

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

**Financial Statements
For the Year Ended June 30, 2013**

(With Independent Auditor's Report Thereon)

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC
 DEVELOPMENT DISTRICT
 June 30, 2013

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STATE OF NEW MEXICO
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June 30, 2013

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**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Official Roster
as of June 30, 2013**

Board Of Directors

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

COLFAX COUNTY

Sandra Mantz
Fred Sparks
Mary-Alice Boyce
Landon Newton

LOS ALAMOS COUNTY

Rick Reiss
Vacant
Harry Burgess
Lawry Mann

MORA COUNTY

John Olivas
Anita LaRan
Tomas Garcia
Vacant

RIO ARRIBA COUNTY

Elias Coriz
Alice Lucero
Nick L. Salazar
Michael Padilla

SANDOVAL COUNTY

Vacant
Orlando Lucero
Darryl Madalena
Peggy Cote

SAN MIGUEL COUNTY

Tim Dodge
Les Montoya
Ernesto J. Salazar
Alfonso Ortiz, Jr.

SANTA FE COUNTY

David Coss
Jim Trujillo
David Griscum
Liz Stefanics

TAOS COUNTY

Roberto Gonzales
Barbara Wiard
Linda Calhoun
Gabriel Romero

**INDIAN
REPRESENTATIVES**

James R. Magdalena

EX-OFFICIO MEMBER

R.J. Griego

ADMINISTRATIVE OFFICIAL

Tim Armer Executive Director

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

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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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico, North Central New Mexico Economic Development District (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements 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 non-major governmental funds, and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the 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, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance 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, 2013, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated December 2, 2013, 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** in considering the District's internal control over financial reporting and compliance.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
December 2, 2013

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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 \$1.85 million (*net position*). A significant reason for the District's positive net position balance is its loan portfolio in the amount of \$808,200, and the cash balances associated with the revolving loan funds in the amount of \$484,600.
- The District's total net position increased by \$298,600 compared to the prior year.
- As of the close of the current fiscal year, the District's governmental activities reported combined ending net position of \$556,100, an increase of \$302,300 from the previous year. The increase is significant.
- All of the District's long-term liabilities are comprised of compensated absences payable. The balance increased by \$12,100. 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.

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 position 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 position and how it has changed.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

USING THIS ANNUAL REPORT (Cont'd)

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, the BTOP 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position: Following is a summary of the District's net position for the fiscal year ending 2013. The District reports balances in the following three categories of net position: (1) invested in capital assets, (2) restricted, and (3) unrestricted. Restricted net position is 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 Position.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

**Net Position
(in thousands)**

	2012			2013			Increase (Decrease)
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total	
Current assets	\$ 2,160.3	\$ 410.4	\$ 2,570.7	\$ 2,591.1	\$ 484.6	\$ 3,075.7	\$ 505.0
Noncurrent assets	0.0	886.1	886.1	0.0	808.2	808.2	(77.9)
Capital assets	34.2	0.0	34.2	22.5	0.0	22.5	(11.7)
Total assets	\$ 2,194.5	\$ 1,296.5	\$ 3,491.0	\$ 2,613.6	\$ 1,292.8	\$ 3,906.4	\$ 415.4
Current liabilities	1,915.5	0.0	1,915.5	2,020.2	0.0	2,020.2	104.7
Long-term liabilities	25.2	0.0	25.2	37.3	0.0	37.3	12.1
Total liabilities	1,940.7	0.0	1,940.7	2,057.5	0.0	2,057.5	116.8
Net position:							
Invested in capital assets	34.2	0.0	34.2	22.5	0.0	22.5	(11.7)
Restricted	0.0	771.1	771.1	0.0	776.9	776.9	5.8
Unrestricted	219.6	525.4	745.0	533.6	515.9	1,049.5	304.5
Total net position	253.8	1,296.5	1,550.3	556.1	1,292.8	1,848.9	298.6
Total liabilities and net position	\$ 2,194.5	\$ 1,296.5	\$ 3,491.0	\$ 2,613.6	\$ 1,292.8	\$ 3,906.4	\$ 415.4

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 99% 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.

Net position of the District's governmental activities increased by \$302.3, or 119.1 percent (\$253.8 compared to \$556.1). Unrestricted net position-the part of net position that can be used to finance the day-to-day operations without constraints established by enabling legislation or other legal requirements-changed from \$219.6 at June 30, 2012, to \$533.6 at the end of the year.

The unrestricted governmental net position arose by \$314.0 primarily because the District received a grant from the Walmart Foundation for \$150.0, of which \$149.6 remained at June 30, 2013 for expenditure in the next year. Additionally, program income of \$58.4 and local contributions from the Redi-Net system users of \$100.0.

The net position of our business-type activities decreased by 0.3 percent (\$1.30 million compared to \$1.29 million) for the year ended June 30, 2013. The District generally can only use this net position to finance the continuing operations of the revolving loan programs.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Statement of Activities: The following represents the revenues and expenses for fiscal year 2013. See page 2 for a more detailed look at the Statement of Activities.

**Net Position Changes
(in thousands)**

	2012			2013			Increase (Decrease)
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total	
Revenues:							
<i>Program revenues</i>							
Operating grants & contracts	\$ 27,045.4	\$ 0.0	\$ 27,045.4	\$ 22,797.1	\$ 0.0	\$ 22,797.1	\$ (4,248.3)
Charges for services	0.0	21.0	21.0	0.0	16.9	16.9	(4.1)
General revenues (interest)	2.0	0.4	2.4	2.0	0.4	2.4	0.0
Other	0.3	17.7	18.0	58.4	8.6	67.0	49.0
Total revenues	27,047.7	39.1	27,086.8	22,857.5	25.9	22,883.4	(4,203.4)
Expenses:							
Community welfare	27,122.2	0.0	27,130.1	22,587.5	0.0	22,587.5	(4,542.6)
Economic development	0.0	7.9	0.0	0.0	0.0	0.0	0.0
Total expenses	27,122.2	7.9	27,130.1	22,587.5	0.0	22,587.5	(4,542.6)
Excess (deficiency) before transfers	(74.5)	31.2	(43.3)	270.0	25.9	295.9	339.2
Transfers	85.0	(85.0)	0.0	30.0	(30.0)	0.0	0.0
Increase (decrease) in net position	10.5	(53.8)	(43.3)	300.0	(4.1)	295.9	339.2
Net position-beginning (as restated)	243.3	1,350.3	1,593.6	256.1	1,296.9	1,553.0	(40.6)
Net position-ending	\$ 253.8	\$ 1,296.5	\$ 1,550.3	\$ 556.1	\$ 1,292.8	\$ 1,848.9	\$ 298.6

The District's total revenues decreased significantly by 15.5 percent (\$4.2 million). The total cost of all programs decreased significantly by 16.73 percent (\$4.54 million). The significant decrease is primarily the result in federal grant funding from the U.S. Department of Commerce - National Telecommunications and Information Administration for the Broadband Technology Opportunity Program serving portions of Northern New Mexico.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Governmental Activities

Revenues of the District's governmental activities decreased significantly by 15.5 percent (\$22.857 million in FY 2013 compared to \$27.048 million in FY 2012) while total expenses also decreased significantly by 16.7 percent (\$22.587 million in FY 2013 compared to \$27.122 million in FY 2012). Again, the significant decrease is primarily the result of the decrease in federal grant funding for the Broadband Technology Opportunity communications system serving portions of northern New Mexico. NCNMEDD is serving as the applicant for grant. When the communications systems is completed and placed into service, the NCNMEDD will operate the system.

The majority of the NCNMEDD's governmental activities relating to the provision of services to the elderly has remained fairly constant compared to the previous year.

Business-Type Activities

Proprietary Funds: Proprietary fund net position decreased insignificantly by \$3.7, or 0.3 percent from \$1.296 million compared to \$1.292 million. \$1.292 million of proprietary fund net position is 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 program fund have expired, and the net position balance of \$515.9 is unrestricted.

THE DISTRICT'S FUNDS

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 fifteen governmental funds and two proprietary funds. Ten 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.

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C) reported a combined fund balance of \$650.99, which is significantly above last year's total of \$307.49.

Governmental fund revenue and transfers in, decreased by \$4.256 million (\$22.887 million in FY 2013 compared to \$27.143 million in FY 2012) or 15.68 percent, and governmental fund expenditures and transfers out, decreased by \$4.579 million (\$22.546 million in FY 2013 compared to \$27.125 million in FY 2012) or 16.88 percent. The significant decreases in revenues and expenditures is primarily the result of the decrease in federal grant funding for the Broadband Technology Opportunity communications system serving portions of Northern New Mexico.

The majority of the NCNMEDD's individual governmental funds remained fairly constant compared to the previous year.

