

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO
ECONOMIC DEVELOPMENT DISTRICT

Financial Statements

June 30, 2016



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**STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 OFFICIAL ROSTER
 JUNE 30, 2016**

BOARD OF DIRECTORS

Nick L. Salazar.....President
 Lawry MannVice-President
 Jim TrujilloTreasurer
 Ernesto J. Salazar.....Secretary

COLFAX COUNTY

Sandra Mantz
 Fred Sparks
 Vacant
 Landon Newton

LOS ALAMOS COUNTY

Rick Reiss
 David Woodruff
 Harry Burgess
 Lawry Mann

MORA COUNTY

George Trujillo
 Thomas Garcia
 Joane Padilla Salas
 Eldie Cruz

RIO ARRIBA COUNTY

Alex Naranjo
 Nick L Salazar
 Alice Lucero
 Michael Padilla

SANDOVAL COUNTY

Vacant
 Vacant
 James Dominquez
 Darryl Dominquez

SAN MIGUEL COUNTY

Bill Hendrickson
 Les Montoya
 Ernesto Salazar

SANTA FE COUNTY

Vacant
 Jim Trujillo
 David Griscum
 Kathy Holian

TAOS COUNTY

Roberto Gonzales
 Mark Fratrack
 Linda Calhoun
 Gabriel Romero

INDIAN REPRESENTATIVES

James R. Madalena

EX-OFFICIO MEMBER

R.J. Griego

ADMINISTRATIVE OFFICIALS

Tim ArmerExecutive Director
 Teresa Casados.....Director of Operations
 Kevin CalabazaFinance Director

INDEPENDENT AUDITOR'S REPORT

Nick L. Salazar, President
and Tim Armer, Executive Director
North Central New Mexico Economic Development District
and Mr. Timothy Keller
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 North Central New Mexico Economic Development District (the "District") as of and for the year ended June 30, 2016, 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 nonmajor governmental funds, fiduciary funds and the budgetary comparisons for and 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, 2016, 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 misstatement, 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 from 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 District, as of June 30, 2016, 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 and fiduciary fund of the District as of June 30, 2016, and the respective changes in financial position 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 Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions on pages 49-50 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by Section 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 Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendors has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016 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.



Albuquerque, New Mexico
December 15, 2016

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current assets			
Cash on deposit and equivalents	\$ 332,568	470,590	803,158
Due from grantors	1,495,056	-	1,495,056
Loans receivable, net	-	354,346	354,346
Other receivables	-	-	-
Due from other funds (see note 4)	306,351	144,908	451,259
Other assets	7,164	-	7,164
Total current assets	2,141,139	969,844	3,110,983
Capital assets:			
Depreciable assets, net	80,315	-	80,315
Total assets	2,221,454	969,844	3,191,298
DEFERRED OUTFLOWS - Pension related	287,903	-	287,903
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities			
Accounts payable	1,350,504	-	1,350,504
Accrued payroll expenses	60,297	-	60,297
Due to State of New Mexico	172,783	-	172,783
Due to other funds (see note 4)	257,102	105,858	362,960
Current portion of compensated absences	29,873	-	29,873
Total current liabilities	1,870,559	105,858	1,976,417
Due in more than one year			
Net pension liability	2,176,818	-	2,176,818
Total liabilities	4,047,377	105,858	4,153,235
DEFERRED INFLOWS - Pension related	55,952	-	55,952
NET POSITION			
Net investment in capital assets	50,442	-	50,442
Restricted for			
loans	-	636,343	636,343
Unrestricted (deficit)	(1,644,414)	227,643	(1,416,771)
Total net position	\$ (1,593,972)	863,986	(729,986)

