance of noncompliance which is not material to the financial statements of the State of New Mexico, North Central New Mexico Economic Development District which would be required to be reported in accordance with **Government Auditing Standards**, were disclosed during the audit.
4. There were no significant deficiencies in internal control over major federal award programs considered to be a material weakness in internal control over major programs disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for the State of New Mexico, North Central New Mexico Economic Development District expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no audit findings relating to major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133..

7. The programs tested as major programs including the following:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	US Department of Commerce -
	<i>Special Economic Development and Adjustment Assistance Program:</i>
11.307	Sudden and Severe Economic Dislocation and Long-Term Deterioration - EDA loans
11.557	<i>BTOP - Redinet - (ARRA)</i>
	US Department of Health and Human Services -
	<i>New Mexico State Agency on Aging -</i>
93.044	Title III, Part B - Supportive Services and Senior Centers
93.045	Title III, Part C-1 - Nutrition Services
93.045	Title III, Part C-1 (ARRA) - Nutrition Services
93.045	Title III, Part C-2 - Nutrition Services
93.045	Title III, Part C-2 (ARRA) - Nutrition Services
93.043	Title III, Part D - Disease Prevention and Health Promotion
93.052	Title III, Part E - National Family Caregiver Support
93.053	Nutrition Services Incentive Program

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The North Central New Mexico Economic Development District qualifies as a low-risk auditee.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs (Federal Award Programs)
Year Ended June 30, 2011**

II. FINDINGS - FINDINGS and QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

		<u>Questioned Costs</u>
US Department of Commerce -		
<i>Special Economic Development and Adjustment Assistance Program:</i>		
11.307	Sudden and Severe Economic Dislocation and Long-Term Deterioration EDA Loans	None
11.557	<i>BTOP Redinet (ARRA)</i>	None
US Department of Health and Human Services -		
<i>New Mexico State Agency on Aging -</i>		
93.044	Title III, Part B - Supportive Services and Senior Centers	None
93.045	Title III, Part C-1 - Nutrition Services	None
93.045	Title III, Part C-1 (ARRA) - Nutrition Services	None
93.045	Title III, Part C-2 - Nutrition Services	None
93.045	Title III, Part C-2 (ARRA) - Nutrition Services	None
93.043	Title III, Part D - Disease Prevention and Health Promotion	None
93.052	Title III, Part E - National Family Caregiver Support	None
93.053	Nutrition Services Incentive Program	None

III. STATUS OF PRIOR AUDIT FINDINGS and QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

There were no prior-year audit findings and questioned costs for major federal award programs.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Responses (Pertaining to Financial Statements)
Year Ended June 30, 2011**

1. PRIOR-YEAR AUDIT FINDINGS

None

2. CURRENT-YEAR FINDINGS AND RESPONSES PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED

2011-1 Capital Assets Inventory and Policies and Procedures (Significant Deficiency and Compliance)

Condition

The following was noted during our audit test work of capital assets:

1. The District uses an Excel spreadsheet to track all capital assets, both depreciable and non-depreciable items. A separate list for capitalization and depreciation purposes is compiled to include items over \$5,000 in cost, as well as some items which are over \$1,000, but which were included on the list with the inception of GASB 34 financial reporting and the change in the threshold for capitalization. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold of movable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. Old inventory items that did not meet the new capitalization threshold remained on the inventory list and continued to be depreciated. Any items received after July 1, 2005, have been added to the inventory only if they meet the new capitalization policy. Both inventory listings have not been maintained on a current basis. The inventory listing which includes the non-depreciable assets contains many items which are quite old (seven to ten years). The listing is intended to track all capital assets. Many of the items on the listing may no longer be in use, or have been disposed, but still remain on the listing. In addition, the listing for capitalization and depreciation purposes was not updated during the current year. Some adjustments to the listing were made by the auditors in order to include current year additions and known deletions of leasehold improvements which were associated with the District's previous Santa Fe office location.
2. A certified physical inventory of capital assets was not conducted by the District for the audit period. As a result, the District did not reconcile its capital assets inventory listing to a physical inventory.
3. The District did not record capital assets additions and disposals of as they occurred during the audit period.
4. The District did not have an employee assigned to capital asset management, tracking and recording of capital asset activity during the audit period.