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 and to reflect revised activity projections. The variance from the original budget to the final amended budget was a significant increase of \$2.847 million, or 13.94%,

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

BUDGETARY HIGHLIGHTS (Cont'd)

from \$20.424 million to \$23.271 million. The primary reason for the significant increase of \$2.847 million in budget was that the BTOP-ARRA grant funds were originally budgeted for \$0.30 million and adjusted to \$2.557 million. The budget is a multi-year budget, and only the amount expended during the current year was reflected as the final approved budget. In addition, the AAA-PSA special revenue funds increased by .319 million in budget resulting from increased funding during the year.

CAPITAL ASSET AND ADMINISTRATION

Capital Assets: The District's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$22.5 (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 \$11.7 of depreciation expense. There were no capital asset additions during the year and there were no capital assets deleted.

Capital Assets

Governmental Activities

	<u>2012</u>	<u>2013</u>
Capital assets net of accumulated depreciation	\$34.2	\$22.5

Long-Term Debt: At the end of the current fiscal year, the District had total long term debt outstanding of \$37.3, 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>2012</u>	<u>2013</u>
Accumulated leave balances:		
Vacation leave	\$19.6	\$ 28.5
Sick leave	<u>5.6</u>	<u>8.8</u>
Total	<u>\$25.2</u>	<u>\$ 37.3</u>

Long-term compensated absences payable increased by \$12.1 or 48.0% 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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

ACTIVITY HIGHLIGHTS:

In fiscal year 2012-2013, 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 Clovis, Deming, Taos, Tucumcari, and Santa Fe.

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.

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. This program, known as the Medicaid Personal Care Fund, allowed 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. Upon the award of the grant, NCNMEDD continues as the fiscal and administrative agent for the grant and the resulting operations.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

ACTIVITY HIGHLIGHTS: (Cont'd)

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 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**

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,476,096	\$ 484,563	\$ 1,960,659
Due from grantors	1,086,912	-	1,086,912
Accounts receivable	24,076	-	24,076
Other receivables	3,900	-	3,900
Security deposits	100	-	100
Loans receivable (net)	-	808,222	808,222
Capital assets (net)	22,525	-	22,525
	<u>\$ 2,613,609</u>	<u>\$ 1,292,785</u>	<u>\$ 3,906,394</u>
Total assets	\$ 2,613,609	\$ 1,292,785	\$ 3,906,394
LIABILITIES			
Accounts payable	\$ 1,734,871	\$ -	\$ 1,734,871
Deferred revenue	203,677	-	203,677
Due to State of NM	404	-	404
Other liabilities	1,149	-	1,149
Assets held for others	-	-	-
Compensated absences:			
Due within one year	80,093	-	80,093
Due after one year	37,310	-	37,310
	<u>2,057,504</u>	<u>-</u>	<u>2,057,504</u>
Total liabilities	2,057,504	-	2,057,504
NET POSITION			
Invested in capital assets	22,525	-	22,525
Restricted for:			
Loans	-	776,921	776,921
Unrestricted	533,580	515,864	1,049,444
	<u>556,105</u>	<u>1,292,785</u>	<u>1,848,890</u>
Total net position	556,105	1,292,785	1,848,890
Total liabilities and net position	\$ 2,613,609	\$ 1,292,785	\$ 3,906,394

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Activities
For the Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Govern- mental Activities	Business- Type Activities	Total
Functions/Programs						
Governmental Activities:						
Community welfare	\$ (22,587,452)	-	\$ 22,797,076	\$ 209,624	-	\$ 209,624
Business-type Activities:						
Economic development	-	16,954	-	-	16,954	16,954
Total	<u>\$ (22,587,452)</u>	<u>\$ 16,954</u>	<u>\$ 22,797,076</u>	<u>209,624</u>	<u>16,954</u>	<u>226,578</u>
General Revenues:						
Interest				1,978	375	2,353
Other revenue				58,354	-	58,354
Loan loss recoveries				-	8,594	8,594
Transfers				30,000	(30,000)	-
Total general revenues and transfers				<u>90,332</u>	<u>(21,031)</u>	<u>69,301</u>
Change in net assets - increase (decrease)				<u>299,956</u>	<u>(4,077)</u>	<u>295,879</u>
Net position, beginning, as reported				253,791	1,296,478	1,550,269
Restatements:						
Prior-period adjustment (note 11)				<u>2,358</u>	<u>384</u>	<u>2,742</u>
Net position, beginning, as restated				<u>256,149</u>	<u>1,296,862</u>	<u>1,553,011</u>
Net position, ending				<u>\$ 556,105</u>	<u>\$ 1,292,785</u>	<u>\$ 1,848,890</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Non-Major Funds	Total
	Special Revenue Funds			Special Revenue Funds	
	General Fund	Area Agency on Aging		Other Funds	
		PSA	BTOP-ARRA Grant		
ASSETS					
Cash on deposit and equivalent	\$ 195,474	\$ 723,534	\$ 379,220	\$ 177,868	\$ 1,476,096
Due from grantors	-	982,610	-	104,302	1,086,912
Accounts receivable	-	-	24,076	-	24,076
Other receivables	3,900	-	-	-	3,900
Due from other programs	-	-	-	-	-
Security deposits	-	100	-	-	100
Total assets	<u>\$ 199,374</u>	<u>\$ 1,706,244</u>	<u>\$ 403,296</u>	<u>\$ 282,170</u>	<u>\$ 2,591,084</u>
LIABILITIES					
Accounts payable	\$ 1,765	\$ 1,654,854	\$ 64,533	\$ 13,717	\$ 1,734,869
Deferred revenue	-	23,268	180,409	-	203,677
Due to other programs	-	-	-	-	-
Other liabilities	-	1,149	-	-	1,149
Due to State of New Mexico	-	404	-	-	404
Assets held for others	-	-	-	-	-
Total liabilities	<u>1,765</u>	<u>1,679,675</u>	<u>244,942</u>	<u>13,717</u>	<u>1,940,099</u>
FUND BALANCES					
Fund balances:					
Committed:					
Capital asset acquisition	152,220	-	-	-	152,220
Payment of compensated absences	3,758	-	-	-	3,758
Assigned:					
Administration	-	26,569	-	268,453	295,022
Capital asset acquisition	-	-	-	-	-
Unassigned	41,631	-	158,354	-	199,985
Total fund balances	<u>197,609</u>	<u>26,569</u>	<u>158,354</u>	<u>268,453</u>	<u>650,985</u>
Total liabilities and fund balance	<u>\$ 199,374</u>	<u>\$ 1,706,244</u>	<u>\$ 403,296</u>	<u>\$ 282,170</u>	<u>\$ 2,591,084</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2013

	Total
Total fund balance for the governmental funds (Exhibit C)	\$ 650,985
 Amount reported for governmental activities in the statement of net position 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)	22,525
 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	(117,403)
Rounding	(2)
Net position of Governmental Activities (Exhibit A)	\$ <u>556,105</u>

The accompanying notes are an integral part of these 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, 2013

	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	\$ -	\$ 6,910,545	\$ 2,218,202	\$ 185,320	\$ 9,314,067
Federal (temp. mgmt. providers)	-	134,439	-	-	134,439
State operating grants and contracts	-	12,910,992	-	108,741	13,019,733
Local and private grants and contributions	-	78,837	100,000	150,000	328,837
Program income	-	-	58,354	-	58,354
Bank interest	1,978	-	-	-	1,978
Other revenue	-	-	-	-	-
Total revenues	<u>1,978</u>	<u>20,034,813</u>	<u>2,376,556</u>	<u>444,061</u>	<u>22,857,408</u>
EXPENDITURES					
Community welfare:					
Health and welfare	-	17,500,699	-	-	17,500,699
Administration	1,747	2,510,590	2,218,202	314,248	5,044,787
Construction-new leasehold	-	-	-	-	-
Capital outlay	-	783	-	-	783
Total expenditures	<u>1,747</u>	<u>20,012,072</u>	<u>2,218,202</u>	<u>314,248</u>	<u>22,546,269</u>
Excess (deficiency) of revenues over expenditures	<u>231</u>	<u>22,741</u>	<u>158,354</u>	<u>129,813</u>	<u>311,139</u>
Other financing sources (uses):					
Operating transfers in - from Proprietary Funds	-	-	-	-	-
Operating transfers in	-	-	-	30,380	30,380
Operating transfers (out)	-	(380)	-	-	(380)
Total other financing sources (uses)	<u>-</u>	<u>(380)</u>	<u>-</u>	<u>30,380</u>	<u>30,000</u>
Net change in fund balance	<u>231</u>	<u>22,361</u>	<u>158,354</u>	<u>160,193</u>	<u>341,139</u>
Fund balance - beginning, as reported	197,379	537	-	109,572	307,488
Restatements:					
Prior-period adjustment (note 11)	(1)	3,671	-	(1,312)	2,358
Fund balance-beginning, as restated	<u>197,378</u>	<u>4,208</u>	<u>-</u>	<u>108,260</u>	<u>309,846</u>
Fund balance - ending	<u>\$ 197,609</u>	<u>\$ 26,569</u>	<u>\$ 158,354</u>	<u>\$ 268,453</u>	<u>\$ 650,985</u>

The accompanying notes are an integral part of these 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, 2013

		<u>Total</u>
Net Change in Fund Balance - Governmental Funds (Exhibit E)	\$	341,139
<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 outlay additions	\$ -	
Depreciation expense	<u>(11,701)</u>	(11,701)
<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		(29,481)
Rounding		<u>(1)</u>
Changes in Net Position of Governmental Activities (Exhibit B)	\$	<u>299,956</u>

The accompanying notes are an integral part of these 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Membership assessments	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Bank interest	6,000	6,000	1,978	(4,022)
Other revenue	-	-	-	-
Operating transfers in	-	-	-	-
Prior cash budgeted	<u>197,379</u>	<u>197,379</u>	<u>-</u>	<u>(197,379)</u>
Total revenues	<u>218,379</u>	<u>218,379</u>	<u>1,978</u>	<u>(216,401)</u>
EXPENDITURES:				
Community welfare:				
Administration	42,000	42,000	1,747	40,253
Operating transfers out	-	-	-	-
Budgeted reserves	<u>176,379</u>	<u>176,379</u>	<u>-</u>	<u>176,379</u>
Total expenditures	<u>218,379</u>	<u>218,379</u>	<u>1,747</u>	<u>216,632</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231</u>	<u>\$ 231</u>
Reconciliation of GAAP basis to budget basis:				
GAAP basis		<u>\$ 1,978</u>	<u>\$ 1,747</u>	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 1,978</u>	<u>\$ 1,747</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	\$ 7,044,984	\$ 7,044,984	\$ 7,044,984	\$ -
State operating grants and contracts	12,681,930	12,922,130	12,910,992	(11,138)
Local and private gifts and grants	-	78,837	78,837	-
Prior year cash budgeted	-	-	-	-
	<u>19,726,914</u>	<u>20,045,951</u>	<u>20,034,813</u>	<u>(11,138)</u>
EXPENDITURES:				
Community welfare:				
Health and welfare	17,812,200	17,430,414	17,500,699	(70,285)
Administration	1,914,714	2,615,537	2,510,590	104,947
Capital outlay	-	-	783	(783)
Operating transfers out	-	-	380	(380)
	<u>19,726,914</u>	<u>20,045,951</u>	<u>20,012,452</u>	<u>33,879</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>22,361</u>	\$ <u>22,741</u>
Reconciliation of GAAP basis to budget basis:				
GAAP basis		<u>\$ 20,034,813</u>	<u>\$ 20,012,452</u>	
Adjustments - none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 20,034,813</u>	<u>\$ 20,012,452</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	\$ 30,000	\$ 2,398,610	\$ 2,218,202	\$ (180,408)
State operating grants and contracts	-	-	-	-
Local and private gifts and grants	-	100,000	100,000	-
Program income	-	58,354	58,354	-
Prior-year cash budgeted	-	-	-	-
	<u>30,000</u>	<u>2,556,964</u>	<u>2,376,556</u>	<u>(180,408)</u>
Total revenues				
EXPENDITURES:				
Community welfare:				
Health and welfare	-	-	-	-
Administration	30,000	2,224,613	2,218,202	6,411
Capital outlay	-	-	-	-
Budgeted reserves	-	332,351	-	332,351
	<u>30,000</u>	<u>2,556,964</u>	<u>2,218,202</u>	<u>338,762</u>
Total expenditures				
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>158,354</u>	\$ <u>158,354</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 2,376,556	\$ 2,218,202	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		\$ <u>2,376,556</u>	\$ <u>2,218,202</u>	

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Statement of Net Position
 Proprietary Funds
 June 30, 2013

	<u>(24-601) Tri-County RLF</u>	<u>(25-601) Economic Development Administration RLF</u>	<u>Total</u>
ASSETS			
<i>Current Assets:</i>			
Cash on deposit	\$ 154,147	\$ 330,416	\$ 484,563
<i>Noncurrent Assets:</i>			
Loans receivable	401,908	496,117	898,025
Less: Allowance for uncollectible accounts	<u>(40,191)</u>	<u>(49,612)</u>	<u>(89,803)</u>
Total noncurrent assets	<u>361,717</u>	<u>446,505</u>	<u>808,222</u>
Total assets	<u>\$ 515,864</u>	<u>\$ 776,921</u>	<u>\$ 1,292,785</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for loans	-	776,921	776,921
Unrestricted	<u>515,864</u>	<u>-</u>	<u>515,864</u>
Total net position	<u>515,864</u>	<u>776,921</u>	<u>1,292,785</u>
Total liabilities and net position	<u>\$ 515,864</u>	<u>\$ 776,921</u>	<u>\$ 1,292,785</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	(24-601) Tri-County RLF	(25-601) Economic Development Administration RLF	Total
OPERATING REVENUES			
Loan interest	\$ 2,993	\$ 13,961	\$ 16,954
Loan loss recoveries	2,343	6,251	8,594
Loan fees	-	-	-
Total operating revenues	<u>5,336</u>	<u>20,212</u>	<u>25,548</u>
OPERATING EXPENSES			
Administrative expenses	-	-	-
Provision for loan losses	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss)	5,336	20,212	25,548
NON-OPERATING REVENUES			
Bank interest	<u>126</u>	<u>249</u>	<u>375</u>
Income (loss) before contributions and transfers	5,462	20,461	25,923
Contributions and transfers:			
Operating transfers out - to governmental funds	<u>(15,000)</u>	<u>(15,000)</u>	<u>(30,000)</u>
Net income (loss)	<u>(9,538)</u>	<u>5,461</u>	<u>(4,077)</u>
Net position, beginning (as reported)	525,354	771,124	1,296,478
Restatements:			
Prior-period adjustments (note 11)	<u>48</u>	<u>336</u>	<u>384</u>
Net position, beginning (as restated)	<u>525,402</u>	<u>771,460</u>	<u>1,296,862</u>
Net position, ending	<u>\$ 515,864</u>	<u>\$ 776,921</u>	<u>\$ 1,292,785</u>

The accompanying notes are an integral part of these 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, 2013

	Economic Development Administration RLF	Tri-County RLF	Total
Cash flows from operating activities:			
Other operating expenses	\$ -	\$ -	\$ -
Program loans made	-	-	-
Program loan repayments	62,846	23,976	86,822
Loan interest received	13,961	2,993	16,954
Net cash provided (used) by operating activities	<u>76,807</u>	<u>26,969</u>	<u>103,776</u>
Cash flows from non-capital financing activities:			
Operating transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(30,000)</u>
Net cash provided (used) by non-capital financing activities	<u>(15,000)</u>	<u>(15,000)</u>	<u>(30,000)</u>
Cash flows from investing activities:			
Interest income	<u>249</u>	<u>126</u>	<u>375</u>
Net cash provided (used) by investing activities	<u>249</u>	<u>126</u>	<u>375</u>
Net increase (decrease) in cash	62,056	12,095	74,151
Cash, beginning of year	<u>268,360</u>	<u>142,052</u>	<u>410,412</u>
Cash, end of year	<u>\$ 330,416</u>	<u>\$ 154,147</u>	<u>\$ 484,563</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 20,212	\$ 5,336	\$ 25,548
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in loans receivable	62,846	23,976	86,822
Increase (decrease) in allowance	<u>(6,251)</u>	<u>(2,343)</u>	<u>(8,594)</u>
Net cash provided (used) by operating activities	<u>\$ 76,807</u>	<u>\$ 26,969</u>	<u>\$ 103,776</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 these financial statements.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013

1. History and Organization

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, 2013

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 Statement of Net Position, 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 position is reported in three parts - invested in capital assets, restricted net position and unrestricted net position.

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 position 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

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Notes to Financial Statements
June 30, 2013

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 position (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 position.

When an expense is incurred for purposes for which both restricted and unrestricted net position 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.

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Notes to Financial Statements
June 30, 2013

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 Position.

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.

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Notes to Financial Statements
June 30, 2013

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.

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.

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

Northeast Economic Development Organization (NEEDO-NM) - Accounts for activities associated with organization as fiscal agent for the economic development organization.

STATE OF NEW MEXICO
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Notes to Financial Statements
June 30, 2013

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

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

NONMAJOR FUNDS (Cont'd)

Special Revenue Funds (Cont'd)

Wal-Mart Foundation - Accounts for activities associated with a grant from the Wal-Mart Foundation to reduce hunger among seniors in rural counties in New Mexico.

CDBG Chama Planning - Accounts for activities associated with a planning grant from the NM Department of Finance and Administration Local Government Division under the Community Development Block Grant.

VA Resource Center - Accounts for activities associated with funding from the Aging and Disabilities Resources Center (ADRC) to develop a pilot program for veterans to develop a self-directed care program.

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.

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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013

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

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, 2013.

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 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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013

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

G. Financial Statement Amounts (Cont'd)

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.

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.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013

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

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

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 position. Net position is the difference between assets and liabilities. Net position invested in capital assets represents the historical cost of assets or fair value on date of receipt less accumulated depreciation on those assets. Net position is 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 position is all other net position that does 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, 2013. 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, 2013

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, 2013**

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 for 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:

	Account Type	Balance per Depository	Reconciling Items	Balance Per Financial Statements
Los Alamos Bank:				
General operating account	Demand	\$1,727,026	\$(251,580)	\$1,475,446
EDA RLF account	Demand	326,826	3,590	330,416
TC RLF account	Demand	<u>153,740</u>	<u>407</u>	<u>154,147</u>
Total		<u>\$2,207,592</u>	<u>\$(247,583)</u>	1,960,009
Petty cash				<u>650</u>
Total per government-wide and fund financial statements				<u>\$1,960,659</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013**

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, 2013, \$1,957,592 of the District's bank balances of \$2,207,592 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>1,957,592</u>
	<u>\$ 2,207,592</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>Carrying Amount</u>	<u>Book Balance</u>
Los Alamos National Bank		
Total deposits per bank	\$ 2,207,592	\$ 1,960,009
Less deposits covered by FDIC	<u>(250,000)</u>	<u>(250,000)</u>
Total	<u>\$ 1,957,592</u>	<u>\$ 1,710,009</u>
50% collateral requirement	\$ (978,796)	\$ (855,005)
Pledged collateral	<u>2,750,000</u>	<u>2,750,000</u>
Over (under) requirement	<u>\$ 1,771,204</u>	<u>\$ 1,894,995</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>Note Number</u>	<u>Description</u>	<u>Lower of Par or Market Value</u>
--	FHLB Letter of Credit	\$ 1,000,000
313370JS8	Fixed Rate Note, 9/12/2014	750,000
313370JB5	Fixed Rate Note, 9/11/2015	<u>1,000,000</u>
		<u>\$ 2,750,000</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013

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	\$	982,610
State Grant-in-Aid		47,872
San Miguel County		5,747
Santa Fe County		13
EDA Planning		17,500
U.S. Department of Transportation - NERPO - Regional Planning		10,056
U.S. Department of Transportation - NPRPO - Regional Planning		<u>23,114</u>
	\$	<u>1,086,912</u>
Accounts receivable:		
Amounts due from BTOP system users	\$	<u>24,076</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>TC RLF</u>	<u>EDA RLF</u>	<u>Total</u>
Loans receivable - beginning	\$ 425,836	\$ 558,627	\$ 984,463
Plus: loans originated	-	-	-
Less: loans repaid (canceled)	(23,976)	(62,846)	(86,822)
Add: Prior-period adjustment	<u>48</u>	<u>336</u>	<u>384</u>
Loans receivable - ending	<u>401,908</u>	<u>496,117</u>	<u>898,025</u>
Allowance for loan losses - beginning	42,534	55,863	98,397
Plus : provision for loan losses	-	-	-
Less: loan loss recoveries	<u>(2,343)</u>	<u>(6,251)</u>	<u>(8,594)</u>
Allowance for loan losses - end	<u>40,191</u>	<u>49,612</u>	<u>89,803</u>
Net loans receivable	<u>\$ 361,717</u>	<u>\$ 446,505</u>	<u>\$ 808,222</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities:				
Furniture and equipment	\$ 148,347	\$ -	\$ -	\$ 148,347
Leasehold improvements	19,980	-	-	19,980
Vehicles	<u>204,157</u>	<u>-</u>	<u>-</u>	<u>204,157</u>
Total capital assets	<u>372,484</u>	<u>-</u>	<u>-</u>	<u>372,484</u>
Less accumulated depreciation:				
Furniture and equipment	136,252	4,147	-	140,399
Leasehold improvements	3,187	3,996	-	7,183
Vehicles	<u>198,819</u>	<u>3,558</u>	<u>-</u>	<u>202,377</u>
Total accumulated depreciation	<u>338,258</u>	<u>11,701</u>	<u>-</u>	<u>349,959</u>
Net capital assets:				
Furniture and equipment	12,095	(4,147)	-	7,948
Leasehold improvements	16,793	(3,996)	-	12,797
Vehicles	<u>5,338</u>	<u>(3,558)</u>	<u>-</u>	<u>1,780</u>
Net capital assets	<u>\$ 34,226</u>	<u>\$ (11,701)</u>	<u>\$ -</u>	<u>\$ 22,525</u>

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

Depreciation expense of \$11,701 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, 2013, was as follows:

	<u>Adjusted</u> <u>Balance</u> <u>July 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Compensated absences payable	<u>\$87,922</u>	<u>\$97,948</u>	<u>\$(68,467)</u>	<u>\$ 117,403</u>

Management estimates that the amount payable within one year will be approximately \$80,093. 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, 2013**

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, 2013, amount to \$82,517.

G. Due From/To Other Funds

The following amounts are due to/from other funds resulting from funds that have overdrawn their share of the District's internal pooled cash.

<u>Due From Other Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Walmart Foundation	\$ 95,785	\$ -
 <u>Due To Other Funds (BTOP-ARRA)</u>		
State Grant-inAid	-	44,008
EDA Planning	-	15,527
NPRPO - Transportation	-	22,164
NERPO - Transportation	-	8,326
Santa Fe County	-	13
San Miguel County	-	5,747
Totals	<u>\$ 95,785</u>	<u>\$ 95,785</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)

The following amounts are due to/from other funds resulting from funds that have overdrawn their share of the District's internal pooled cash.

<u>AAA - PSA Special Revenue Fund</u>	<u>Due From Other Programs</u>	<u>Due To Other Programs</u>
State Funds/HB2	\$ 127,151	\$ -
PSA Cash-in-Lieu NSIP	-	127,151
Totals	<u>\$ 127,151</u>	<u>\$ 127,151</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013**

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

I. Interfund Transfers

Operating transfers are as follows:

	Transfers In	Transfers Out
Governmental activities:		
PSA - Admin - ADDG Special Revenue Fund (02-502)	\$ -	\$ 380
Medicaid Personal Care Special Revenue Fund (02-420)	380	
EDA RLF Administration Special Revenue Fund (11-601)	15,000	-
TCR RLF Administration Special Revenue Fund (10-601)	15,000	-
	30,380	380
Business-type activities:		
Economic Development Admin. RLF Proprietary Fund (25-601)	-	15,000
Tri-County RLF Proprietary Fund (24-601)	-	15,000
	-	30,000
	\$ 30,380	\$ 30,380

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 3.83% 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, 2013, 2012, and 2011 were \$219,853, \$199,163, and \$185,745, 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, 2013

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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013

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

following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011, were \$26,537, \$21,598, and \$26,672, 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, 2012, through June 30, 2013. The District paid \$15,715 to the RMD in insurance premiums for the 2012-2013 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.
4. To formulate, develop and administer the District OEDP and coordinate this activity among the member Counties and Municipalities.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013**

9. Joint Powers Agreement (Cont'd)

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>Reference</u>	<u>Original Budget</u>	<u>Final Budget</u>
<u>Major Funds</u>			
General Fund - All accounts	01-601 Exhibit G	\$ 218,379	\$ 218,379
AAA - PSA - Special Revenue Fund	02-all Exhibit H	19,726,914	20,045,951
BTOP-ARRA Grant	04-240 Exhibit I	<u>30,000</u>	<u>2,556,964</u>
Total Major Funds		<u>19,975,293</u>	<u>22,821,294</u>
<u>Non-Major Funds</u>			
Special Revenue Funds:			
Medicaid personal care	02-420 Statement 3	-	94,890
Walmart Foundation Grant	04-117 Statement 11	150,000	150,000
State Grant-in-aid	04-160 Statement 4	95,000	95,743
EDA Planning	04-230 Statement 5	30,000	30,000
EDA Planning	04-232 Statement 6	35,000	25,000
CDBG Chama Planning	04-234 Statement 13	-	-
NERPO Planning	04-255 Statement 10	65,150	65,160
NPRPO Planning	04-250 Statement 7	65,160	65,160
San Miguel County	04-430 Statement 12	-	-
TCR-RLF Admin	10-601 Statement 9	15,000	15,000
EDA-RLF Admin	11-601 Statement 8	<u>15,000</u>	<u>15,000</u>
Total Non-Major Funds		<u>470,310</u>	<u>555,953</u>
<u>Proprietary Funds</u>			
TCR-RLF	24-601 Statement 18	35,000	35,000
EDA-RLF	25-601 Statement 19	<u>35,000</u>	<u>35,000</u>
Total Proprietary Funds		<u>70,000</u>	<u>70,000</u>
Total All Funds		<u>\$ 20,515,603</u>	<u>\$ 23,447,247</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2013**

11. Prior-Period Adjustments

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position			
Net position, June 30, 2012 (as reported)	\$ 253,791	\$ 1,296,478	\$ 1,550,269
Restatements:			
Due from other funds overstated	(1,312)	-	(1,312)
Postings to liability account in error	3,671	-	3,671
Rounding	(1)	-	(1)
Adjustment to loans receivable	-	384	384
Net position, June 30, 2012 (as restated)	<u>\$ 256,149</u>	<u>\$ 1,296,862</u>	<u>\$ 1,553,011</u>
Fund Balances (Governmental funds)			
	<u>Medicaid Personal Care 02-420</u>	<u>Area Agency on Aging PSA</u>	
Fund balance, June 30, 2012 (as reported)	\$ 94,890	\$ 537	
Restatements:			
Due from other funds overstated	(1,312)	-	
Postings to liability account in error	-	3,671	
Fund balance, June 30, 2012 (as restated)	<u>\$ 93,578</u>	<u>\$ 4,208</u>	

12. Subsequent Events Review

A review of subsequent events through December 2, 2013, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

13. Change in Accounting Principle

Due to the implementation of GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in fiscal year 2013, the District has reclassified "net assets" in the financial statements as "net position." During FY 2013, the District also implemented GASBS 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates any old FASB statements that apply to government accounting into GASB statements. Therefore, the old policy disclosure is no longer necessary, regarding what FASB pronouncements apply, or do not apply, to the District financial statements.

14. Subsequent Accounting Standard Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for period beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This statement amends the net assets reporting requirements in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure of net position, rather than net assets. The District has made the change.

SUPPLEMENTAL INFORMATION SECTION

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - OTHER FUNDS
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds					Subtotal
	02-420 Medicaid Personal Care	04-160 State Grant-in- Aid	04-230 & 04-232 Economic Development Admin. Planning	04-250 NPRPO Transportation Planning	11-601 EDA-RLF Administration	
Assets						
Cash on deposit	\$ 91,305	\$ -	\$ 7	\$ -	\$ 16,161	\$ 107,473
Due from grantors	-	47,872	17,500	23,114	-	88,486
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 91,305</u>	<u>\$ 47,872</u>	<u>\$ 17,507</u>	<u>\$ 23,114</u>	<u>\$ 16,161</u>	<u>\$ 195,959</u>
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	\$ 3,863	\$ 1,981	\$ 950	\$ 730	\$ 7,524
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	44,009	15,526	22,164	-	81,699
Total liabilities	<u>-</u>	<u>47,872</u>	<u>17,507</u>	<u>23,114</u>	<u>730</u>	<u>89,223</u>
Fund Equity:						
Fund balance:						
Assigned	<u>91,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,431</u>	<u>106,736</u>
Total fund equity	<u>91,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,431</u>	<u>106,736</u>
Total liabilities and fund equity	<u>\$ 91,305</u>	<u>\$ 47,872</u>	<u>\$ 17,507</u>	<u>\$ 23,114</u>	<u>\$ 16,161</u>	<u>\$ 195,959</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - OTHER FUNDS
Non -Major Governmental Funds
June 30, 2013

	<u>Special Revenue Funds</u>					
	10-601	04-255	04-117	04-430	04-306	
	TC-RLF	NERPO	Walmart	San Miguel	Santa Fe	
	<u>Administration</u>	<u>Planning</u>	<u>Foundation</u>	<u>County</u>	<u>County</u>	<u>Subtotal</u>
<u>Assets</u>						
Cash on deposit	\$ 12,619	\$ -	\$ 54,215	\$ -	\$ -	\$ 66,834
Due from grantors	-	10,056	-	5,747	13	15,816
Due from other funds	-	-	95,785	-	-	95,785
Total assets	\$ <u>12,619</u>	\$ <u>10,056</u>	\$ <u>150,000</u>	\$ <u>5,747</u>	\$ <u>13</u>	\$ <u>178,435</u>
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts payable	\$ 731	\$ 1,770	\$ 131	\$ -	\$ -	\$ 2,632
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	8,326	-	5,747	13	14,086
Total liabilities	731	10,096	131	5,747	13	16,718
Fund Equity:						
Fund balance:						
Assigned	11,888	(40)	149,869	-	-	161,717
Total fund equity	11,888	(40)	149,869	-	-	161,717
Total liabilities and fund equity	\$ <u>12,619</u>	\$ <u>10,056</u>	\$ <u>150,000</u>	\$ <u>5,747</u>	\$ <u>13</u>	\$ <u>178,435</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - OTHER FUNDS
Non -Major Governmental Funds
June 30, 2013

Special Revenue Funds						
	04-335 NEEDO- NM	04-234 CDBG Chama Planning	Subtotal	Total Before Eliminations	Eliminations	Total
<u>Assets</u>						
Cash on deposit	\$ 3,476	\$ 85	\$ 3,561	\$ 177,868	\$ -	\$ 177,868
Due from grantors	-	-	-	104,302	-	104,302
Due from other funds	-	-	-	95,785	(95,785)	-
Total assets	\$ 3,476	\$ 85	\$ 3,561	\$ 377,955	\$ (95,785)	\$ 282,170
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts payable	\$ 3,476	\$ 85	\$ 3,561	\$ 13,717	\$ -	\$ 13,717
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	95,785	(95,785)	-
Total liabilities	3,476	85	3,561	109,502	(95,785)	13,717
Fund Equity:						
Fund balance:						
Assigned	-	-	-	268,453	-	268,453
Total fund equity	-	-	-	268,453	-	268,453
Total liabilities and fund equity	\$ 3,476	\$ 85	\$ 3,561	\$ 377,955	\$ (95,785)	\$ 282,170

The accompanying notes are an integral part of these 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, 2013

	Special Revenue Funds					Subtotal
	02-420 Medicaid Personal Care	04-160 State Grant-in- Aid	04-230 & 04-232 Economic Development Administration Planning	04-250 NPRPO Transp. Planning	11-601 EDA-RLF Admin.	
REVENUES						
Federal	\$ -	\$ -	\$ 55,000	\$ 65,160	\$ -	\$ 120,160
State	-	95,743	-	-	-	95,743
Local and private grants and contributions	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>95,743</u>	<u>55,000</u>	<u>65,160</u>	<u>-</u>	<u>215,903</u>
EXPENDITURES						
Community welfare:						
Health and welfare	-	-	-	-	-	-
Administration	2,653	95,743	55,000	65,160	8,814	227,370
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>2,653</u>	<u>95,743</u>	<u>55,000</u>	<u>65,160</u>	<u>8,814</u>	<u>227,370</u>
Excess (deficiency) of revenue over expenditures	<u>(2,653)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,814)</u>	<u>(11,467)</u>
Other financing sources (uses)						
Operating transfers in (out)	<u>380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,380</u>
Total other financing sources (uses)	<u>380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,380</u>
Net change in fund balance	<u>(2,273)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,186</u>	<u>3,913</u>
Fund balance - beginning, as reported	94,890	-	-	-	9,245	104,135
Restatements:						
Prior period adjustment (note 11)	<u>(1,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,312)</u>
Fund balance- beginning, as restated	<u>93,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,245</u>	<u>102,823</u>
Fund balance - ending	<u>\$ 91,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,431</u>	<u>\$ 106,736</u>

The accompanying notes are an integral part of these 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, 2013

	Special Revenue Funds					Subtotal
	10-601 TC-RLF Admin.	04-255 NERPO Planning	04-117 Walmart Foundation	04-430 San Miguel County Planning	04-306 Santa Fe County	
REVENUES						
Federal	\$ -	\$ 65,160	\$ -	\$ -	\$ -	\$ 65,160
State	-	-	-	-	-	-
Local and private grants and contributions	-	-	150,000	-	-	150,000
Total revenues	<u>-</u>	<u>65,160</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>215,160</u>
EXPENDITURES						
Community welfare:						
Health and welfare	-	-	-	-	-	-
Administration	8,589	65,160	131	-	-	73,880
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>8,589</u>	<u>65,160</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>73,880</u>
Excess (deficiency) of revenue over expenditures	<u>(8,589)</u>	<u>-</u>	<u>149,869</u>	<u>-</u>	<u>-</u>	<u>141,280</u>
Other financing sources (uses)						
Operating transfers in (out)	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total other financing sources (uses)	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	<u>6,411</u>	<u>-</u>	<u>149,869</u>	<u>-</u>	<u>-</u>	<u>156,280</u>
Fund balance - beginning, as reported	5,477	(40)	-	-	-	5,437
Restatements:						
Prior period adjustment (note 11)	-	-	-	-	-	-
Fund balance- beginning, as restated	<u>5,477</u>	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,437</u>
Fund balance - ending	<u>\$ 11,888</u>	<u>\$ (40)</u>	<u>\$ 149,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,717</u>

The accompanying notes are an integral part of these 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, 2013

	<u>Special Revenue Funds</u>			
	<u>04-335 NEEDO- NM</u>	<u>04-234 CDBG Chama Planning</u>	<u>Subtotal</u>	<u>Total</u>
REVENUES				
Federal	\$ -	\$ -	\$ -	\$ 185,320
State	-	12,998	12,998	108,741
Local and private grants and contributions	-	-	-	150,000
Total revenues	<u>-</u>	<u>12,998</u>	<u>12,998</u>	<u>444,061</u>
EXPENDITURES				
Community welfare:				
Health and welfare	-	-	-	-
Administration	-	12,998	12,998	314,248
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>12,998</u>	<u>12,998</u>	<u>314,248</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,813</u>
Other financing sources (uses)				
Operating transfers in (out)	-	-	-	30,380
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,380</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,193</u>
Fund balance - beginning, as reported	-	-	-	109,572
Restatements:				
Prior period adjustment (note 11)	-	-	-	(1,312)
Fund balance- beginning, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,260</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,453</u>

The accompanying notes are an integral part of these 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, 2013

	<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	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	380	380
Prior cash budgeted	<u>94,890</u>	<u>94,890</u>	<u>-</u>	<u>(94,890)</u>
Total revenues	<u>94,890</u>	<u>94,890</u>	<u>380</u>	<u>(94,510)</u>
EXPENDITURES:				
Community welfare:				
Administration	-	-	2,653	(2,653)
Budgeted reserves	<u>94,890</u>	<u>94,890</u>	<u>-</u>	<u>94,890</u>
Total expenditures	<u>94,890</u>	<u>94,890</u>	<u>2,653</u>	<u>92,237</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,273)</u>	<u>\$ (2,273)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 380	\$ 2,653	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 380</u>	<u>\$ 2,653</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	\$ 95,000	\$ 95,743	\$ 95,743	\$ -
Total revenues	<u>95,000</u>	<u>95,743</u>	<u>95,743</u>	<u>-</u>
EXPENDITURES:				
Community welfare: Administration	<u>95,000</u>	<u>95,743</u>	<u>95,743</u>	<u>-</u>
Total expenditures	<u>95,000</u>	<u>95,743</u>	<u>95,743</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		\$ 95,743	\$ 95,743	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 95,743</u>	<u>\$ 95,743</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	\$ 15,000	\$ 30,000	\$ 30,000	\$ -
Operating transfers in	20,000	-	-	-
Prior cash budgeted	-	-	-	-
	<u>35,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	<u>35,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total expenditures	<u>35,000</u>	<u>30,000</u>	<u>30,000</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		\$ 30,000	\$ 30,000	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 30,000</u>	<u>\$ 30,000</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	\$ 15,000	\$ 25,000	\$ 25,000	\$ -
Operating transfers in	20,000	-	-	-
Prior cash budgeted	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	35,000	25,000	25,000	-
EXPENDITURES:				
Community welfare:				
Administration	35,000	25,000	25,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	35,000	25,000	25,000	-
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		\$ 25,000	\$ 25,000	
Adjustments- none		<hr/>	<hr/>	
Budget basis		\$ <u>25,000</u>	\$ <u>25,000</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	\$ 65,160	\$ -
Prior cash budgeted	-	-	-	-
	<u>65,150</u>	<u>65,160</u>	<u>65,160</u>	<u>-</u>
Total revenues				
EXPENDITURES:				
Community welfare:				
Administration	<u>65,150</u>	<u>65,160</u>	<u>65,160</u>	<u>-</u>
Total expenditures	<u>65,150</u>	<u>65,160</u>	<u>65,160</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		\$ 65,160	\$ 65,160	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 65,160</u>	<u>\$ 65,160</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	-	-	-	-
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	15,000	15,000	8,814	6,186
Budgeted reserves	-	-	-	-
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>8,814</u>	<u>6,186</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,186</u>	<u>\$ 6,186</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 15,000	\$ 8,814	
Adjustments- none		-	-	
Budget basis		<u>\$ 15,000</u>	<u>\$ 8,814</u>	

The accompanying notes are an integral part of these 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, 2013

	<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>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	15,000	15,000	8,589	6,411
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>8,589</u>	<u>6,411</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,411</u>	\$ <u>6,411</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 15,000	\$ 8,589	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 15,000</u>	<u>\$ 8,589</u>	

The accompanying notes are an integral part of these 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, 2013

	<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	\$ 65,160	\$ -
Prior cash budgeted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>65,150</u>	<u>65,160</u>	<u>65,160</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	<u>65,150</u>	<u>65,160</u>	<u>65,160</u>	<u>-</u>
Total expenditures	<u>65,150</u>	<u>65,160</u>	<u>65,160</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		\$ 65,160	\$ 65,160	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 65,160</u>	<u>\$ 65,160</u>	

The accompanying notes are an integral part of these 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
 WALMART FOUNDATION SPECIAL REVENUE FUND (04-117)
 For the Year Ended June 30, 2013

	<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	\$ -	\$ 150,000	\$ 150,000	\$ -
Total revenues	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	-	131	131	-
Budgeted reserves	<u>-</u>	<u>149,869</u>	<u>-</u>	<u>149,869</u>
Total expenditures	<u>-</u>	<u>150,000</u>	<u>131</u>	<u>149,869</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,869</u>	<u>\$ 149,869</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 150,000	\$ 131	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 150,000</u>	<u>\$ 131</u>	

The accompanying notes are an integral part of these 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
SAN MIGUEL COUNTY PLANNING SPECIAL REVENUE FUND (04-430)
For the Year Ended June 30, 2013

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

The accompanying notes are an integral part of these 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
CDBG CHAMA PLANNING SPECIAL REVENUE FUND (04-234)
For the Year Ended June 30, 2013

	<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	\$ 9,800	\$ 12,998	\$ 12,998	\$ -
Total revenues	<u>9,800</u>	<u>12,998</u>	<u>12,998</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	9,800	12,998	12,998	-
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,800</u>	<u>12,998</u>	<u>12,998</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		\$ 12,998	\$ 12,998	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 12,998</u>	<u>\$ 12,998</u>	

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 GENERAL FUND - ALL ACCOUNTS
 June 30, 2013

	General Fund - All Accounts					
	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	\$ 39,246	\$ 25,000	\$ 3,758	\$ 22,200	\$ 105,020	\$ 195,224
Petty cash	250	-	-	-	-	250
Other receivables	3,900	-	-	-	-	3,900
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 43,396</u>	<u>\$ 25,000</u>	<u>\$ 3,758</u>	<u>\$ 22,200</u>	<u>\$ 105,020</u>	<u>\$ 199,374</u>
LIABILITIES						
Liabilities:						
Accounts payable & accrued expenses	\$ 1,765	\$ -	\$ -	\$ -	\$ -	\$ 1,765
Due to grantees	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>1,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,765</u>
FUND BALANCE						
Fund Balances:						
Committed:						
Capital asset acquisition	-	25,000	-	22,200	105,020	152,220
Payment of compensated absences	-	-	3,758	-	-	3,758
Unassigned	<u>41,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,631</u>
Total fund balance	<u>41,631</u>	<u>25,000</u>	<u>3,758</u>	<u>22,200</u>	<u>105,020</u>	<u>197,609</u>
Total liabilities and fund balance	<u>\$ 43,396</u>	<u>\$ 25,000</u>	<u>\$ 3,758</u>	<u>\$ 22,200</u>	<u>\$ 105,020</u>	<u>\$ 199,374</u>

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 General Fund - All Accounts
 For the Year Ended June 30, 2013

	General Fund - All Accounts					Total General Fund
	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	
REVENUES						
Membership assessment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank interest	1,978	-	-	-	-	1,978
Other revenue	-	-	-	-	-	-
Total revenues	<u>1,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,978</u>
EXPENDITURES						
Administration	1,747	-	-	-	-	1,747
Construction-new building	-	-	-	-	-	-
Total Expenditures	<u>1,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,747</u>
Excess revenues over (under) exp	<u>231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231</u>
Other financing Sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures)	232	-	-	-	-	231
Fund balance, beginning	<u>41,400</u>	<u>25,000</u>	<u>3,758</u>	<u>22,200</u>	<u>105,020</u>	<u>197,378</u>
Fund balance, ending	<u>\$ 41,632</u>	<u>\$ 25,000</u>	<u>\$ 3,758</u>	<u>\$ 22,200</u>	<u>\$ 105,020</u>	<u>\$ 197,609</u>

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

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, 2013

	02-100 State Funds HB2	02-110 Senior Employ Pro	02-111 SEP/ Enrollee	02-112 SER State	02-113 Temp Mgt Dona Ana	02-115 VA Resource Center	02-201 Title III-B	02-202 Title III C-1	02-203 Title III C-2	Sub- Total
ASSETS										
Cash	\$299,058	\$4,500	\$ -	\$8,898	\$39,979	\$12,907	\$85,051	\$70,498	\$35,257	\$566,148
Due from grantors	486,421	79,004	-	-	3,318	-	11,859	104,828	29,120	714,550
Due from other AAA programs	127,151	-	-	-	-	-	-	-	-	127,151
Security deposits	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 912,630	\$ 83,504	\$ -	\$ 8,898	\$ 43,297	\$ 12,907	\$ 96,910	\$ 175,326	\$ 64,377	\$ 1,397,849
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$ 912,630	\$ 83,504	\$ -	\$ -	\$ 26,663	\$ 3,539	\$ 94,811	\$ 174,924	\$ 61,885	\$ 1,357,956
Deferred revenue	-	-	-	-	-	9,368	2,099	-	2,492	13,959
Due to other AAA programs	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	619	-	-	-	-	-	619
Due to State of New Mexico	-	-	-	-	-	-	-	402	-	402
Total liabilities	912,630	83,504	-	619	26,663	12,907	96,910	175,326	64,377	1,372,936
Fund balance	-	-	-	8,279	16,634	-	-	-	-	24,913
Total liabilities and fund balance	\$ 912,630	\$ 83,504	\$ -	\$ 8,898	\$ 43,297	\$ 12,907	\$ 96,910	\$ 175,326	\$ 64,377	\$ 1,397,849

	02-204 Title III-D	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-501 PSA Adminis.	02-503 PSA ARRA	02-506 PSA Alliance	02-507 PSA Dir. Sr.	Sub- Total	Total Before Eliminations	Eliminations	Total
ASSETS											
Cash	\$ 10,483	\$ 32,128	\$ -	\$ 121,101	\$ 1,975	\$ 1,499	\$ 200	\$ 167,386	\$ 723,534	\$ -	\$ 723,534
Due from grantors	60,229	54,048	153,783	-	-	-	-	268,060	982,610	-	982,610
Due from other AAA programs	-	-	-	-	-	-	-	-	127,151	(127,151)	-
Security deposits	-	-	-	100	-	-	-	100	100	-	100
Total assets	\$ 70,712	\$ 86,176	\$ 153,783	\$ 121,201	\$ 1,975	\$ 1,499	\$ 200	\$ 435,546	\$ 1,833,395	\$ (127,151)	\$ 1,706,244
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ 69,909	\$ 79,240	\$ 26,630	\$ 120,514	\$ 405	\$ -	\$ 200	\$ 296,898	\$ 1,654,854	\$ -	\$ 1,654,854
Deferred revenue	803	6,936	-	-	1,570	-	-	9,309	23,268	-	23,268
Due to other AAA programs	-	-	127,151	-	-	-	-	127,151	127,151	(127,151)	-
Other liabilities	-	-	-	530	-	-	-	530	1,149	-	1,149
Due to State of New Mexico	-	-	2	-	-	-	-	2	404	-	404
Total liabilities	70,712	86,176	153,783	121,044	1,975	-	200	433,890	1,806,826	(127,151)	1,679,675
Fund balance	-	-	-	157	-	1,499	-	1,656	26,569	-	26,569
Total liabilities and fund balance	\$ 70,712	\$ 86,176	\$ 153,783	\$ 121,201	\$ 1,975	\$ 1,499	\$ 200	\$ 435,546	\$ 1,833,395	\$ (127,151)	\$ 1,706,244

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT 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, 2013

	02-100 State Funds HB2	02-110 Senior Employ Pro	02-111 SEP/ Enrollee	02-112 SER-State	02-113 Temp Mgt Dona Ana	02-115 VA Resource Center	02-201 Title III-B	02-202 Title III C-1	02-203 Title III C-2	Sub- Total
REVENUES										
Federal - AAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,180,726	\$ 1,941,403	\$ 878,286	\$ 4,000,415
Federal-(temp. mgmt. provider)	-	-	-	37,920	96,519	-	-	-	-	134,439
State	10,182,002	776,828	25,176	32,080	246,528	30,632	-	-	-	11,293,246
Local	-	-	-	-	78,837	-	-	-	-	78,837
Total revenues	10,182,002	776,828	25,176	70,000	421,884	30,632	1,180,726	1,941,403	878,286	15,506,937
EXPENDITURES and TRANSFERS										
Administration	-	143,591	25,176	-	405,250	30,632	-	-	-	604,649
Distribution to grantees	10,182,002	632,454	-	61,721	-	-	1,180,726	1,941,403	878,286	14,876,592
Capital outlay	-	783	-	-	-	-	-	-	-	783
Transfers out	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,182,002	776,828	25,176	61,721	405,250	30,632	1,180,726	1,941,403	878,286	15,482,024
Excess (deficiency of revenues over expenditures)	-	-	-	8,279	16,634	-	-	-	-	24,913
Fund balance, beg, as reported	-	-	-	-	-	-	-	-	-	-
Restatements:										
Prior-period adjustment	-	-	-	-	-	-	-	-	-	-
Fund balance, beg, as restated	-	-	-	-	-	-	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ 8,279	\$ 16,634	\$ -	\$ -	\$ -	\$ -	\$ 24,913

	02-204 Title III-D	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-501 PSA Admin.	02-502 PSA Adm-ADDG	02-503 PSA ARRA	02-506 PSA Alliance	02-507 PSA Dir. Sr.	Sub- Total	Total
REVENUES										
Federal - AAA	\$ 96,000	\$ 630,487	\$ 1,740,012	\$ 443,631	\$ -	\$ -	\$ -	\$ -	\$ 2,910,130	\$ 6,910,545
Federal-(temp. mgmt. provider)	-	-	-	-	-	-	-	-	-	134,439
State	-	-	-	1,513,968	-	24,934	-	78,844	1,617,746	12,910,992
Local	-	-	-	-	-	-	-	-	-	78,837
Total revenues	96,000	630,487	1,740,012	1,957,599	-	24,934	-	78,844	4,527,876	20,034,813
EXPENDITURES and TRANSFERS										
Administration	-	-	-	1,878,835	-	24,934	2,172	-	1,905,941	2,510,590
Distribution to grantees	96,000	630,487	1,740,012	78,764	-	-	-	78,844	2,624,107	17,500,699
Capital outlay	-	-	-	-	-	-	-	-	-	783
Transfers out	-	-	-	-	380	-	-	-	380	380
Total expenditures	96,000	630,487	1,740,012	1,957,599	380	24,934	2,172	78,844	4,530,428	20,012,452
Excess (deficiency of revenues over expenditures)	-	-	-	-	(380)	-	(2,172)	-	(2,552)	22,361
Fund balance, beg, as reported	-	-	-	157	380	-	-	-	537	537
Restatements:										
Prior-period adjustment	-	-	-	-	-	-	3,671	-	3,671	3,671
Fund balance, beg, as restated	-	-	-	157	380	-	3,671	-	4,208	4,208
Fund balance, ending	\$ -	\$ -	\$ -	\$ 157	\$ -	\$ -	\$ 1,499	\$ -	\$ 1,656	\$ 26,569

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Proprietary Fund
 Tri-County RLF (24-601)
 For the Year Ended June 30, 2013

	<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	\$ 170	\$ 170	\$ 126	\$ (44)
Loan interest income	5,000	5,000	2,993	(2,007)
Loan loss recoveries (non cash)	-	-	2,343	2,343
Prior year cash budgeted	29,830	29,830	-	(29,830)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>5,462</u>	<u>(29,538)</u>
EXPENDITURES:				
Operating transfers out	35,000	35,000	15,000	20,000
Budgeted reserves	-	-	-	-
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>15,000</u>	<u>20,000</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(9,538)</u>	\$ <u>(9,538)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 5,462	\$ 15,000	
Adjustments - provision for loan losses		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 5,462</u>	<u>\$ 15,000</u>	

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 Proprietary Fund
 Economic Development Administration RLF (25-601)
 For the Year Ended June 30, 2013

	<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	\$ 200	\$ 200	\$ 249	\$ 49
Loan interest income	15,000	15,000	13,961	(1,039)
Loan loss recoveries (non cash)	-	-	6,251	6,251
Prior year cash budgeted	19,800	19,800	-	(19,800)
	<u>35,000</u>	<u>35,000</u>	<u>20,461</u>	<u>(14,539)</u>
Total revenues				
EXPENDITURES:				
Administrative expenses	-	-	-	-
Operating transfers out	35,000	35,000	15,000	20,000
Budgeted reserves	-	-	-	-
	<u>35,000</u>	<u>35,000</u>	<u>15,000</u>	<u>20,000</u>
Total expenditures				
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,461</u>	\$ <u>5,461</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 20,461	\$ 15,000	
Adjustments - provision for loan losses		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 20,461</u>	<u>\$ 15,000</u>	

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

OTHER SUPPLEMENTAL INFORMATION SECTION

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Expenditures of Federal Awards
For Year Ending June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal Catalog of Domestic Assistance Number	Pass- Through Entity Identifying Number	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	\$ 55,000	\$ -	\$ -
Special Economic Development and Adjustment					
Assistance Program: Sudden and Severe					
Economic Dislocation and Long-Term Deterioration -					
EDA loans (MAJOR)	11.307	N/A	835,122	-	-
BTOP - Redi-Net (ARRA) (MAJOR)	11.557	NT10BIX5570116	2,218,202	-	-
Total U.S. Department of Commerce			<u>3,108,324</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	65,160	-	-
NERPO - Transportation-Regional Planning					
(Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	20.205	M00473/WA	65,160	-	-
Total U.S. Department of Transportation			<u>130,320</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	1,294,747	1,180,726	114,021
Title III, Part C-1 - Nutrition Services (MAJOR)	93.045	Cluster	2,144,094	1,941,403	202,691
Title III, Part C-2 - Nutrition Services (MAJOR)	93.045	Cluster	935,646	878,286	57,360
Title III, Part D - Disease Prevention and					
Health Promotion (MAJOR)	93.043		96,000	96,000	-
Title III, Part E - National Family Caregiver					
Support (MAJOR)	93.052		700,046	630,487	69,559
Nutrition services Incentive Program (MAJOR)	93.053	Cluster	1,740,012	1,740,012	-
Total U.S. Department of Health and Human Services			<u>6,910,545</u>	<u>6,466,914</u>	<u>443,631</u>
Total Expenditure of Federal Awards			<u>\$ 10,149,189</u>	<u>\$ 6,466,914</u>	<u>\$ 443,631</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, 2013**

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, 2013. 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	\$496,117

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>6/30/13 Loan Balance</u>	+	<u>6/30/13 Cash Balance</u>	+	<u>FY 13 Operating Expenses</u>	=	<u>Federal Expense</u>
\$496,117	+	\$330,416	+	\$ 8,589	=	\$835,122

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Notes to the Schedule of Expenditures of Federal Awards
 June 30, 2013

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	\$1,180,726
Title III, Part C -1 - Nutrition Services	93.045	1,941,403
Title III, Part C -2 - Nutrition Services	93.045	878,286
Title III, Part D - Disease Prevention and Health Promotion	93.043	96,000
Title III, Part E - National Family Caregiver Support	93.052	630,487
Nutrition Services Incentive Program	93.053	<u>1,740,012</u>
		<u>\$ 6,466,914</u>

5. **Reconciliation of Schedule to Basic Financial Statements**

Expenditures per Schedule of Expenditures of Federal Awards	\$10,149,189
Less: Loans at end of year, cash balances and administrative expenditures	<u>(835,122)</u>
Federal operating grant revenues per the Fund Financial Statements (Exhibit E)	<u>\$ 9,314,067</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

ROBERT J. RIVERA, CPA, PC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States, the financial statements of the 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 funds of the State of New Mexico, North Central New Mexico Economic Development District (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies (Finding 2013-1).

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 no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
December 2, 2013

FEDERAL FINANCIAL ASSISTANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY 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

Report on Compliance for Each Major Federal Program

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 **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, 2013. 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**.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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, 2013.



Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
December 2, 2013

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified 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 were no instances of noncompliance which are 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 unmodified 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 include 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 - Redi-Net - (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-2 - 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
Year Ended June 30, 2013

B. FINANCIAL STATEMENT FINDINGS

2013-1 Finding Reconciliation of Accounting Records-General Ledger - (Significant Deficiency)

Condition

Beginning in December 2012, the North Central New Mexico Economic Development District (District) failed to timely monitor and reconcile all general ledger accounts. The reconciliations for the period between December 2012 and June 30, 2013 were actually performed subsequent to June 30, 2013 by staff personnel. Many adjustments to the general ledger were made by the District covering this period; however, there were 41 additional auditor adjusting journal entries which were necessary to adjust the general ledger at year end.

In addition, bank reconciliations for the months of December 2012 through June 2013 were not completed timely and were actually reconciled subsequent to June 30, 2013. Also, our audit test work of revenues revealed that the District's system of internal control over receipting and posting to the general ledger did not function as designed by the District. Written receipts were missing or were written after the fact during the reconciliation process. The written receipts were not issued contiguously. Some receipts were not recorded in the general ledger until they were identified during the reconciliation process and some receipts were improperly recorded in the general ledger.

Criteria

In accordance with State Auditor Rule 2.2.2.8(O)(2), the District is responsible for maintaining a complete and accurate set of books and records that are properly adjusted and ready for audit. Individual accounts should be reconciled on a monthly basis and discrepancies should be investigated and corrected as soon as they are discovered. In addition, sound internal controls include procedures to ensure that financial closing and reporting are completed timely and lead to accurate financial reporting.

Cause

The District experienced staff turnover that was critical to the financial accounting function and internal control system designed by the District. As a result, the District was short experienced personnel to perform the functions required on a timely basis. The internal control system which was in place and designed by District was not followed in all instances.

Effect

As a result of not reconciling all general ledger accounts on a timely basis, accurate financial reporting is lacking. Errors may not be prevented or discovered without proper, consistent and timely reconciliations and financial statement preparation. For audit report financial statement presentation, however, all of the auditors adjusting journal entries are reflected in the year-end financial statements.

Recommendation

We recommend that management review the current responsibilities and tasks of the District financial accounting staff to insure that an appropriate number of staff is employed and that those employees are properly trained to perform the functions required. A complete understanding of the general ledger accounts reconciliation process is essential to those who are assigned this task. Employees involved in the general ledger reconciliation process tasks should be provided with cross training in multiple financial reporting areas. Account balances in the general ledger should be adjusted to reflect their accurate balances prior to preparing financial statements.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

B. FINANCIAL STATEMENT FINDINGS (Cont'd)

2013-1 Finding Reconciliation of Accounting Records-General Ledger - (Significant Deficiency)
(Cont'd)

Entity Response

NCNMEDD acknowledges the above and based on discussions with the Auditors and NCNMEDD Staff and Management, concurs with the Auditors statement. During the period noted and particularly with the hiring of additional staff in June 2013, NCNMEDD has in fact already recognized the deficiency and made adjustments and corrections to address the deficiency. In particular, the following are applicable, having been achieved or in progress:

1. The primary cause of the deficiency noted was a function of lack of staffing due to the separation of employment with the Office Manager in September 2012 and the resignation of the Bookkeeping Contractor in December 2012. During this period there were also extraordinary personnel issues that affected staff availability and had ramifications on budgeting and accounting. Additionally, NCNMEDD experienced significant increase in program activities resulting in increase in the volume of processing financing and accounting transactions during this period.
2. Concurrent with the fiscal year under audit the Executive Director chose to implement a restructuring of administrative staff, including financial management, and simultaneously implemented revised or new accounting practices. Hindsight is 20/20, and had we known the other factors that would affect our ability to perform the accounting and financial responsibilities, the decision to restructure staff or implement new practices could have been postponed or revised. Nevertheless, it became apparent that these issues had a compounding impact on our accounting performance.
3. NCNMEDD has now hired additional accounting staff to support the routine processing and is now able to maintain and ensure monthly reconciliation and related functions are performed in a timely manner. This results in adjustments to general ledger accounts prior to preparing financial statements. Ongoing training for the new staff is occurring to ensure capacity building and cross training opportunities.
4. In regards to handling cash receipts, NCNMEDD as a practice does not receive cash and during the period in discussion eliminated all petty cash accounts at each regional office. Additionally, cash receipts recording processes have been corrected to ensure timely recording and reconciliation with the appropriate division of labor and controls in place.
5. NCNMEDD also recognizes the need for additional accounting staff in the near future to accommodate the increased volume of transactions and potential new programs. This is also critical to ensure proper checks and balances and controls can take place. We are working to have new staff hired by the end of January 2014.
6. In November 2013, staff has submitted a comprehensive draft policies and procedures manual to the Executive Committee and Board of Directors for consideration of adoption. This draft included written policies and procedures for financial management and practices. This will formulaize the checks and balances and control systems to improve accountability, timeliness and accuracy of accounting and financial systems.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

B. FINANCIAL STATEMENT FINDINGS (Cont'd)

**2013-1 Finding Reconciliation of Accounting Records-General Ledger - (Significant Deficiency)
(Cont'd)**

Entity Response (Cont'd)

As noted, NCNMEDD acknowledges the above and based on discussions with the Auditors and NCNMEDD staff and management, concurs with the Auditors statement. We believe that actions taken by management over the past 6 months as well as policies and procedures pending final approval by the NCNMEDD Executive Committee and Board of Director demonstrate an ability to adequately perform the accounting functions in complete compliance with federal and state statute and regulations as well as demonstrated commitment to practicing good, generally accepted, accounting principles.

To that end, NCNMEDD welcomes a thorough and rigorous review of the accounting and financial systems in the next audit and are confident that will reveal that the recommendations regarding this issue are already achieved or are in progress.

OTHER

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
June 30, 2013**

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 10, 2013, to discuss the audit. The following individuals were in attendance:

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

Jim Trujillo, Treasurer - Board of Directors
Tim Armer, Executive Director
Jenny Martinez, AAA Director
Duncan Sill, Financial and Strategic Development Manager
Michelle Bustos, Accounting/Program Specialist

Audit Firm - Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA
William J. Valdes