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 Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
Community welfare	\$ 22,775,981	19,899	22,805,126	-	49,044	-	49,044
Business-type activities							
Economic development	(411,326)	10,120	-	-	-	(401,206)	(401,206)
Total	<u>22,364,655</u>	<u>30,019</u>	<u>22,805,126</u>	<u>-</u>	<u>49,044</u>	<u>(401,206)</u>	<u>(352,162)</u>
General revenues							
Interest					871	275	1,146
Program income					1,500	-	1,500
Other income					59,137	-	59,137
Loan loss recoveries					-	49,471	49,471
Total general revenues and transfers					<u>61,508</u>	<u>49,746</u>	<u>111,254</u>
Change in net assets - increase (decrease)					<u>110,552</u>	<u>(351,460)</u>	<u>(240,908)</u>
Change in net position					<u>110,552</u>	<u>(351,460)</u>	<u>(240,908)</u>
Net position, beginning					<u>(1,704,524)</u>	<u>1,215,446</u>	<u>(489,078)</u>
Net position, ending					<u>\$ (1,593,972)</u>	<u>863,986</u>	<u>(729,986)</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, 2016

	Major Funds		Non-Major Funds	Total
	General Fund	Special Revenue Funds Area Agency on Aging PSA	Other Funds	
ASSETS				
Cash on deposit and equivalents	\$ 130,663	149,369	52,536	332,568
Due from grantors	1,129	1,445,592	48,335	1,495,056
Due from other funds	73,021	155,503	77,827	306,351
Other assets	3,900	2,901	363	7,164
Total assets	\$ 208,713	1,753,365	179,061	2,141,139
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,428	1,335,801	12,275	1,350,504
Accrued payroll expenses	433	47,367	12,497	60,297
Due to other funds	15,005	150,354	91,743	257,102
Due to State of New Mexico	-	25,380	4,208	29,588
Due to grantees	-	143,195	-	143,195
Total liabilities	17,866	1,702,097	120,723	1,840,686
FUND BALANCES				
Committed	176,217	-	-	176,217
Assigned	-	-	58,378	58,378
Unassigned	14,630	51,268	(40)	65,858
Total fund balances	190,847	51,268	58,338	300,453
Total liabilities and fund balances	\$ 208,713	1,753,365	179,061	2,141,139

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
 June 30, 2016

	<u>Governmental Activities</u>
Total Fund Balance - Governmental Funds	
Governmental Funds Balance Sheet	\$ 300,453
Amounts 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:	
Cost of capital assets	366,398
Accumulated depreciation	<u>(286,083)</u>
Total capital assets	<u>80,315</u>
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	287,903
Defined benefit pension plan deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds	(55,952)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the	
Compensated absences payable	(29,873)
Net Pension Liability	<u>(2,176,818)</u>
Total long-term and other liabilities	<u>(2,206,691)</u>
Net position of governmental activities (Statement of Net Position)	\$ <u><u>(1,593,972)</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, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Major Funds		Non-Major Funds	
	General Fund	Special Revenue Funds		Total
		Area Agency on Aging PSA	Other Funds	
Revenues				
Federal operating grants	\$ -	8,132,221	275,056	8,407,277
State operating grants and contracts	-	14,277,362	120,487	14,397,849
Membership assessments	19,899	-	-	19,899
Program income	1,500	-	-	1,500
Bank interest	871	-	-	871
Other revenue	-	400	58,737	59,137
Total revenues	22,270	22,409,983	454,280	22,886,533
Expenditures				
Current:				
Community welfare:				
Health and welfare	-	19,343,207	-	19,343,207
Administration	11,631	3,030,655	466,333	3,508,619
Other expenditures	15,374	5,496	-	20,870
Total expenditures	27,005	22,379,358	466,333	22,872,696
Excess (Deficiency) of Revenues over (under)				
Expenditures before other financing sources (uses)	(4,735)	30,625	(12,053)	13,837
Other Financing Sources (Uses)				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(4,735)	30,625	(12,053)	13,837
Fund balances, beginning of year	195,582	20,643	70,391	286,616
Fund balances, end of year	\$ 190,847	51,268	58,338	300,453

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 BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds (Statement of Revenue, Expenditures, and Changes in Fund Balances)	\$	13,837
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense		(35,056)
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Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are reported as expenditures in governmental funds. These activities consist of:

Change in compensated absences		49,066
Change in net pension liability		<u>82,705</u>
		<u>131,771</u>

Change in Net Position of Governmental Activities (Statement of Activities)	\$	<u>110,552</u>
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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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Membership assessments	\$ 20,000	21,391	21,399	8
Bank interest	1,100	1,100	871	(229)
Total revenues	<u>21,100</u>	<u>22,491</u>	<u>22,270</u>	<u>(221)</u>
Expenditures				
Community welfare:				
Administration	22,491	56,490	11,631	44,859
Other expenses	19,609	15,374	15,374	-
Total expenditures	<u>42,100</u>	<u>71,864</u>	<u>27,005</u>	<u>44,859</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(21,000)</u>	<u>(49,373)</u>	<u>(4,735)</u>	<u>44,638</u>
Other financing sources (uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (21,000)</u>	<u>(49,373)</u>	<u>(4,735)</u>	<u>44,638</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (4,735)</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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR GOVERNMENTAL FUNDS
AREA AGENCY ON AGING PSA SPECIAL REVENUE FUND
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ 7,464,028	7,476,782	8,132,221	655,439
State operating grants	11,877,036	11,978,543	14,277,362	2,298,819
Other revenues	-	-	400	400
Total revenues	<u>19,341,064</u>	<u>19,455,325</u>	<u>22,409,983</u>	<u>2,954,658</u>
Expenditures				
Community welfare:				
Health and welfare	19,539,667	19,500,328	19,442,996	57,332
Administration	2,743,871	3,030,292	2,914,595	115,697
Other expenses	-	5,496	5,496	-
Capital outlay	4,500	17,000	16,271	729
Total expenditures	<u>22,288,038</u>	<u>22,553,116</u>	<u>22,379,358</u>	<u>173,758</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(2,946,974)</u>	<u>(3,097,791)</u>	<u>30,625</u>	<u>3,128,416</u>
Other financing sources (uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,946,974)</u>	<u>(3,097,791)</u>	<u>30,625</u>	<u>3,128,416</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 30,625</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, 2016

	Enterprise Funds			Total
	24-601 Tri-County RLF (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	
ASSETS				
Current Assets				
Cash on deposit	\$ 29,415	441,175	-	470,590
Due from other funds	-	63,126	81,782	144,908
Total current assets	<u>29,415</u>	<u>504,301</u>	<u>81,782</u>	<u>615,498</u>
Noncurrent assets				
Loans receivable	71,379	189,339	133,000	393,718
Less: Allowance for uncollectible accounts	(7,138)	(18,934)	(13,300)	(39,372)
Total noncurrent assets	<u>64,241</u>	<u>170,405</u>	<u>119,700</u>	<u>354,346</u>
Total assets	<u>\$ 93,656</u>	<u>674,706</u>	<u>201,482</u>	<u>969,844</u>
LIABILITIES				
Due to other funds	\$ 5,000	38,363	62,495	105,858
Total liabilities	<u>5,000</u>	<u>38,363</u>	<u>62,495</u>	<u>105,858</u>
Net Position				
Restricted for loans	-	636,343	-	636,343
Unrestricted	88,656	-	138,987	227,643
Total net position	<u>88,656</u>	<u>636,343</u>	<u>138,987</u>	<u>863,986</u>
Total liabilities and net position	<u>\$ 93,656</u>	<u>674,706</u>	<u>201,482</u>	<u>969,844</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 BALANCES - PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Enterprise Funds			Total
	24-601 Tri-County RLF (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	
Operating revenues				
Loan interest	\$ 2,105	5,054	2,961	10,120
Loan loss recoveries	30,232	17,265	1,974	49,471
Total operating revenues	32,337	22,319	4,935	59,591
Operating expenditures				
Administrative expenditures	290,132	121,194	-	411,326
Total operating expenditures	290,132	121,194	-	411,326
Operating income (loss)	(257,795)	(98,875)	4,935	(351,735)
Nonoperating revenues				
Bank interest	14	261	-	275
Income (loss) before contributions and transfers	(257,781)	(98,614)	4,935	(351,460)
Contributions and transfers				
Operating transfers in (out)	-	-	-	-
Residual equity transfers (out) - fiduciary funds	-	-	-	-
Residual equity transfers (out) - proprietary funds	-	-	-	-
Net income (loss)	(257,781)	(98,614)	4,935	(351,460)
Net position, beginning	346,437	734,957	134,052	1,215,446
Net position, ending	\$ 88,656	636,343	138,987	863,986

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, 2016

	24-601 Tri-County RLF (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	Total
Cash flows from operating activities:				
Administrative expense payments made	\$ (290,132)	(121,194)	-	(411,326)
Program loan repayments	302,319	172,647	19,747	494,713
Loan interest received	2,105	5,054	2,961	10,120
Net cash provided (used) by operating activities	14,292	56,507	22,708	93,507
Cash flows from noncapital financing activities:				
Interfund balances	(848)	38,363	(76,565)	(39,050)
Net cash provided (used) by noncapital financing activities	(848)	38,363	(76,565)	(39,050)
Cash flows from investing activities:				
Interest income	14	261	-	275
Net cash provided (used) by investing activities	14	261	-	275
Net increase (decrease) in cash	13,458	95,131	(53,857)	54,732
Cash and cash equivalents, beginning of year	15,957	346,044	53,857	415,858
Cash and cash equivalents, end of year	\$ 29,415	441,175	-	470,590
Reconciliation of operating income (loss) to net cash provided (Used) by operating activities:				
Operating income (loss)	\$ (257,795)	(98,875)	4,935	(351,735)
Adjustments to reconcile operating income (loss) to net cash Provided by operating activities				
(Increase) decrease in loans receivable	302,319	172,647	19,747	494,713
Increase (decrease) in allowance	(30,232)	(17,265)	(1,974)	(49,471)
Net cash provided (used) by operating activities	\$ 14,292	56,507	22,708	93,507

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2016

Assets

Cash in bank	\$	32,265
Due from governmental funds		<u>88,299</u>
		<u><u>120,564</u></u>

Liabilities

Assets held for others	\$	32,121
Due to governmental funds		<u>88,443</u>
		<u><u>120,564</u></u>

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, 2016**

NOTE 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.

NOTE 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 GMP 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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements – Government-Wide Statements (continued)

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 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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements – Fund Financial Statements (continued)

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.

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements – Fund Financial Statements (continued)

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 IIB, 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.

Proprietary Funds

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.

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.

Economic Development District Fund - Accounts for the activities associated with implementation of an economic development program designed to encourage new employment opportunities. (Was reported as a Special Revenue Fund in the prior year.)

Agency Funds

REDI Net Operational Fund- Accounts for the activities associated with the management, operations and fiscal agency of the REDI Net broadband network constructed under the Broadband Technology Opportunity Program (BTOP) grant from the US Department of Commerce pursuant to the American Recovery and Reinvestment Act of 2009. After the grant closed out NCNMEDD continued with management operations and fiscal agency under agreements with REDI Net through March 31, 2016.

NEEDO- Accounts for activities associated with organization as fiscal agent for the economic development organization.

NM Cares- Accounts for activities for the charitable and educational purposes of management and program support for projects or initiatives designed to alleviate socio-economic problems specifically in the Counties of Colfax, Los Alamos, Mora, Rio Arriba, Sandoval, San Miguel, Santa Fe, and Taos, or anywhere in the State of New Mexico. Initiatives are achieved by promoting, organizing, managing, and

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements – Fund Financial Statements (continued)

operating (including contracting for) programs to improve the economic and social conditions of the region, and enlisting the voluntary support and cooperation of private businesses, public and private service agencies, educators, and governmental bodies for the programs sponsored, so as to enhance the economic and social well-being and conditions of the region, and for any and all civic management purposes.

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.

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.

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.

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

NPRPO-GIS - Accounts for activities associated with a grant from the U.S. Department of Transportation, through the NM Department of Transportation for administering the Geographical Information System (GIS) for the Northern Pueblos Regional Transportation Planning Organization.

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

Questa Mine Closure - Accounts for activities associated with a grant from the U.S. Department of Commerce - EDA for technical assistance addressing workforce needs after the Questa, NM mine closure.

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements – Fund Financial Statements (continued)

NONMAJOR FUNDS (continued)

Economic Development Administration RLF Administration Fund - Accounts for the cost of administering the Economic Development Administration Revolving Loan Fund.

SAVVY - Accounts for activities associated with a contract from the Aging and Long-term Services Department (ALTS) to train families and others as caregiver (SAVVY Caregiver) for a relative or friend with Alzheimer's disease or other dementia.

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, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2016.

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 collectability of the loans, including the nature of the loans, credit concentrations,

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Financial Statement Amounts (continued)

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

5. Capital Assets

Capital assets of the District include data processing equipment, furniture and fixtures, equipment and automobiles. The District does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold of movable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. The District has adopted this change in an accounting estimate, per Accounting Principles Board (APB) 20. Old inventory items that do not meet the new capitalization threshold will remain on the inventory list and continue to be depreciated. Any items received after July 1, 2005, will be added to the inventory only if they meet the new capitalization policy. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Computer software which is purchased with data processing computer equipment is included as part of the capitalized computer equipment in accordance with 2.20.1.9 C (5). The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The District does not undertake major capital projects involving interest costs during the construction phase.

There is no debt related to the capital assets. Capital assets of the District are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

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

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

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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Financial Statement Amounts (continued)

6. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, Pension plan - Employer contribution subsequent to measurement date, is reported in the Statement of Net Position. This amount is deferred and recognized as an outflow of resources the next period. The District has recorded \$162,809 related to contributions subsequent to the measurement date.

7. 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.

8. 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.

9. Compensated Absences

Employees are entitled to accumulate annual leave at a rate of three to four weeks per year depending on their tenure. For employee that have been with the District 0-4 years, the maximum accrual is 60 hours; for employees that have been with the District 5-9 years, the maximum annual leave is 80 hours; for employees that have been with the District for 10-15 years, the maximum annual leave accrual is 100 hours. 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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Financial Statement Amounts (continued)

9. Compensated Absences (continued)

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*.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The District has two types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, Pension-plan Change in assumptions and Pension-plan-Net difference between expected and actual earnings, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$848 related to change in assumptions and \$6,886 related to the net difference between expected and actual earnings.

11. 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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Financial Statement Amounts (continued)

11. Equity Classifications (continued)

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.

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 granters, 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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Financial Statement Amounts (continued)

12. 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.

13. Pensions

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

14. Other GASB Pronouncements and Adoptions

During the year ended June 30, 2015, the District adopted GASB Statements no. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 ("GASB 68") and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68 ("GASB 71 "). These two statements are required to be implemented at the same time. GASB provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

1. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
2. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
3. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Financial Statement Amounts (continued)

14. Other GASB Pronouncements and Adoptions (continued)

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability ("NPL") measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

NOTE 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:

Budgets and Budgetary Accounting

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

- A. 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.
- B. 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).

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgets and Budgetary Accounting (continued)

- C. 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.

NOTE 4. DETAIL NOTES ON ACCOUNT AND TRANSACTION CLASSES

A. Cash on Deposit

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The District is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or noninterest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral of 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 4. DETAIL NOTES ON ACCOUNT AND TRANSACTION CLASSES (continued)

A. Cash on Deposit (continued)

As of June 30, 2016, the District had the following deposits and investments:

Demand deposits	\$	835,423
Total		<u>835,423</u>
Governmental Funds	\$	332,568
Proprietary Funds		470,590
Agency Funds		<u>32,265</u>
Total		<u>835,423</u>

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

		<u>Los Alamos National Bank</u>
Deposits in Bank or Savings and Loan		
General Operating Account	\$	456,915
REDI NET Operational		144
NM CARES		32,106
EDA RLF Account		441,178
TC RLF Account		<u>29,414</u>
Total bank balance		<u>959,757</u>
Reconciling items		
Outstanding checks		(124,334)
Deposits in transit		<u>-</u>
Total adjustments		<u>(124,334)</u>
Total book balance		<u>835,423</u>
Less: Fiduciary Funds Cash		<u>32,265</u>
Cash per Government-Wide Financial Statements	\$	<u>803,158</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
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NOTE 4. DETAIL NOTES ON ACCOUNT AND TRANSACTION CLASSES (continued)

A. Cash on Deposit (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). Bank accounts are insured by the FDIC up to \$250,000 per bank, per type of account. In general, State Statutes requires that banks pledge collateral equal to one half of the deposit balance in excess FDIC insurance limits. All accounts are in one financial institution.