Criteria

In accordance with Section 12-6-10, NMSA 1978 and Section 2.20.1.8 NMAC, agencies are required to implement systematic and well documented methods for accounting for capital assets. Agencies are required to conduct and certify a physical inventory of items costing more than \$5,000 under their control. Policy should require that in the accounting records, the District shall record additions to capital assets at the time acquired, and the District should establish procedures and accounting processes to record additions, dispositions, and transfers and deletions of capital assets.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Responses (Pertaining to Financial Statements)
Year Ended June 30, 2011**

2. CURRENT-YEAR FINDINGS AND RESPONSES PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (Cont'd)

2011-1 Capital Assets Inventory and Policies and Procedures (Cont'd)

Criteria (Cont'd)

In addition, Section 13-6-1(B) NMSA 1978, states "The governing authority shall, as a prerequisite to the disposition of any items of tangible personal property: (1) designate a committee of at least three officials of the governing authority to approve and oversee a disposition; and (2) give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor, duly sworn and subscribed under oath by each member of the authority approving the action."

Cause

The lack of effective controls over capital asset management, including the tracking and safeguarding of capital assets. The District did not have an employee assigned to capital asset management, tracking and recording of capital asset activity during the audit period.

Effect

The District is not in compliance with Section 12-6-10, NMSA 1978 and Section 2.20.1.8 NMAC. There is a risk of loss or theft of capital assets which could go undetected. In addition, there is a risk that capital assets could be materially misstated on the financial statements.

Recommendation

We recommend that management establish effective internal controls which ensures that:

1. A certified physical inventory of capital assets be conducted by the District on an annual basis. The District should reconcile its capital assets inventory listing to the physical inventory.
2. Additions and disposals of capital assets are recorded as they occur, and not when the year-end inventory of capital assets is performed. The disposition of capital assets should be made in accordance with Section 13-6-1(B) NMSA 1978.
3. The District assign an employee as the custodian for capital assets which includes capital asset management, tracking and recording of capital asset activity during the audit period.

Management Response and Corrective Action

1. I have assigned my administrative staff, the Office Manager and the Office Receptionist, the responsibility of being the designated custodian for monitoring and maintaining the capital assets inventory and physical inventory. They will be assisted by a designated staff person in our Aging Services Division and in our Community Development Division for the purpose of collecting inventory data. They will make the capital asset inventory and physical inventory available to the Area Aging Agency Director and the Executive Director on a continuous basis in electronic format.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Responses (Pertaining to Financial Statements)
Year Ended June 30, 2011**

2. CURRENT-YEAR FINDINGS AND RESPONSES PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED (Cont'd)

2011-1 Capital Assets Inventory and Policies and Procedures (Cont'd)

Management Response and Corrective Action (Cont'd)

2. Beginning January 2012, the Office Manager and the Office Receptionist, with assistance by a designated staff person in our Aging Services Division and in our Community Development Division as necessary, will review and update the capital assets inventory and physical inventory on a monthly basis to insure the procurement and disposal of assets are recorded in a timely fashion.
3. By the end of December 2011, the Office Manager and the Office Receptionist, with assistance by a designated staff person in our Aging Services Division and in our Community Development Division as necessary, will develop a certified physical inventory of capital assets for execution by the Executive Director and will reconcile the capital assets inventory listing to the physical inventory. In the future, a certified physical inventory of capital assets will be developed every June, at the close of the fiscal year.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
June 30, 2011**

Financial Statement Preparation

The financial statements were prepared by the independent certified public accountant performing the audit with the assistance of the District. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

Exit Conference

An exit conference was held on December 8, 2011, to discuss the audit. The following individuals were in attendance:

State of New Mexico - North Central New Mexico Economic Development District

Fred Sparks, Board Member
Tim Armer, Executive Director
Fred Lopez, Contract Accountant

Audit Firm - Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA