

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

**Financial Statements
For the Year Ended June 30, 2014**

(With Independent Auditor's Report Thereon)

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC
 DEVELOPMENT DISTRICT
 June 30, 2014

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**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Official Roster
as of June 30, 2014**

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
David Woodruff
Harry Burgess
Lawry Mann

MORA COUNTY

John Olivas
Anita LaRan
Tomas Garcia
Vacant

RIO ARRIBA COUNTY

Vacant
Alice Lucero
Nick L. Salazar
Michael Padilla

SANDOVAL COUNTY

Vacant
Vacant
Darryl Madalena
Peggy Cote

SAN MIGUEL COUNTY

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

SANTA FE COUNTY

Vacant
Jim Trujillo
David Griscum
Daniel Mayfield

TAOS COUNTY

Roberto Gonzales
Barbara Wiard
Linda Calhoun
Gabriel Romero

**INDIAN
REPRESENTATIVES**

James R. Madalena

EX-OFFICIO MEMBER

R.J. Griego

ADMINISTRATIVE OFFICIAL

Tim Armer Executive Director

FINANCIAL SECTION

Robert J. Rivera, CPA, PC

Certified Public Accountants

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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, 2014, 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, 2014, 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, 2014, 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, 2014, 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 15, 2014, 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 15, 2014

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 \$1.76 million (*net position*). A significant reason for the District's positive net position balance is its loan portfolio in the amount of \$825,528, and the cash balances associated with the revolving loan funds in the amount of \$434,468.
- The District's total net position decreased by \$86,057 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 \$603,237, an increase of \$47,137 from the previous year. The increase is insignificant.
- The District's had no long-term liabilities at year end. Long-term liabilities at June 30, 2013 was comprised of compensated absences payable. The balance decreased by \$37,310. The decrease 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, 2014**

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 34 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 2014. 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, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

**Net Position
(in thousands)**

	2013			2014			Increase (Decrease)
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total	
Current assets	\$ 2,591.1	\$ 484.6	\$ 3,075.7	\$ 0.0	\$ 0.0	\$ 0.0	\$ (3,075.7)
Noncurrent assets	0.0	808.2	808.2	0.0	0.0	0.0	(808.2)
Capital assets	22.5	0.0	22.5	0.0	0.0	0.0	(22.5)
Total assets	\$ 2,613.6	\$ 1,292.8	\$ 3,906.4	\$ 0.0	\$ 0.0	\$ 0.0	\$ (3,906.4)
Current liabilities	2,020.2	0.0	2,020.2	0.0	0.0	0.0	(2,020.2)
Long-term liabilities	37.3	0.0	37.3	0.0	0.0	0.0	(37.3)
Total liabilities	2,057.5	0.0	2,057.5	0.0	0.0	0.0	(2,057.5)
Net position:							
Invested in capital assets	22.5	0.0	22.5	0.0		0.0	(22.5)
Restricted	0.0	776.9	776.9	0.0	0.0	0.0	(776.9)
Unrestricted	533.6	515.9	1,049.5	0.0	0.0	0.0	(1,049.5)
Total net position	556.1	1,292.8	1,848.9	0.0	0.0	0.0	(1,848.9)
Total liabilities and net position	\$ 2,613.6	\$ 1,292.8	\$ 3,906.4	\$ 0.0	\$ 0.0	\$ 0.0	\$ (3,906.4)

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 96% 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 \$47.1, or 8.5 percent (\$556.1 compared to \$603.2.) 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 \$533.6 at June 30, 2013, to \$493.2 at the end of the year.

The unrestricted governmental net position decreased by \$40.4. The decrease was insignificant.

The net position of our business-type activities decreased by 10.1 percent (\$1.29 million compared to \$1.16 million) for the year ended June 30, 2014. The TCR Revolving Loan Fund is no longer providing new loans. During the year, a residual equity transfer of \$100,000 was transferred to a newly created Economic Development District Fund to be used for economic development. The District generally can only use the net position of the EDA Revolving Loan Fund to finance the continuing operations.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Statement of Activities: The following represents the revenues and expenses for fiscal year 2014. See page 2 for a more detailed look at the Statement of Activities.

**Net Position Changes
(in thousands)**

	2013			2014			Increase (Decrease)
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total	
Revenues:							
<i>Program revenues</i>							
Operating grants & contracts	\$ 22,797.1	\$ 0.0	\$ 22,797.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ (22,797.1)
Charges for services	0.0	16.9	16.9	0.0	0.0	0.0	(16.9)
General revenues							
(Interest)	2.0	0.4	2.4	0.0	0.0	0.0	(2.4)
Other	58.4	8.6	67.0	0.0	0.0	0.0	(67.0)
Total revenues	22,857.5	25.9	22,883.4	0.0	0.0	0.0	(22,883.4)
Expenses:							
Community welfare	22,587.5	0.0	22,587.5	0.0	0.0	0.0	(22,587.5)
Economic development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenses	22,587.5	0.0	22,587.5	0.0	0.0	0.0	(22,587.5)
Excess (deficiency) before transfers	270.0	25.9	295.9	0.0	0.0	0.0	(295.9)
Transfers	30.0	(30.0)	0.0	0.0	0.0	0.0	0.0
Increase (decrease) in net position	300.0	(4.1)	295.9	0.0	0.0	0.0	(295.9)
Net position-beginning (as restated)	256.1	1,296.9	1,553.0	0.0	0.0	0.0	(1,553.0)
Net position-ending	\$ 556.1	\$ 1,292.8	\$ 1,848.9	\$ 0.0	\$ 0.0	\$ 0.0	\$ (1,848.9)

The District's total revenues decreased insignificantly by 0.7 percent (\$155.6). The total cost of all programs increased insignificantly by 2.3 percent (\$515.0).

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Governmental Activities

Revenues of the District's governmental activities decreased insignificantly by 0.7 percent (\$23.021 million in FY 2014 compared to \$22.857 million in FY 2013) while total expenses increased insignificantly by 2.3 percent (\$23.102 million in FY 2014 compared to \$22.587 million in FY 2013).

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 \$133.2, or 10.3 percent from \$1.292 million compared to \$1.159 million. \$754.5 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 \$405.1 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 eighteen governmental funds and two proprietary funds. Twelve of the District's governmental funds are used to account for specific grants. 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 \$586.6, which is insignificantly below last year's total of \$650.99.

Governmental fund revenue and transfers-in, increased by \$0.277 million (\$23.164 million in FY 2014 compared to \$22.887 million in FY 2013) or 1.2 percent, and governmental fund expenditures and transfers out, increased by \$0.674 million (\$23.220 million in FY 2014 compared to \$22.546 million in FY 2013) or 2.99 percent. This is an insignificant increase.

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 \$1.711 million, or 7.68%, from \$22.306

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

BUDGETARY HIGHLIGHTS (Cont'd)

million to \$24.017 million. The primary reason for the significant increase of \$1.711 million in budget was that the AAA-PSA special revenue funds increased by \$1.335 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, 2014, amounts to \$110.0 (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 \$15.56 of depreciation expense. There were capital asset additions during the year of \$103.0, and there were \$90.2 of capital assets deleted.

Capital Assets

Governmental Activities

	<u>2013</u>	<u>2014</u>
Capital assets net of accumulated depreciation	\$22.5	\$110.0

Long-Term Debt: At the end of the current fiscal year, the District had no outstanding long term debt. Amounts due to employees, comprising accumulated balances for vacation leave and other personal leave eligible for payment to employees upon termination of their employment.

Long-Term Debt

Governmental Activities

	<u>2013</u>	<u>2014</u>
Accumulated leave balances:		
Vacation leave	\$28.5	\$ -
Sick leave	<u>8.8</u>	<u>-</u>
Total	<u><u>\$37.3</u></u>	<u><u>\$ -</u></u>

Long-term compensated absences payable decreased by \$37.3 or 100% from the previous year. This change is the result of a new leave policy instituted during the year. All of the liability for employee leave is considered to be a current liability.

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, 2014**

ACTIVITY HIGHLIGHTS:

In fiscal year 2013-2014, 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, 2014**

ACTIVITY HIGHLIGHTS: (Cont'd)

NCNMEDD continues to operate two loan funds for business development. The TCR Revolving Loan Fund is no longer providing new loans. Authority has been given to the District to use the balance of the funds for unrestricted economic development. Outstanding loan balances will continue to be collected upon.

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:

**Tim Armer, Director
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, 2014

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 381,125	\$ 434,468	\$ 815,593	\$ -	\$ 815,593
Due from grantors	1,189,237	-	1,189,237	-	1,189,237
Accounts receivable	7,971	-	7,971	-	7,971
Loans receivable (net)	50,400	775,128	825,528	-	825,528
Other receivables	3,900	-	3,900	-	3,900
Due from proprietary funds-NCNMEDD	50,000	-	50,000	(50,000)	50,000
Prepaid expenses	18,537	-	18,537	-	18,537
Security deposits	3,004	-	3,004	-	3,004
Other assets	726	-	726	-	726
Capital assets (net)	110,017	-	110,017	-	110,017
	<u>1,814,917</u>	<u>1,209,596</u>	<u>3,024,513</u>	<u>(50,000)</u>	<u>3,024,513</u>
Total assets	\$ 1,814,917	\$ 1,209,596	\$ 3,024,513	\$ (50,000)	\$ 3,024,513
LIABILITIES					
Accounts payable	\$ 1,054,437	\$ -	\$ 1,054,437	\$ -	\$ 1,054,437
Unearned revenue	27,159	-	27,159	-	27,159
Due to State of NM	9,311	-	9,311	-	9,311
Due to State of NM-CRS	(435)	-	(435)	-	(435)
Due to governmental funds-NCNMEDD	-	50,000	50,000	(50,000)	50,000
Other liabilities	1	-	1	-	1
Assets held for others	27,810	-	-	-	27,810
Compensated absences:					
Due within one year	93,397	-	93,397	-	93,397
Due after one year	-	-	-	-	-
	<u>1,211,680</u>	<u>50,000</u>	<u>1,233,870</u>	<u>(50,000)</u>	<u>1,261,680</u>
Total liabilities	1,211,680	50,000	1,233,870	(50,000)	1,261,680
NET POSITION					
Invested in capital assets	110,017	-	110,017	-	110,017
Restricted for:					
Loans	-	754,465	754,465	-	754,465
Unrestricted	493,220	405,131	898,351	-	898,351
	<u>603,237</u>	<u>1,159,596</u>	<u>1,762,833</u>	<u>-</u>	<u>1,762,833</u>
Total net position	603,237	1,159,596	1,762,833	-	1,762,833
Total liabilities and net position	\$ 1,814,917	\$ 1,209,596	\$ 3,024,513	\$ (50,000)	\$ 3,024,513

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, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Govern- mental Activities	Business- Type Activities	Total
Governmental Activities:						
Community welfare	\$ (23,102,533)	\$ 6,000	\$ 22,634,623	\$ (461,910)	\$ -	\$ (461,910)
Business-type Activities:						
Economic development	-	14,498	-	-	14,498	14,498
Total	<u>\$ (23,102,533)</u>	<u>\$ 20,498</u>	<u>\$ 22,634,623</u>	<u>(461,910)</u>	<u>14,498</u>	<u>(447,412)</u>
General Revenues:						
Interest				1,262	241	1,503
Program income				371,851	-	371,851
Other income				12,480	-	12,480
Loan loss recoveries				(5,600)	3,678	(1,922)
Transfers				137,575	(150,000)	(12,425)
Total general revenues and transfers				<u>517,568</u>	<u>(146,081)</u>	<u>371,487</u>
Change in net assets - increase (decrease)				<u>55,658</u>	<u>(131,583)</u>	<u>(75,925)</u>
Net position, beginning, as reported				556,105	1,292,785	1,848,890
Restatements:						
Prior-period adjustment (note 11)				<u>(8,526)</u>	<u>(1,606)</u>	<u>(10,132)</u>
Net position, beginning, as restated				<u>547,579</u>	<u>1,291,179</u>	<u>1,838,758</u>
Net position, ending				<u>\$ 603,237</u>	<u>\$ 1,159,596</u>	<u>\$ 1,762,833</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, 2014

	Major Funds			Non-Major Funds		Total Before Eliminations	Elimi- nations	Total
	Special Revenue Funds			Special Revenue Funds				
	General Fund	Area Agency on Aging		BTOP-ARRA Grant	Other Funds			
		PSA						
ASSETS								
Cash on deposit and equivalent	\$ 227,004	\$ -	\$ 102,678	\$ 51,443	\$ 381,125	\$ -	\$ 381,125	
Due from grantors	-	1,136,315	-	52,922	1,189,237	-	1,189,237	
Accounts receivable	-	-	6,821	1,150	7,971	-	7,971	
Loans receivable (net)	-	-	-	50,400	50,400	-	50,400	
Other receivables	3,900	-	-	-	3,900	-	3,900	
Due from proprietary funds	-	-	-	50,000	50,000	-	50,000	
Due from other programs	-	-	78,083	-	78,083	(78,083)	-	
Due from other special revenue funds	-	-	-	-	-	-	-	
Due from AAA Programs	-	-	-	49,838	49,838	(49,838)	-	
Prepaid expenses	-	13,153	-	5,384	18,537	-	18,537	
Security deposits	-	3,004	-	-	3,004	-	3,004	
Other assets	-	-	-	726	726	-	726	
Total assets	\$ 230,904	\$ 1,152,472	\$ 187,582	\$ 261,863	\$ 1,832,821	\$ (127,921)	\$ 1,704,900	
LIABILITIES								
Accounts payable	\$ 94	\$ 1,020,641	\$ 26,464	\$ 7,238	\$ 1,054,437	\$ -	\$ 1,054,437	
Unearned revenue	-	27,159	-	-	27,159	-	27,159	
Due to other programs	-	-	-	78,083	78,083	(78,083)	-	
Due to other special revenue funds	-	49,839	-	-	49,839	(49,838)	1	
Assets held for others	-	27,810	-	-	27,810	-	27,810	
Due to State of New Mexico	-	9,303	-	8	9,311	-	9,311	
Due to State of New Mexico-CRS	-	-	(435)	-	(435)	-	(435)	
Total liabilities	94	1,134,752	26,029	85,329	1,246,204	(127,921)	1,118,283	
FUND BALANCES								
Fund balances:								
Committed:								
Capital asset acquisition	182,220	-	-	-	182,220	-	182,220	
Payment of compensated absences	13,193	-	-	-	13,193	-	13,193	
Assigned:								
Administration	-	17,720	161,553	176,534	355,807	-	355,807	
Capital asset acquisition	-	-	-	-	-	-	-	
Unassigned	35,397	-	-	-	35,397	-	35,397	
Total fund balances	230,810	17,720	161,553	176,534	586,617	-	586,617	
Total liabilities and fund balance	\$ 230,904	\$ 1,152,472	\$ 187,582	\$ 261,863	\$ 1,832,821	\$ (127,921)	\$ 1,704,900	

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, 2014

	Total
Total fund balance for the governmental funds (Exhibit C)	\$ 586,617
 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)	110,017
 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	(93,397)
Net position of Governmental Activities (Exhibit A)	\$ <u>603,237</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, 2014

	Major Funds			Non-Major Funds	
	General Fund	Special Revenue Funds		Special Revenue Funds	
		Area Agency		Other Funds	Total
		on Aging PSA	BTOP-ARRA Grant		
REVENUES					
Federal operating grants	\$ -	\$ 7,480,313	\$ 317,868	\$ 220,081	\$ 8,018,262
Federal (temp. mgmt. providers)	-	139,171	-	-	139,171
State operating grants and contracts	-	14,247,609	-	95,735	14,343,344
Local and private grants and contributions	-	79,875	-	53,971	133,846
Membership assessments	2,871	-	-	-	2,871
Program income	-	-	362,330	6,650	368,980
Bank interest	1,262	-	-	-	1,262
Loan interest	-	-	-	6,000	6,000
Other revenue	12,480	-	-	-	12,480
	<u>16,613</u>	<u>21,946,968</u>	<u>680,198</u>	<u>382,437</u>	<u>23,026,216</u>
EXPENDITURES					
Community welfare:					
Health and welfare	-	17,770,140	-	-	17,770,140
Administration	22,848	3,314,268	676,368	647,386	4,660,870
Capital outlay	-	781,020	631	1,370	783,021
Provision for loan loss	-	-	-	5,600	5,600
	<u>22,848</u>	<u>21,865,428</u>	<u>676,999</u>	<u>654,356</u>	<u>23,219,631</u>
Excess (deficiency) of revenues over expenditures	(6,235)	81,540	3,199	(271,919)	(193,415)
Other financing sources (uses):					
Operating transfers in - from Proprietary Funds	-	-	-	50,000	50,000
Residual equity transfers in (out) - other entities	39,435	(81,860)	-	130,000	87,575
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
	<u>39,435</u>	<u>(81,860)</u>	<u>-</u>	<u>180,000</u>	<u>137,575</u>
Net change in fund balance	<u>33,200</u>	<u>(320)</u>	<u>3,199</u>	<u>(91,919)</u>	<u>(55,840)</u>
Fund balance - beginning, as reported	197,610	26,569	158,354	268,453	650,986
Restatements:					
Prior-period adjustment (note 11)	-	(8,529)	-	-	(8,529)
Fund balance-beginning, as restated	<u>197,610</u>	<u>18,040</u>	<u>158,354</u>	<u>268,453</u>	<u>642,457</u>
Fund balance - ending	<u>\$ 230,810</u>	<u>\$ 17,720</u>	<u>\$ 161,553</u>	<u>\$ 176,534</u>	<u>\$ 586,617</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, 2014

		<u>Total</u>
Net Change in Fund Balance - Governmental Funds (Exhibit E)	\$	(55,840)
<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	\$ 103,048	
Depreciation expense	<u>(15,556)</u>	87,492
<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		<u>24,006</u>
Changes in Net Position of Governmental Activities (Exhibit B)	\$	<u><u>55,658</u></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, 2014

	<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	\$ 2,871	\$ (12,129)
Bank interest	1,713	1,713	1,262	(451)
Other revenue	12,480	12,480	12,480	-
Operating transfers in	-	-	-	-
Prior cash budgeted	<u>176,128</u>	<u>215,563</u>	<u>-</u>	<u>(215,563)</u>
Total revenues	<u>205,321</u>	<u>244,756</u>	<u>16,613</u>	<u>(228,143)</u>
EXPENDITURES:				
Community welfare:				
Administration	12,480	12,480	22,848	(10,368)
Operating transfers out	-	-	-	-
Budgeted reserves	<u>192,841</u>	<u>232,276</u>	<u>-</u>	<u>232,276</u>
Total expenditures	<u>205,321</u>	<u>244,756</u>	<u>22,848</u>	<u>221,908</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,235)</u>	<u>\$ (6,235)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 16,613	\$ 22,848	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 16,613</u>	<u>\$ 22,848</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, 2014

	<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	\$ 7,619,484	\$ 7,619,484	\$ -
State operating grants and contracts	13,466,334	14,251,334	14,247,609	(3,725)
Local and private gifts and grants	-	-	79,875	79,875
Prior year cash budgeted	-	-	-	-
	<u>20,511,318</u>	<u>21,870,818</u>	<u>21,946,968</u>	<u>76,150</u>
EXPENDITURES:				
Community welfare:				
Health and welfare	16,472,510	17,770,140	17,770,140	-
Administration	4,038,808	3,319,658	3,314,268	5,390
Capital outlay	-	781,020	781,020	-
	<u>20,511,318</u>	<u>21,870,818</u>	<u>21,865,428</u>	<u>5,390</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>81,540</u>	\$ <u>81,540</u>
Reconciliation of GAAP basis to budget basis:				
GAAP basis		<u>\$ 21,946,968</u>	<u>\$ 21,947,288</u>	
Adjustments - residual equity transfer to new provider		<u>-</u>	<u>(81,860)</u>	
Budget basis		<u>\$ 21,946,968</u>	<u>\$ 21,865,428</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, 2014

	<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	\$ 317,868	\$ 317,868	\$ 317,868	\$ -
State operating grants and contracts	-	-	-	-
Local and private gifts and grants	-	-	-	-
Program income	365,509	365,509	362,330	(3,179)
Prior-year cash budgeted	-	-	-	-
	<u>683,377</u>	<u>683,377</u>	<u>680,198</u>	<u>(3,179)</u>
Total revenues				
EXPENDITURES:				
Community welfare:				
Health and welfare	-	-	-	-
Administration	683,377	683,377	676,999	6,378
Capital outlay	-	-	-	-
Budgeted reserves	-	-	-	-
	<u>683,377</u>	<u>683,377</u>	<u>676,999</u>	<u>6,378</u>
Total expenditures				
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,199</u>	\$ <u>3,199</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 680,198	\$ 676,999	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 680,198</u>	<u>\$ 676,999</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, 2014

	<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	\$ 73,872	\$ 360,596	\$ 434,468
<i>Noncurrent Assets:</i>			
Loans receivable	384,732	476,521	861,253
Less: Allowance for uncollectible accounts	<u>(38,473)</u>	<u>(47,652)</u>	<u>(86,125)</u>
Total noncurrent assets	<u>346,259</u>	<u>428,869</u>	<u>775,128</u>
Total assets	<u>\$ 420,131</u>	<u>\$ 789,465</u>	<u>\$ 1,209,596</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Due to Governmental Funds-NCNMEDD	<u>15,000</u>	<u>35,000</u>	<u>50,000</u>
Total liabilities	<u>15,000</u>	<u>35,000</u>	<u>50,000</u>
NET POSITION			
Restricted for loans	-	754,465	754,465
Unrestricted	<u>405,131</u>	<u>-</u>	<u>405,131</u>
Total net position	<u>405,131</u>	<u>754,465</u>	<u>1,159,596</u>
Total liabilities and net position	<u>\$ 420,131</u>	<u>\$ 789,465</u>	<u>\$ 1,209,596</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, 2014

	(24-601) Tri-County RLF	(25-601) Economic Development Administration RLF	Total
OPERATING REVENUES			
Loan interest	\$ 2,527	\$ 10,721	\$ 13,248
Accrued loan interest	-	1,250	1,250
Loan loss recoveries	1,718	1,960	3,678
Loan fees	-	-	-
Total operating revenues	<u>4,245</u>	<u>13,931</u>	<u>18,176</u>
OPERATING EXPENSES			
Administrative expenses	-	-	-
Provision for loan losses	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss)	4,245	13,931	18,176
NON-OPERATING REVENUES			
Bank interest	<u>22</u>	<u>219</u>	<u>241</u>
Income (loss) before contributions and transfers	4,267	14,150	18,417
Contributions and transfers:			
Operating transfers out - to governmental funds	(15,000)	(35,000)	(50,000)
Residual equity transfer to governmental funds	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Net income (loss)	<u>(110,733)</u>	<u>(20,850)</u>	<u>(131,583)</u>
Net position, beginning (as reported)	515,864	776,921	1,292,785
Restatements:			
Prior-period adjustments (note 11)	<u>-</u>	<u>(1,606)</u>	<u>(1,606)</u>
Net position, beginning (as restated)	<u>515,864</u>	<u>775,315</u>	<u>1,291,179</u>
Net position, ending	<u>\$ 405,131</u>	<u>\$ 754,465</u>	<u>\$ 1,159,596</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, 2014

	<u>Tri-County RLF</u>	<u>Economic Development Administration RLF</u>	<u>Total</u>
Cash flows from operating activities:			
Other operating expenses	\$ -	\$ -	\$ -
Program loans made	-	(110,000)	(110,000)
Program loan repayments	17,176	129,240	146,416
Loan interest received	<u>2,527</u>	<u>10,721</u>	<u>13,248</u>
Net cash provided (used) by operating activities	<u>19,703</u>	<u>29,961</u>	<u>49,664</u>
Cash flows from non-capital financing activities:			
Operating transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Net cash provided (used) by non-capital financing activities	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Cash flows from investing activities:			
Interest income	<u>22</u>	<u>219</u>	<u>241</u>
Net cash provided (used) by investing activities	<u>22</u>	<u>219</u>	<u>241</u>
Net increase (decrease) in cash	(80,275)	30,180	(50,095)
Cash, beginning of year	<u>154,147</u>	<u>330,416</u>	<u>484,563</u>
Cash, end of year	<u>\$ 73,872</u>	<u>\$ 360,596</u>	<u>\$ 434,468</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 4,245	\$ 13,931	\$ 18,176
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in loans receivable	17,176	19,596	36,772
Increase (decrease) in allowance	(1,718)	(1,960)	(3,678)
Prior-period adjustment to loans receivable	<u>-</u>	<u>(1,606)</u>	<u>(1,606)</u>
Net cash provided (used) by operating activities	<u>\$ 19,703</u>	<u>\$ 29,961</u>	<u>\$ 49,664</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, 2014

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, 2014

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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.

MIPPA - Accounts for activities associated with a contract from the Aging and Long-term Services Department (ALTSD) to work throughout the State of New Mexico to collect applications for medicare services in collaboration with our providers.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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.

Economic Development District Fund accounts for the activities associated with implementation of an economic development program designed to encourage new employment opportunities.

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, 2014

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, 2014.

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-

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014**

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

G. Financial Statement Amounts (Cont'd)

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

offs, net of recoveries. Changes in the allowance are charged to the provision for loan losses or credited to loan loss recoveries.

5. Capital Assets

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

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

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

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

6. Due to Grantees

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

7. Unearned 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 unearned 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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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, 2014

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.

11. Other GASB Pronouncements and Adoptions

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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

G. Financial Statement Amounts (Cont'd)

11. Other GASB Pronouncements and Adoptions

During fiscal year 2014, the NCNMEDD adopted the following GASB statement:

- GASB 66, *Technical Corrections: an amendment to GASB Statements No. 10 and No. 62*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This Statement is effective for the year ended June 30, 2014.
- GASB 67, *Financial Reporting for Pension Plans — an amendment of GASB Statement No. 25*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement is effective for the year ended June 30, 2014.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial*, the requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement is effective for the year ended June 30, 2014.

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:

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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014**

4. Detail Notes on Accounts and Transaction Classes

A. Cash on Deposit

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

	<u>Account Type</u>	<u>Balance per Depository</u>	<u>Reconciling Items</u>	<u>Balance Per Financial Statements</u>
Los Alamos Bank:				
General operating account	Demand	\$ 943,127	\$(562,002)	\$381,125
EDA RLF account	Demand	420,596	(60,000)	360,596
TC RLF account	Demand	<u>73,872</u>	-	<u>73,872</u>
Total		<u>\$1,437,595</u>	<u>\$(622,002)</u>	815,593
Petty cash				-
Total per government-wide and fund financial statements				<u>\$815,593</u>

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, 2014, \$1,187,595 of the District's bank balances of \$1,437,595 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>1,187,595</u>
	<u>\$1,437,595</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:

Los Alamos National Bank	<u>Carrying Amount</u>	<u>Book Balance</u>
Total deposits per bank	\$ 1,437,595	\$ 815,593
Less deposits covered by FDIC	<u>(250,000)</u>	<u>(250,000)</u>
Total	<u>\$ 1,187,595</u>	<u>\$ 565,593</u>
50% collateral requirement	\$ (593,798)	\$ (282,797)
Pledged collateral	<u>3,750,000</u>	<u>3,750,000</u>
Over (under) requirement	<u>\$ 3,156,202</u>	<u>\$ 3,467,203</u>

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 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Notes to Financial Statements
 June 30, 2014

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

A. **Cash on Deposit (Cont'd)**

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>
3134GHK98	Fixed Rate Note 11/17/2016	\$ 2,000,000
313370JS8	Fixed Rate Note, 9/12/2014	750,000
313370JB5	Fixed Rate Note, 9/11/2015	<u>1,000,000</u>
		<u>\$ 3,750,000</u>

B. **Accrued Revenue**

Amounts are due from granting authorities as follows:

New Mexico Agency on Aging - PSA	\$ 1,136,315
San Miguel County	5,747
Santa Fe County	13
U.S. Department of Transportation - NERPO - Regional Planning	16,635
U.S. Department of Transportation - NPRPO - Regional Planning	<u>30,527</u>

\$ 1,189,237

Accounts receivable:

Amounts due from BTOP system users	\$ <u>6,821</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:

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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

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

	<u>TC RLF</u>	<u>EDA RLF</u>	<u>EDDF</u>	<u>Total</u>
Loans receivable - beginning	\$ 401,908	\$ 496,117	\$ -	\$ 898,025
Add: loans originated	-	110,000	50,000	160,000
Add: Accrued interest	-	1,250	6,000	7,250
Less: loans repaid	(17,176)	(129,240)	-	(146,416)
Less: loans adjusted (prior-period)	-	(1,606)	-	(1,606)
Loans receivable - ending	<u>384,732</u>	<u>476,521</u>	<u>56,000</u>	<u>917,253</u>
Allowance for loan losses - beginning	40,191	49,612	-	89,803
Plus : provision for loan losses	-	-	5,600	5,600
Less: loan loss recoveries	(1,718)	(1,960)	-	(3,678)
Allowance for loan losses - end	<u>38,473</u>	<u>47,652</u>	<u>5,600</u>	<u>91,725</u>
Net loans receivable	<u>\$ 346,259</u>	<u>\$ 428,869</u>	<u>\$ 50,400</u>	<u>\$ 825,528</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2013</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>June 30, 2014</u>
Governmental activities:				
Furniture and equipment	\$ 148,347	\$ 22,028	\$ (53,269)	\$ 117,106
Leasehold improvements	19,980	-	-	19,980
Vehicles	204,157	81,020	(36,884)	248,293
Total capital assets	<u>372,484</u>	<u>103,048</u>	<u>(90,153)</u>	<u>385,379</u>
Less accumulated depreciation:				
Furniture and equipment	140,399	8,431	(53,269)	95,561
Leasehold improvements	7,183	3,996	-	11,179
Vehicles	202,377	3,129	(36,884)	168,622
Total accumulated depreciation	<u>349,959</u>	<u>15,556</u>	<u>(90,153)</u>	<u>275,362</u>
Net capital assets:				
Furniture and equipment	7,948	13,597	-	21,545
Leasehold improvements	12,797	(3,996)	-	8,801
Vehicles	1,780	77,891	-	79,671
Net capital assets	<u>\$ 22,525</u>	<u>\$ 87,492</u>	<u>\$ -</u>	<u>\$ 110,017</u>

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

Depreciation expense of \$15,556 was charged and is included in the Community Welfare expense function of the governmental activities in the Statement of Activities, Exhibit B.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

E. Long-Term Liabilities

Long-term liability activity of the governmental activities for the year ended June 30, 2014, was as follows:

	<u>Adjusted Balance July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2013</u>
Compensated absences payable	\$ <u>117,403</u>	\$ <u>119,874</u>	\$ <u>143,880</u>	\$ <u>93,397</u>

Management estimates that the amount payable within one year will be approximately \$93,397. In prior years the general fund has been used to liquidate compensated absences.

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, 2014, amount to \$91,075.

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>
BTOP-ARRA (04-240)	\$ 78,083	\$ -
Medicaid Personal Care (02-420)	59,236	-
 <u>Due To Other Funds (To BTOP-ARRA)</u>		
State Grant-inAid (04-160)	-	1,780
EDA Planning (04-230)	-	20,612
CDBG-Chama (04-234)	-	1,587
NPRPO - Transportation (04-250)	-	32,052
NERPO - Transportation (04-255)	-	16,292
Santa Fe County (04306)	-	13
San Miguel County (04-430)	-	5,747
	<u>137,319</u>	<u>78,083</u>
 <u>Due To Other Funds (To Medicaid Personal Care)</u>		
AAA-PSA (all)	-	49,838
MIPPA (02-120)	-	9,398
	<u>-</u>	<u>59,236</u>
	<u>\$ 137,319</u>	<u>\$ 137,319</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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

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>Due From</u> <u>Other Programs</u>	<u>Due To</u> <u>Other Programs</u>
<u>AAA - PSA Special Revenue Fund</u>		
State Funds/HB2 (02-100)	\$ 196,691	\$ -
SER-Dept of Education (02-112)	8,898	-
Temp. Mgt-Dona Ana (02-113)	38,915	-
VA Aging & Disabilities Resource Center (02-115)	13,259	-
Title III-D (02-204)	32,956	-
Cash-in-Lieu (NSIP) (02-210)	5,465	-
PSA 2-Administration (02-501)	33,291	-
PSA 2 Consumer Coordinator (02-503)	2,087	-
PSA 2 AAA-Alliance (02-506)	777	-
PSA 2 AAA -Direct Senior Services (02-507)	1	-
Senior Employment Program (02-110)	-	88,386
Title III-B (02-201)	-	16,883
Title III C-1 (02-202)	-	129,681
Title III C-2 (02-203)	-	48,979
Title III-E (02-205)	-	48,411
	<u> </u>	<u> </u>
Totals	<u>\$ 332,340</u>	<u>\$ 332,340</u>

I. Interfund Transfers

Operating transfers are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
EDA RLF Administration Special Revenue Fund (11-601)	\$ 15,000	-
TCR RLF Administration Special Revenue Fund (10-601)	15,000	-
Economic Development Admin. Planning Special Revenue Fund (04-230)	-	-
	<u>20,000</u>	<u>-</u>
	<u>50,000</u>	<u>-</u>
Business-type activities:		
Economic Development Admin. RLF Proprietary Fund (25-601)	-	35,000
Tri-County RLF Proprietary Fund (24-601)	-	15,000
	<u>-</u>	<u>50,000</u>
	<u>\$ 50,000</u>	<u>\$ 50,000</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
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4. Detail Notes on Accounts and Transaction Classes (Cont'd)

I. Interfund Transfers (Cont'd)

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. Interfund Transfers and Transfers From Other Entities

Residual equity transfers are as follow:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Medicaid Personal Care (From Eastern NM AAA)	\$ 30,000	\$ -
Economic Development District Special Revenue Fund (28-601) (From Tri-County RLF Proprietary Fund (24-601))	100,000	-
General Fund:		
Leave Gen. Expenditure Reserve (21-601) (From Eastern NM AAA)	9,435	-
Office Building Reserve (23-601) (From Eastern NM AAA)	30,000	-
	\$ 169,435	\$ -

K. 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 14.65% (ranges from 7.0% to 18.15% 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 9.15 % (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, 2014, 2013, and 2012 were \$291,537, \$219,853, and \$199,163, respectively, which equal the amount of the required contributions for each fiscal year.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
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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, 2014, 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, 2014, 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

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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

following July 1, 2014, 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, 2014, 2013, and 2012, were \$31,617 \$26,537, and \$21,598, 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, 2013, through June 30, 2014. The District paid \$228,882 to the RMD in insurance premiums for the 2013-2014 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

A. 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:

- 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.
- To stimulate economic growth and orderly development through multi-county planning and investment, pooling of total resources and vigorous local leadership involvement.
- To prepare, adopt and extend a District "Overall Economic Development Program" (OEDP) as required for District formal designation.
- 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, 2014

9. Joint Powers Agreement (Cont'd)

- To implement specific programs and projects as are considered essential and worth to the members of the District.
- 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.

- B. A joint powers agreement was entered into on November 19, 2010, pursuant to the Joint Powers Agreement Act, Section 4-22-1 to 4-22-7, New Mexico Statutes annotated, 1953 compilation, for management of the Redi Middle Mile Broadband Network by and among the NCNMEDD the incorporated County of Los Alamos, Santa Fe County, the City of Espanola, Rio Arriba County, Ohkay Owingeh, the Pueblo of Santa Clara, the pueblo of Pojoaque and the Pueblo of Tesuque.

The joint powers agreement was created for the following purposes:

- Manage the design, construction, implementation and operation of Redi-net, a high-speed broadband service which supports economic development, education, and distance learning, health care and telemedicine, and advanced public safety and energy applications required to improve the quality of life and ensure the health, safety and welfare of the regions' residents.
- NCNMEDD shall act as the fiscal agent and is responsible for all reporting and compliance with federal grant funding requirements of the American Recovery Reinvestment Act of 2008 (ARRA).
- Upon completion of the project, NCNMEDD shall transfer the Redi-net assets to the local parties. The local parties shall own a portion of the infrastructure.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

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	\$ 205,321	\$ 244,756
AAA - PSA - Special Revenue Fund	02-all Exhibit H	20,511,318	21,870,818
BTOP-ARRA Grant	04-240 Exhibit I	<u>683,377</u>	<u>683,377</u>
Total Major Funds		<u>21,400,016</u>	<u>22,798,951</u>
<u>Non-Major Funds</u>			
Special Revenue Funds:			
Medicaid personal care	02-420 Statement 3	40,000	70,000
Walmart Foundation Grant	04-117 Statement 11	149,869	149,869
State Grant-in-aid	04-160 Statement 4	95,742	95,735
EDA Planning	04-230 Statement 5	50,000	80,000
EDA Planning	04-232 Statement 6	30,000	-
CDBG Chama Planning	04-234 Statement 13	1,000	1,000
NERPO Planning	04-255 Statement 10	65,160	80,040
NPRPO Planning	04-250 Statement 7	65,160	80,040
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	15,000	15,000
Economic Development District Fund	28-601 Statement 20	-	187,040
MIPPA	02-120 Statement 21	<u>64,250</u>	<u>64,250</u>
Total Non-Major Funds		<u>591,181</u>	<u>837,974</u>
<u>Proprietary Funds</u>			
TCR-RLF	24-601 Statement 18	24,590	115,000
EDA-RLF	25-601 Statement 19	<u>289,984</u>	<u>289,984</u>
Total Proprietary Funds		<u>314,574</u>	<u>404,984</u>
Total All Funds		<u>\$ 22,305,771</u>	<u>\$ 24,041,909</u>

11. Prior-Period Adjustments

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position			
Net position, June 30, 2013 (as reported)	\$ 556,105	\$ 1,292,785	\$ 1,848,890
Restatements:			
Due to State of NM	(8,279)		(8,279)
Posting errors	(250)		(250)
Rounding	3		3
Adjustment to loans receivable	-	(1,606)	(1,606)
Net position, June 30, 2013 (as restated)	<u>\$ 547,579</u>	<u>\$ 1,291,179</u>	<u>\$ 1,838,758</u>
Fund Balances (Governmental funds)			
Fund balance, June 30, 2013 (as reported)	\$ 26,569		
Restatements:			
Due to State of NM	(8,279)		
Postings error	(250)		
Fund balance, June 30, 2013 (as restated)	<u>\$ 18,040</u>		

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2014

12. Subsequent Events Review

A review of subsequent events through December 15, 2014, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

13. Subsequent Accounting Standard Pronouncements

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. This will require the District to recognize a liability for the proportionate share of the unfunded net pension liability for PERA.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, (year ended June 30, 2015) and should be applied on a prospective basis.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The District has reviewed the statement and has determined that this does not apply to the District.

GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68), improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This Statement will be effective at the implementation of GASB 68.

14. Budget Deficit

Actual expenditures exceeded budgeted expenses by \$2,518 for the CDBG Chama Planning Special Revenue Fund (04-234) (See Statement 13, page 51.) This has resulted in a deficit fund balance of \$1,587 in the fund at June 30, 2014.

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, 2014

	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	\$ 3,408	\$ -	\$ 3	\$ -	\$ 1,498	\$ 4,909	
Accounts receivable	-	-	-	-	-	-	
Due from grantors	-	-	-	30,527	-	30,527	
Due from other funds	9,398	-	-	-	522	9,920	
Due from AAA Programs	49,838	-	-	-	-	49,838	
Due from Fiduciary Funds	-	-	20,000	-	15,000	35,000	
Loans receivable (net)	-	-	-	-	-	-	
Prepaid expenses	-	2,305	774	1,918	-	4,997	
Other assets	-	363	363	-	-	726	
Total assets	\$ 62,644	\$ 2,668	\$ 21,140	\$ 32,445	\$ 17,020	\$ 135,917	
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ -	\$ 880	\$ 525	\$ 393	\$ 1,589	\$ 3,387	
Due to other funds	-	1,780	20,612	32,052	-	54,444	
Due to State of New Mexico	-	8	-	-	-	8	
Total liabilities	-	2,668	21,137	32,445	1,589	57,839	
Fund Equity:							
Fund balance:							
Assigned	62,644	-	3	-	15,431	78,078	
Total fund equity	62,644	-	3	-	15,431	78,078	
Total liabilities and fund equity	\$ 62,644	\$ 2,668	\$ 21,140	\$ 32,445	\$ 17,020	\$ 135,917	

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, 2014

	Special Revenue Funds					
	10-601	04-255	04-117	04-430	04-306	
	TC-RLF	NERPO	Walmart	San Miguel	Santa Fe	
	Administration	Planning	Foundation	County	County	Subtotal
<u>Assets</u>						
Cash on deposit	\$ -	\$ -	\$ 1,216	\$ -	\$ -	\$ 1,216
Accounts receivable	-	-	-	-	-	-
Due from grantors	-	16,635	-	5,747	13	22,395
Due from other funds	-	-	-	-	-	-
Due from AAA Programs	-	-	-	-	-	-
Due from Fiduciary Funds	15,000	-	-	-	-	15,000
Loans receivable (net)	-	-	-	-	-	-
Prepaid expenses	-	387	-	-	-	387
Other assets	-	-	-	-	-	-
Total assets	\$ 15,000	\$ 17,022	\$ 1,216	\$ 5,747	\$ 13	\$ 38,998
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts payable	\$ 2,590	\$ 770	\$ -	\$ -	\$ -	\$ 3,360
Due to other funds	522	16,292	-	5,747	13	22,574
Due to State of New Mexico	-	-	-	-	-	-
Total liabilities	3,112	17,062	-	5,747	13	25,934
Fund Equity:						
Fund balance:						
Assigned	11,888	(40)	1,216	-	-	13,064
Total fund equity	11,888	(40)	1,216	-	-	13,064
Total liabilities and fund equity	\$ 15,000	\$ 17,022	\$ 1,216	\$ 5,747	\$ 13	\$ 38,998

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, 2014

	<u>Special Revenue Funds</u>						
	04-234		28-601		Total	Elimi-	Total
	CDBG	04-234	Economic	Dev. District			
	Chama	MIPPA	Fund	Subtotal	Eliminations		
Planning							
<u>Assets</u>							
Cash on deposit	\$ -	\$ -	\$ 45,318	\$ 45,318	\$ 51,443	\$ -	\$ 51,443
Accounts receivable	-	1,150	-	1,150	1,150	-	1,150
Due from grantors	-	-	-	-	52,922	-	52,922
Due from other funds	-	-	-	-	9,920	(9,920)	-
Due from AAA Programs	-	-	-	-	49,838	-	49,838
Due from Fiduciary Funds	-	-	-	-	50,000	-	50,000
Loans receivable (net)	-	-	50,400	50,400	50,400	-	50,400
Prepaid expenses	-	-	-	-	5,384	-	5,384
Other assets	-	-	-	-	726	-	726
Total assets	\$ -	\$ 1,150	\$ 95,718	\$ 96,868	\$ 271,783	\$ (9,920)	\$ 261,863
<u>Liabilities and Fund Equity</u>							
Liabilities:							
Accounts payable	\$ -	491	\$ -	491	\$ 7,238	\$ -	\$ 7,238
Due to other funds	1,587	9,398	-	10,985	88,003	(9,920)	78,083
Due to State of New Mexico	-	-	-	-	8	-	8
Total liabilities	1,587	9,889	-	11,476	95,249	(9,920)	85,329
Fund Equity:							
Fund balance:							
Assigned	(1,587)	(8,739)	95,718	85,392	176,534	-	176,534
Total fund equity	(1,587)	(8,739)	95,718	85,392	176,534	-	176,534
Total liabilities and fund equity	\$ -	\$ 1,150	\$ 95,718	\$ 96,868	\$ 271,783	\$ (9,920)	\$ 261,863

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, 2014

	<u>Special Revenue Funds</u>					<u>Subtotal</u>
	<u>02-420 Medicaid Personal Care</u>	<u>04-160 State Grant-in- Aid</u>	<u>04-230 & 04-232 Economic Development Administration Planning</u>	<u>04-250 NPRPO Transp. Planning</u>	<u>11-601 EDA-RLF Admin.</u>	
REVENUES						
Federal	\$ -	\$ -	\$ 60,000	\$ 80,040	\$ -	\$ 140,040
State	-	95,735	-	-	-	95,735
Local and private grants and contributions	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Loan interest	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>95,735</u>	<u>60,000</u>	<u>80,040</u>	<u>-</u>	<u>235,775</u>
EXPENDITURES						
Community welfare:						
Health and welfare	-	-	-	-	-	-
Administration	58,661	95,735	79,997	79,355	15,000	328,748
Capital outlay	-	-	-	685	-	685
Provision for loan loss	-	-	-	-	-	-
Total expenditures	<u>58,661</u>	<u>95,735</u>	<u>79,997</u>	<u>80,040</u>	<u>15,000</u>	<u>329,433</u>
Excess (deficiency) of revenue over expenditures	<u>(58,661)</u>	<u>-</u>	<u>(19,997)</u>	<u>-</u>	<u>(15,000)</u>	<u>(93,658)</u>
Other financing sources (uses)						
Operating transfers in (out)	-	-	20,000	-	15,000	35,000
Residual equity transfers in (note 4)	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total other financing sources (uses)	<u>30,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>15,000</u>	<u>65,000</u>
Net change in fund balance	(28,661)	-	3	-	-	(28,658)
Fund balance - beginning	<u>91,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,431</u>	<u>106,736</u>
Fund balance - ending	<u>\$ 62,644</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 15,431</u>	<u>\$ 78,078</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, 2014

	<u>Special Revenue Funds</u>					<u>Subtotal</u>
	<u>10-601 TC-RLF Admin.</u>	<u>04-255 NERPO Planning</u>	<u>04-117 Walmart Foundation</u>	<u>04-430 San Miguel County Planning</u>	<u>04-306 Santa Fe County</u>	
REVENUES						
Federal	\$ -	\$ 80,041	\$ -	\$ -	\$ -	\$ 80,041
State	-	-	-	-	-	-
Local and private grants and contributions	-	-	-	-	-	-
Program income	-	-	-	-	-	-
Loan interest	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>80,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,041</u>
EXPENDITURES						
Community welfare:						
Health and welfare	-	-	-	-	-	-
Administration	15,000	79,356	148,653	-	-	243,009
Capital outlay	-	685	-	-	-	685
Provision for loan loss	-	-	-	-	-	-
Total expenditures	<u>15,000</u>	<u>80,041</u>	<u>148,653</u>	<u>-</u>	<u>-</u>	<u>243,694</u>
Excess (deficiency) of revenue over expenditures	<u>(15,000)</u>	<u>-</u>	<u>(148,653)</u>	<u>-</u>	<u>-</u>	<u>(163,653)</u>
Other financing sources (uses)						
Operating transfers in (out)	15,000	-	-	-	-	15,000
Residual equity transfers in (note 4)	-	-	-	-	-	-
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	-	-	(148,653)	-	-	(148,653)
Fund balance - beginning	<u>11,888</u>	<u>(40)</u>	<u>149,869</u>	<u>-</u>	<u>-</u>	<u>161,717</u>
Fund balance - ending	<u>\$ 11,888</u>	<u>\$ (40)</u>	<u>\$ 1,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,064</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, 2014

	<u>Special Revenue Funds</u>				
	04-234 CDBG Chama Planning	04-234 MIPPA	28-601 Economic Dev. District Fund	Subtotal	Total
REVENUES					
Federal	\$ -	\$ -	\$ -	-	\$ 220,081
State	-	-	-	-	95,735
Local and private grants and contributions	1,931	-	52,040	53,971	53,971
Program income	-	6,650	-	6,650	6,650
Loan interest	-	-	6,000	6,000	6,000
Total revenues	<u>1,931</u>	<u>6,650</u>	<u>58,040</u>	<u>66,621</u>	<u>382,437</u>
EXPENDITURES					
Community welfare:					
Health and welfare	-	-	-	-	-
Administration	3,518	15,389	56,722	75,629	647,386
Capital outlay	-	-	-	-	1,370
Provision for loan loss	-	-	5,600	5,600	5,600
Total expenditures	<u>3,518</u>	<u>15,389</u>	<u>62,322</u>	<u>81,229</u>	<u>654,356</u>
Excess (deficiency) of revenue over expenditures	<u>(1,587)</u>	<u>(8,739)</u>	<u>(4,282)</u>	<u>(14,608)</u>	<u>(271,919)</u>
Other financing sources (uses)					
Operating transfers in (out)	-	-	-	-	50,000
Residual equity transfers in (note 4)	-	-	100,000	100,000	130,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>180,000</u>
Net change in fund balance	<u>(1,587)</u>	<u>(8,739)</u>	<u>95,718</u>	<u>85,392</u>	<u>(91,919)</u>
Fund balance - beginning	-	-	-	-	268,453
Fund balance - ending	<u>\$ (1,587)</u>	<u>\$ (8,739)</u>	<u>\$ 95,718</u>	<u>85,392</u>	<u>\$ 176,534</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, 2014

	<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	-	-	30,000	30,000
Prior cash budgeted	<u>40,000</u>	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>
Total revenues	<u>40,000</u>	<u>70,000</u>	<u>30,000</u>	<u>(40,000)</u>
EXPENDITURES:				
Community welfare:				
Administration	-	70,000	58,661	11,339
Budgeted reserves	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>40,000</u>	<u>70,000</u>	<u>58,661</u>	<u>11,339</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,661)</u>	<u>\$ (28,661)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 30,000	\$ 58,661	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 30,000</u>	<u>\$ 58,661</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, 2014

	<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	\$ 95,742	\$ 95,735	\$ 95,735	\$ -
Total revenues	<u>95,742</u>	<u>95,735</u>	<u>95,735</u>	<u>-</u>
EXPENDITURES:				
Community welfare: Administration	<u>95,742</u>	<u>95,735</u>	<u>95,735</u>	<u>-</u>
Total expenditures	<u>95,742</u>	<u>95,735</u>	<u>95,735</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		\$ 95,735	\$ 95,735	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 95,735</u>	<u>\$ 95,735</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants and contracts	\$ 30,000	\$ 60,000	\$ 60,000	\$ -
Operating transfers in	20,000	20,000	20,000	-
Prior cash budgeted	-	-	-	-
	<u>50,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Total revenues				
EXPENDITURES:				
Community welfare:				
Administration	<u>50,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Total expenditures	<u>50,000</u>	<u>80,000</u>	<u>80,000</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		\$ 80,000	\$ 80,000	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 80,000</u>	<u>\$ 80,000</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal operating grants and contracts	\$ 30,000	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Prior cash budgeted	-	-	-	-
	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	<u>30,000</u>	<u>-</u>	<u>(3)</u>	<u>3</u>
Total expenditures	<u>30,000</u>	<u>-</u>	<u>(3)</u>	<u>3</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ (3)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ -	\$ (3)	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ -</u>	<u>\$ (3)</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, 2014

	<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	\$ 65,160	\$ 80,040	\$ 80,040	\$ -
Prior cash budgeted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>65,160</u>	<u>80,040</u>	<u>80,040</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	<u>65,160</u>	<u>80,040</u>	<u>80,040</u>	<u>-</u>
Total expenditures	<u>65,160</u>	<u>80,040</u>	<u>80,040</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		\$ 80,040	\$ 80,040	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 80,040</u>	<u>\$ 80,040</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, 2014

	<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	15,000	-
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>15,000</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		\$ 15,000	\$ 15,000	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 15,000</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)
Non-Major Governmental Funds
TC-RLF ADMINISTRATION SPECIAL REVENUE FUND (10-601)
For the Year Ended June 30, 2014

	<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	15,000	-
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>15,000</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		\$ 15,000	\$ 15,000	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 15,000</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)
 Non-Major Governmental Funds
 NERPO PLANNING SPECIAL REVENUE FUND (04-255)
 For the Year Ended June 30, 2014

	<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	\$ 65,160	\$ 80,040	\$ 80,041	\$ 1
Prior cash budgeted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>65,160</u>	<u>80,040</u>	<u>80,041</u>	<u>1</u>
EXPENDITURES:				
Community welfare:				
Administration	<u>65,160</u>	<u>80,040</u>	<u>80,041</u>	<u>(1)</u>
Total expenditures	<u>65,160</u>	<u>80,040</u>	<u>80,041</u>	<u>(1)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 80,041	\$ 80,041	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 80,041</u>	<u>\$ 80,041</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, 2014

	<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	\$ -	\$ -	\$ -	\$ -
Prior cash budgeted	<u>149,869</u>	<u>149,869</u>	<u>-</u>	<u>(149,869)</u>
Total revenues	<u>149,869</u>	<u>149,869</u>	<u>-</u>	<u>(149,869)</u>
EXPENDITURES:				
Community welfare:				
Administration	-	149,869	148,653	1,216
Budgeted reserves	<u>149,869</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>149,869</u>	<u>149,869</u>	<u>148,653</u>	<u>1,216</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(148,653)</u>	\$ <u>(148,653)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ -	\$ 148,653	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ -</u>	<u>\$ 148,653</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
 SAN MIGUEL COUNTY PLANNING SPECIAL REVENUE FUND (04-430)
 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	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Community welfare:				
Administration	-	-	-	-
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ -	\$ -	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ -</u>	<u>\$ -</u>	

The accompanying notes are an integral part of 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, 2014

	<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	\$ 1,000	\$ 1,000	\$ 1,931	\$ 931
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,931</u>	<u>931</u>
EXPENDITURES:				
Community welfare:				
Administration	1,000	1,000	3,518	(2,518)
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>3,518</u>	<u>(2,518)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,587)</u>	\$ <u>(1,587)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 1,931	\$ 3,518	
Adjustments- none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 1,931</u>	<u>\$ 3,518</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, 2014

	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	04-308 CD-General General Fund Account	
ASSETS							
Cash on deposit and equivalents	\$ 31,497	\$ 25,000	\$ 13,193	\$ 22,200	\$ 135,020	\$ 94	\$ 227,004
Other receivables	3,900	-	-	-	-	-	3,900
Total assets	<u>\$ 35,397</u>	<u>\$ 25,000</u>	<u>\$ 13,193</u>	<u>\$ 22,200</u>	<u>\$ 135,020</u>	<u>\$ 94</u>	<u>\$ 230,904</u>
LIABILITIES							
Liabilities:							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94	\$ 94
Total liabilities	-	-	-	-	-	94	94
FUND BALANCE							
Fund Balances:							
Committed:							
Capital asset acquisition	-	25,000	-	22,200	135,020	-	182,220
Payment of compensated absences	-	-	13,193	-	-	-	13,193
Unassigned	35,397	-	-	-	-	-	35,397
Total fund balance	<u>35,397</u>	<u>25,000</u>	<u>13,193</u>	<u>22,200</u>	<u>135,020</u>	<u>-</u>	<u>230,810</u>
Total liabilities and fund balance	<u>\$ 35,397</u>	<u>\$ 25,000</u>	<u>\$ 13,193</u>	<u>\$ 22,200</u>	<u>\$ 135,020</u>	<u>\$ 94</u>	<u>\$ 230,904</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, 2014

	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	04-308 CD-General General Fund Account	
REVENUES							
Membership assessment	\$ 2,871	\$ -	\$ -	\$ -	\$ -	\$ -	2,871
Bank interest	1,262	-	-	-	-	-	1,262
Other revenue	-	-	-	-	-	12,480	12,480
Total revenues	<u>4,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,480</u>	<u>16,613</u>
EXPENDITURES							
Administration	<u>10,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,480</u>	<u>22,848</u>
Total expenditures	<u>10,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,480</u>	<u>22,848</u>
Excess revenues over (under) expenses	<u>(6,235)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,235)</u>
Other financing Sources (uses) Residual equity transfers in	<u>-</u>	<u>-</u>	<u>9,435</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>39,435</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,435</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>39,435</u>
Excess (deficiency of revenues over expenditures)	<u>(6,235)</u>	<u>-</u>	<u>9,435</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>33,200</u>
Fund balance, beginning	<u>41,632</u>	<u>25,000</u>	<u>3,758</u>	<u>22,200</u>	<u>105,020</u>	<u>-</u>	<u>197,610</u>
Fund balance, ending	<u>\$ 35,397</u>	<u>\$ 25,000</u>	<u>\$ 13,193</u>	<u>\$ 22,200</u>	<u>\$ 135,020</u>	<u>\$ -</u>	<u>230,810</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, 2014

	02-100 State Funds HB2	02-110 Senior Employ Pro	02-111 SEP/ Enrollee	02-112 SER State	02-113 Temp Mgt Dona Ana	02-114 Temp Mgt DA-NSIP	02-114 Temp Mgt DA-SEP	02-115 VA Resource Center	02-119 Capital Out. Non-Metro	02-201 Title III-B	02-202 Title III C-1	Sub- Total
ASSETS												
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantors	333,339	223,334	-	-	5,931	-	-	-	-	133,528	234,583	930,715
Due from other AAA programs	196,691	-	-	8,898	38,915	-	-	13,259	-	-	-	257,763
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 530,030	\$ 223,334	\$ -	\$ 8,898	\$ 44,846	\$ -	\$ -	\$ 13,259	\$ -	\$ 133,528	\$ 234,583	1,188,478
LIABILITIES AND FUND BALANCE												
Liabilities:												
Accounts payable	\$ 530,030	\$ 85,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,546	\$ 104,500	\$ 834,185
Deferred revenue	-	-	-	-	-	-	-	13,259	-	2,099	-	15,358
Due to other AAA programs	-	88,386	-	-	-	-	-	-	-	16,883	129,681	234,950
Due to other special revenue funds	-	49,839	-	-	-	-	-	-	-	-	-	49,839
Other liabilities-Due to grantees	-	-	-	-	27,810	-	-	-	-	-	-	27,810
Due to State of New Mexico	-	-	-	8,898	-	-	-	-	-	-	402	9,300
Total liabilities	530,030	223,334	-	8,898	27,810	-	-	13,259	-	133,528	234,583	1,171,442
Fund balance	-	-	-	-	17,036	-	-	-	-	-	-	17,036
Total liabilities and fund balance	\$ 530,030	\$ 223,334	\$ -	\$ 8,898	\$ 44,846	\$ -	\$ -	\$ 13,259	\$ -	\$ 133,528	\$ 234,583	\$ 1,188,478

	02-203 Title III C-2	02-204 Title III-D	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-501 PSA Adminis.	02-503 Consumer Coordinator	02-506 PSA Alliance	02-507 PSA Dir. Sr.	02-509 Provider Support	Sub- Total	Total Before Eliminations	Eliminations	Total
ASSETS													
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantors	90,504	4,128	106,091	-	4,877	-	-	-	-	205,600	1,136,315	-	1,136,315
Due from other AAA programs	-	32,956	-	5,465	33,291	2,087	777	1	-	74,577	332,340	(332,340)	-
Prepaid expenses	-	-	-	-	13,153	-	-	-	-	13,153	13,153	-	13,153
Security deposits	-	-	-	-	3,004	-	-	-	-	3,004	3,004	-	3,004
Total assets	\$ 90,504	\$ 37,084	\$ 106,091	\$ 5,465	\$ 54,325	\$ 2,087	\$ 777	\$ 1	\$ -	\$ 296,334	\$ 1,484,812	\$ (332,340)	\$ 1,152,472
LIABILITIES AND FUND BALANCE													
Liabilities:													
Accounts payable	\$ 39,033	\$ 36,281	\$ 50,744	\$ 5,463	\$ 54,418	\$ 517	\$ -	\$ -	\$ -	\$ 186,456	\$ 1,020,641	\$ -	\$ 1,020,641
Deferred revenue	2,492	803	6,936	-	-	1,570	-	-	-	11,801	27,159	-	27,159
Due to other AAA programs	48,979	-	48,411	-	-	-	-	-	-	97,390	332,340	(332,340)	-
Due to other special revenue funds	-	-	-	-	-	-	-	-	-	-	49,839	-	49,839
Other liabilities-Due to Provider	-	-	-	-	-	-	-	-	-	-	27,810	-	27,810
Due to State of New Mexico	-	-	-	2	-	-	-	1	-	3	9,303	-	9,303
Total liabilities	90,504	37,084	106,091	5,465	54,418	2,087	-	1	-	295,650	1,467,092	(332,340)	1,134,752
Fund balance	-	-	-	-	(93)	-	777	-	-	684	17,720	-	17,720
Total liabilities and fund balance	\$ 90,504	\$ 37,084	\$ 106,091	\$ 5,465	\$ 54,325	\$ 2,087	\$ 777	\$ 1	\$ -	\$ 296,334	1,484,812	\$ (332,340)	\$ 1,152,472

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, 2014

	02-100 State Funds HB2	02-110 Senior Employ Pro	02-111 SEP/ Enrollee	02-112 SER-State	02-113 Temp Mgt Dona Ana	02-114 Temp Mgt DA-NSIP	02-115 VA Resource Center	02-116 Temp Mgt DA-SEP	02-119 Capital Out. Non-Metro	02-201 Title III-B	02-202 Title III C-1	Sub- Total
REVENUES												
Federal - AAA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,275,325	\$ 1,953,303	\$ 3,228,628
Federal-(temp. mgmt. provider)	-	-	-	-	95,796	43,375	-	-	-	-	-	139,171
State	10,451,687	776,011	33,879	-	301,800	-	31,110	21,315	700,000	-	-	12,315,802
Local	-	-	-	-	79,875	-	-	-	-	-	-	79,875
Total revenues	10,451,687	776,011	33,879	-	477,471	43,375	31,110	21,315	700,000	1,275,325	1,953,303	15,763,476
EXPENDITURES and TRANSFERS												
Administration	-	113,078	33,879	-	395,209	43,375	31,110	21,315	-	-	-	637,966
Distribution to grantees	10,451,687	662,933	-	-	-	-	-	-	-	1,275,325	1,953,303	14,343,248
Capital outlay	-	-	-	-	-	-	-	-	700,000	-	-	700,000
Residual equity transfers out	-	-	-	-	81,860	-	-	-	-	-	-	81,860
Total expenditures	10,451,687	776,011	33,879	-	477,069	43,375	31,110	21,315	700,000	1,275,325	1,953,303	15,763,074
Excess (deficiency of revenues over expenditures)	-	-	-	-	402	-	-	-	-	-	-	402
Fund balance, beg, as reported	-	-	-	8,279	16,634	-	-	-	-	-	-	24,913
Restatements:												
Prior-period adjustment	-	-	-	(8,279)	-	-	-	-	-	-	-	(8,279)
Fund balance, beg, as restated	-	-	-	-	16,634	-	-	-	-	-	-	16,634
Fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ 17,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	17,036

	02-203 Title III C-2	02-204 Title III-D	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-501 PSA Admin.	02-503 Consumer Coordinator	02-506 PSA Alliance	02-507 PSA Dir. Sr.	02-509 Provider Support	Sub- Total	Total
REVENUES											
Federal - AAA	\$ 879,672	\$ 110,000	\$ 716,441	\$ 1,720,779	\$ 574,533	\$ 18,786	\$ -	\$ -	\$ 231,474	\$ 4,251,685	\$ 7,480,313
Federal-(temp. mgmt. provider)	-	-	-	-	-	-	-	-	-	-	139,171
State	-	-	-	-	1,840,853	12,575	-	39,427	38,952	1,931,807	14,247,609
Local	-	-	-	-	-	-	-	-	-	-	79,875
Total revenues	879,672	110,000	716,441	1,720,779	2,415,386	31,361	-	39,427	270,426	6,183,492	21,946,968
EXPENDITURES and TRANSFERS											
Administration	-	-	-	-	2,334,366	31,361	722	39,427	270,426	2,676,302	3,314,268
Distribution to grantees	879,672	110,000	716,441	1,720,779	-	-	-	-	-	3,426,892	17,770,140
Capital outlay	-	-	-	-	81,020	-	-	-	-	81,020	781,020
Transfers out	-	-	-	-	-	-	-	-	-	-	81,860
Total expenditures	879,672	110,000	716,441	1,720,779	2,415,386	31,361	722	39,427	270,426	6,184,214	21,947,288
Excess (deficiency of revenues over expenditures)	-	-	-	-	-	-	(722)	-	-	(722)	(320)
Fund balance, beg, as reported	-	-	-	-	157	-	1,499	-	-	1,656	26,569
Restatements:											
Prior-period adjustment	-	-	-	-	(250)	-	-	-	-	(250)	(8,529)
Fund balance, beg, as restated	-	-	-	-	(93)	-	1,499	-	-	1,406	18,040
Fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ (93)	\$ -	\$ 777	\$ -	\$ -	684	\$ 17,720

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, 2014

	<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	\$ 90	\$ 90	\$ 22	\$ (68)
Loan interest income	4,500	4,500	2,527	(1,973)
Loan loss recoveries (non cash)	-	-	1,718	1,718
Prior year cash budgeted	20,000	110,410	-	(110,410)
Total revenues	<u>24,590</u>	<u>115,000</u>	<u>4,267</u>	<u>(110,733)</u>
EXPENDITURES:				
Operating transfers out	15,000	115,000	115,000	-
Budgeted reserves	9,590	-	-	-
Total expenditures	<u>24,590</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(110,733)</u>	\$ <u>(110,733)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 4,267	\$ 115,000	
Adjustments - none		-	-	
Budget basis		<u>\$ 4,267</u>	<u>\$ 115,000</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, 2014

	<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	\$ 219	\$ 19
Loan interest income	14,784	14,784	10,721	(4,063)
Accrued loan interest income	-	-	1,250	1,250
Loan loss recoveries (non cash)	-	-	1,960	1,960
Prior year cash budgeted	<u>275,000</u>	<u>275,000</u>	<u>-</u>	<u>(275,000)</u>
Total revenues	<u>289,984</u>	<u>289,984</u>	<u>14,150</u>	<u>(275,834)</u>
EXPENDITURES:				
Administrative expenses	-	-	-	-
Operating transfers out	35,000	35,000	35,000	-
Budgeted reserves	<u>254,984</u>	<u>254,984</u>	<u>-</u>	<u>254,984</u>
Total expenditures	<u>289,984</u>	<u>289,984</u>	<u>35,000</u>	<u>254,984</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,850)</u>	<u>\$ (20,850)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 14,150	\$ 35,000	
Adjustments - none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 14,150</u>	<u>\$ 35,000</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 District Fund (28-601)
 For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Other revenue	\$ -	\$ 52,040	\$ 52,040	\$ -
Accrued loan interest	-	-	6,000	6,000
Residual equity transfers in	-	135,000	100,000	(35,000)
Prior year cash budgeted	-	-	-	-
	<u>-</u>	<u>187,040</u>	<u>158,040</u>	<u>(29,000)</u>
Total revenues	-	187,040	158,040	(29,000)
EXPENDITURES:				
Administrative expenses	-	-	-	-
Operating transfers out	-	50,000	62,322	(12,322)
Budgeted reserves	-	137,040	-	137,040
	<u>-</u>	<u>137,040</u>	<u>-</u>	<u>137,040</u>
Total expenditures	-	187,040	62,322	124,718
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ -	\$ -	\$ 95,718	\$ 95,718
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 158,040	\$ 62,322	
Adjustments - none		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 158,040</u>	<u>\$ 62,322</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
MIPPA (02-120)
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
State contract	\$ 64,250	\$ 64,250	\$ 6,650	\$ (57,600)
Prior year cash budgeted	-	-	-	-
Total revenues	<u>64,250</u>	<u>64,250</u>	<u>6,650</u>	<u>(57,600)</u>
EXPENDITURES:				
Administrative expenses	64,250	64,250	15,389	48,861
Budgeted reserves	-	-	-	-
Total expenditures	<u>64,250</u>	<u>64,250</u>	<u>15,389</u>	<u>48,861</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(8,739)</u>	\$ <u>(8,739)</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 6,650	\$ 15,389	
Adjustments - none		-	-	
Budget basis		<u>\$ 6,650</u>	<u>\$ 15,389</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, 2014

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	\$ 60,000	\$ -	\$ -
Special Economic Development and Adjustment					
Assistance Program: Sudden and Severe					
Economic Dislocation and Long-Term Deterioration -					
EDA loans (MAJOR)	11.307	N/A	852,117	-	-
BTOP - Redi-Net (ARRA) (MAJOR)	11.557	NT10BIX5570116	317,868	-	-
Total U.S. Department of Commerce			<u>1,229,985</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	80,041	-	-
NERPO - Transportation-Regional Planning					
(Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	20.205	M00473/WA	80,041	-	-
Total U.S. Department of Transportation			<u>160,082</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	1,435,972	1,275,325	160,647
Title III, Part C-1 - Nutrition Services (MAJOR)	93.045	Cluster	2,410,312	1,953,303	457,009
Title III, Part C-2 - Nutrition Services (MAJOR)	93.045	Cluster	1,103,000	879,672	223,328
Title III, Part D - Disease Prevention and					
Health Promotion (MAJOR)	93.043		110,000	110,000	-
Title III, Part E - National Family Caregiver					
Support (MAJOR)	93.052		796,046	716,441	79,605
Nutrition services Incentive Program (MAJOR)	93.053	Cluster	1,764,154	1,720,779	43,375
Total U.S. Department of Health and Human Services			<u>7,619,484</u>	<u>6,655,520</u>	<u>963,964</u>
Total Expenditure of Federal Awards			<u>\$ 9,009,551</u>	<u>\$ 6,655,520</u>	<u>\$ 963,964</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, 2014**

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, 2014. 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	\$476,521

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>6/30/14 Loan Balance</u>	+	<u>6/30/14 Cash Balance</u>	+	<u>FY 14 Operating Expenses</u>	=	<u>Federal Expense</u>
\$ 476,521		\$ 360,596		\$ 15,000		\$ 852,117

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Notes to the Schedule of Expenditures of Federal Awards
 June 30, 2014

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	\$ 1,275,325
Title III, Part C -1 - Nutrition Services	93.045	1,953,303
Title III, Part C -2 - Nutrition Services	93.045	879,672
Title III, Part D - Disease Prevention and Health Promotion	93.043	110,000
Title III, Part E - National Family Caregiver Support	93.052	716,441
Nutrition Services Incentive Program	93.053	<u>1,720,779</u>
		<u>\$ 6,655,520</u>

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

Expenditures per Schedule of Expenditures of Federal Awards	\$ 9,009,551
Less: Loans at end of year, cash balances and administrative expenditures	<u>(852,117)</u>
Federal operating grant revenues per the Fund Financial Statements (Exhibit E)	<u>\$ 8,157,434</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

Robert J. Rivera, CPA, PC

Certified Public Accountants

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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, 2014, 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 15, 2014.

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. 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 instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** and which are described in the accompanying schedule of findings and questioned costs as items 2014-003 and 2014-004.

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 15, 2014

FEDERAL FINANCIAL ASSISTANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE 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, 2014. 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs of items 2014-01, 2014-02 and 2014-03. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 each 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002 and 2014-003, that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 15, 2014

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

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. One significant deficiency disclosed during the audit of the financial statements is reported in the 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. No material weaknesses are reported.
3. No instances of noncompliance 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. Three significant deficiencies in internal control over major federal award programs during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133. No material weakness are reported.
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. Three instances of noncompliance are reported. Our opinion is not modified with respect to these matters.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were:

<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 was determined to be 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, 2014**

B. FINANCIAL STATEMENT FINDINGS

**2013-001 Reconciliation of Accounting Records-General Ledger (Repeated and modified)
(Significant Deficiency)**

CONDITION

During fiscal year 2014, the North Central New Mexico Economic Development District (District) failed to timely monitor and reconcile all general ledger accounts. Many adjustments to the general ledger were made by the District covering this period; however, there were several adjustments made that we identified during our field work. As compared to the prior fiscal year, an improvement in this process was made.

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 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 and reassignments that was critical to the financial accounting function and internal control system designed by the District. Staff hires were made in the last few months of the fiscal year; however, the hired employees were not totally familiar with the computer system used to maintain the general ledger.

EFFECT

As a result of not reconciling all general ledger accounts on a timely basis and the inexperience of newly hired staff, accurate financial reporting is lacking. Errors may not be prevented or discovered without proper, consistent and timely reconciliations and financial statement preparation. However, all required adjustments to the general ledger 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, 2014**

B. FINANCIAL STATEMENT FINDINGS (Cont'd)

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

ENTITY RESPONSE

The cause identified is accurate. During the fiscal year the Financial Manager position was held by three different individuals with the current Manager taking responsibility in June of 2014. The Financial Management function of the agency as of June 2014 is administered by the Financial Manager and the Accounting and Compliance Specialist, both full time staff, with compliance oversight by the Compliance Officer for the Aging Services program and by the Economic and Strategic Development Director for the Community Development programs. Additionally, the newly established internal controls include review, approval and/or oversight of financial actions by the Area Agency on Aging Director and the Executive Director.

In October 2014, the Financial Management staff attended training at the offices of our Accounting Software consultants and received training for the budget module as well as extensive interaction with the consultants on various aspects of the software and the goal of generating financial statement on a monthly basis. Financial management staff will continue to work with the consultants on an on-going basis to ensure timely reconciliation of the general ledger. Further, staff began drafting financial procedures manual in July 2014, and cross-training of Financial Management staff will be incorporated in that manual.

2014-03 Finding Improper Allocation of Retirement Contributions - (Significant Deficiency and Non-Compliance)

Significant Deficiency. As discussed in Finding 2014-003, retirement contributions paid to the New Mexico Public Employees Retirement Association defined benefit plan for one employee was not in accordance with NM State Statute. The District was not aware of changes in the Public Employees Retirement Act that became effective July 1, 2010. Necessary changes to the payroll system to withhold the employee retirement contribution should be implemented. (See Finding 2014-003 in Section C below, Federal Award Findings and Questioned Costs).

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2014

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

		<u>Findings</u>	<u>Questioned Costs</u>
US Department of Commerce -			
11.302	Economic Development-State and Local Economic Development Planning	2014-002 2014-003	None \$5,197
<i>Special Economic Development and Adjustment Assistance Program:</i>			
11.307	Sudden and Severe Economic Dislocation and Long-Term Deterioration EDA Loans	2014-002 2014-003	None \$5,197
11.557	<i>BTOP Redi-Net (ARRA)</i>	2014-002	None
US Department of Health and Human Services - <i>New Mexico State Agency on Aging -</i>			
93.044	Title III, Part B - Supportive Services and Senior Centers	2014-001 2014-002 2014-003	None None None
93.045	Title III, Part C-1 - Nutrition Services	2014-001 2014-002 2014-003	None None None
93.045	Title III, Part C-2 - Nutrition Services	2014-001 2014-002 2014-003	None None None
93.043	Title III, Part D - Disease Prevention and Health Promotion	2014-001 2014-002 2014-003	None None None
93.052	Title III, Part E - National Family Caregiver Support	2014-001 2014-002 2014-003	None None None
93.053	Nutrition Services Incentive Program	2014-001 2014-002 2014-003	None None None

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-001 Lack of Time and Effort Certification - (Significant Deficiency and Noncompliance)

Federal Program:

U.S. Department of Health and Human Services-New Mexico State Agency on Aging

Title III, Part B – Supportive Services and Senior Centers – CFDA 93.044

Title III, Part C-1 – Nutrition Services – CFDA 93.045

Title III, Part C-2 – Nutrition Services – CFDA 93.045

Title III, Part E – National Family Caregiver Support – CFDA 93.052

Award Period, October 1, 2013 – June 30, 2014

Questioned Costs—None

CONDITION

During our testing we noted there are no time and effort certifications for the employees who work on any of the grants in the Aging Cluster. We noted there is no system in place to track the time that the employees work on the grant or after-the-fact-reporting.

CRITERIA

According to OMB Circular A-87, "Where employees are expected to work solely on a single Federal award cost objective, charges for their salaries and wages will need to be supported by periodic certification that the employees worked solely on that program for the period covered by the certification". The certification is either a general semi-annual certification or detailed monthly reports, depending on the employees' job responsibilities.

CAUSE

Processes do not exist to ensure employees who work on the Aging Cluster grants certify their time charges to the federal grant.

EFFECT

Lack of preparation and approval of employee time and effort could result in incorrect employee time allocation to applicable federal grants and results in noncompliance with applicable OMB regulations.

RECOMMENDATION

We recommend that the North Central New Mexico Economic Development District implement a system to certify the time employees' charges to the grants in order to comply with the provisions of OMB Circular A-87 regarding regulations on time and effort reporting.

ENTITY RESPONSE

NCNMEDD Management will develop a system by March 2015 for certification of time and effort by all employees for all grants.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-002 Lack of Time Reporting - (Significant Deficiency and Noncompliance)

Federal Program:

U.S. Department of Health and Human Services- New Mexico State Agency on Aging
Title III, Part B – Supportive Services and Senior Centers – CFDA 93.044
Title III, Part C-1 – Nutrition Services – CFDA 93.045
Title III, Part C-2 – Nutrition Services – CFDA 93.045
Title III, Part D – Disease Prevention and Health Promotion – CFDA 93.052
Title III, Part E – National Family Caregiver Support – CFDA 93.052
Nutrition Services Incentive Program – CFDA 93.053

U.S. Department of Commerce

Economic Development-State and Local Economic Development Planning – CFDA 11.302
Special Economic Development and Adjustment Assistance Program: Sudden and Severe
Economic Dislocation and Long-Term Deterioration-EDA Loans – CFDA 11.307
BTOP – Redi-Net (ARRA) – CFDA 11.557

U.S. Department of Transportation

NPRPO – Transportation-Regional Planning – CFDA 20.205
NERPO – Transportation-Regional Planning – CFDA 20.205

Award Period, October 1, 2013 – June 30, 2014

Questioned Costs—None

CONDITION

During our testing we noted that time worked by employees on the various programs administered by North Central New Mexico Economic Development District were reported electronically by pay period and processed by the PAYCHEX payroll system. The electronic time sheets did not report actual time worked by program, but a total number of hours worked that pay period. The payroll system then charged time to programs based on a static matrix showing percentages of time per employee per program to be charged. This method of accounting for time by program was implemented during fiscal year 2014. We found no approval by the cognizant Federal agency of this system of time reporting. Prior to the implementation of the electronic system the District employees recorded time spent by program on time sheets and signed the time sheets attesting to the time worked as recorded. The time sheets were then approved by a supervisor prior to processing in the payroll system.

CRITERIA

According to OMB Circular A-87, "Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency ". Subsection (5) requires that personnel activity reports or equivalent documentation (time sheets) must (1) reflect an after-the-fact distribution of the actual activity of each employee, (2) account for the total activity for which each employee is compensated, (3) prepared at least monthly and must coincide with one or more pay periods, and (4) be signed by the employee. Budget estimates or other distribution

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Cont'd)

2014-002 Lack of Time Reporting - (Significant Deficiency and Noncompliance) (Cont'd)

percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes. OMB Circular A-87 lists further requirements for using budget estimates or other distribution percentages.

CAUSE

The current system of time reporting does not provide the proper accounting for work on multiple activities.

EFFECT

Lack of preparation and approval of employee time could result in incorrect employee time allocation to applicable federal grants and results in noncompliance with applicable OMB regulations.

RECOMMENDATION

We recommend that the North Central New Mexico Economic Development District implement a system to certify the time employees' charges to the activities in order to comply with the provisions of OMB Circular A-87 regarding regulations on time reporting. We further recommend that a time sheet recording process that existed before fiscal year 2014 be reinstated.

ENTITY RESPONSE

NCNMEDD Management will develop a system by March 2015 for certification of time and effort by all employees for all grants.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Cont'd)

2014-003 Improper Allocation of Retirement Contributions - (Significant Deficiency and Noncompliance)

Federal Program:

U.S. Department of Commerce

Economic Development-State and Local Economic Development Planning – CFDA 11.302

Special Economic Development and Adjustment Assistance Program: Sudden and Severe

Economic Dislocation and Long-Term Deterioration-EDA Loans – CFDA 11.307

U.S. Department of Transportation

NPRPO – Transportation-Regional Planning – CFDA 20.205

NERPO – Transportation-Regional Planning – CFDA 20.205

Award Period, October 1, 2013 – June 30, 2014

Questioned Costs—\$5,197

CONDITION

During our testing we noted retirement contributions paid to the New Mexico Public Employee's Retirement Association defined benefit plan for one employee were not in accordance with the provisions of Section 10-11-8 NMSA 1978 (a provision of the Public Employees Retirement Act) for retirees that return to work with an affiliated employer. North Central New Mexico Economic Development District paid both the employee and employer share of the contribution for the employee since the employee was hired by the District. Prior to July 1, 2010, this practice was in accordance with the Public Employee Retirement Act. Currently, the District policy, which is allowed by state law, pays 62% of required employee contributions as well as 100% of the required employer contribution for all employees (except for the return-to-work retiree) participating in the defined benefit plan. Except for the one employee, all other employees contribute 5.58% of their salary to the defined benefit plan.

CRITERIA

Pursuant to paragraph H (1) of Section 10-11-8 NMSA 1978, "A retired member who returned to work with an affiliated public employer prior to July 1, 2010 shall be subject to the provisions of this section in effect on the date the retired member returned to work; provided that: (1) on and after July 1, 2010, the retired member shall pay the employee contribution in an amount specified in the Public Employees Retirement Act for the position in which the retired member is subsequently employed."

CAUSE

The District was not aware of the changes in the Public Employee Retirement Act that became effective July 1, 2010.

EFFECT

On and after July 1, 2010, the improper allocation of retirement contributions resulted in the District paying more in contributions than that required by law, thus using federal and other program dollars to make those improper payments.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Cont'd)

**2014-003 Improper Allocation of Retirement Contributions - (Significant Deficiency and Noncompliance)
(Cont'd)**

RECOMMENDATION

We recommend that the North Central New Mexico Economic Development District make the necessary changes to the payroll system to withhold the employee retirement contribution as required by the Public Employees Retirement Act. We further recommend that the District return the questioned cost amount to the appropriate federal program.

ENTITY RESPONSE

Withholding of the employee contribution in the payroll system have already been enforced and the NCNMEDD Board of Directors Executive Committee will resolve the issue of the questioned amount by March 2015.

D. COMPLIANCE AND OTHER MATTERS FINDINGS

2014-004 Budgetary Compliance - Other (Significant Deficiency and Noncompliance)

CRITERIA

Actual expenses exceeded budgeted expenses for the CDBG Chama Planning Special Revenue Fund by \$2,518.

CONDITION

Per SAO Rule 2.2.2.10P(1), "If actual expenditures exceed budgeted expenditures at the legal level of budgetary compliance, that fact must be reported in a finding."

CAUSE

In the CDBG Chama Planning Special Revenue Fund, the District allocated payroll expenses in excess of the established budget due to an oversight. Budget adjustments were not made to account for these excess expenses. In addition, the District did not have enough funds to cover these expenses.

EFFECT

The District is not in compliance with SAO Rule 2.2.2.10P(1).

RECOMMENDATION

We recommend that the District comply with legal budget requirements as outlined in the State Auditor Rule.

MANAGEMENT RESPONSE

The District concurs and will take steps to ensure that it complies with legal budget requirements as outlined in the State Auditor Rule.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

E. STATUS OF PRIOR AUDIT FINDINGS

Financial Statements Findings

2013-001 - Reconciliation of Accounting Records-General Ledger - (Significant Deficiency)
Repeated and Modified.

Federal Award Findings and Questioned Costs

There were no prior-year federal audit findings and questioned costs.

OTHER

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
June 30, 2014

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 11, 2014, to discuss the audit. The following individuals were in attendance:

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

Representative Jim Trujillo, Treasurer - Board of Directors
Tim Armer, Executive Director
Jenny Martinez, AAA Director
Michelle Bustos, Accounting/Program Specialist
Rachel Lovato, Accounting
Kevin Calabaza, Accounting

Audit Firm - Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA
William J. Valdes