The collateral pledged is shown as listed in the table of contents of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

B. Due from Grantors

Amounts are due from granting authorities as follows:

New Mexico Agency on Aging – PSA	\$	1,450,369
U.S. Department of Transportation – NERPO – Regional Planning		23,679
U.S. Department of Transportation – NPRPO – Regional Planning		21,008
Due from Grantors, June 30, 2016	\$	<u>1,495,056</u>

C. Loan Receivable and Allowance for Loan Losses

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

	<u>TC RLF</u>	<u>EDA RLF</u>	<u>EDDF</u>	<u>Total</u>
Loans receivable - beginning	\$ 373,698	361,986	152,747	888,431
Less: loans repaid	<u>(302,319)</u>	<u>(172,647)</u>	<u>(19,747)</u>	<u>(494,713)</u>
Loans receivable – ending	<u>71,379</u>	<u>189,339</u>	<u>133,000</u>	<u>393,718</u>
Allowance for loan losses – beginning	37,370	36,199	15,274	88,843
Less: provision for loan losses	<u>(30,232)</u>	<u>(17,265)</u>	<u>(1,974)</u>	<u>(49,471)</u>
Allowance for loan losses – ending	<u>7,138</u>	<u>18,934</u>	<u>13,300</u>	<u>39,372</u>
Net loans receivable	<u>\$ 64,241</u>	<u>170,405</u>	<u>119,700</u>	<u>354,346</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 4. DETAIL NOTES ON ACCOUNT AND TRANSACTION CLASSES (continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental activities:				
Furniture and equipment	\$ 117,106	-	-	117,106
Leasehold improvements	19,980	-	-	19,980
Vehicles	229,312	-	-	229,312
Total capital assets	<u>366,398</u>	<u>-</u>	<u>-</u>	<u>366,398</u>
Less accumulated depreciation:				
Furniture and equipment	103,646	7,343	-	110,989
Leasehold improvements	15,175	3,996	-	19,171
Vehicles	132,206	23,717	-	155,923
Total accumulated depreciation	<u>251,027</u>	<u>35,056</u>	<u>-</u>	<u>286,083</u>
Net capital assets	<u>\$ 115,371</u>	<u>(35,056)</u>	<u>-</u>	<u>80,315</u>

The District does not have any debt related to capital assets. Depreciation expense of \$35,056 was charged and is included in the Community Welfare expense function of the governmental activities in the Statement of Activities.

E. Long-Term Liabilities

Long-term liability activity of the governmental activities for the year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2016</u>
Compensated absences payable	\$ 78,378	70,363	119,429	29,312

Management estimates that the amount of compensated absences payable within one year will be approximately \$29,312. 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, 2015, amount to \$97,087.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4. DETAIL NOTES ON ACCOUNT AND TRANSACTION CLASSES (continued)

G. Due From/To Other Funds

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

Governmental Funds:		Due From	Due To
Major Funds:			
General Fund	\$	73,021	15,005
Area Agency on Aging		155,503	150,354
Non Major Funds		77,827	91,743
Total Government Funds		<u>306,351</u>	<u>257,102</u>
Proprietary Funds:			
Tri County RLF		-	5,000
Economic Development Administration RLF		63,126	38,363
Economic Development District		81,782	62,495
Total Proprietary		<u>144,908</u>	<u>105,858</u>
Agency Funds:			
REDI Net Operational		-	87,299
NM Cares		-	1,000
Total Agency		<u>-</u>	<u>88,299</u>
Total	\$	<u>451,259</u>	<u>451,259</u>

NOTE 5. PENSION PLAN

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5. PENSION PLAN (continued)

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided: For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>.

Contributions: The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf. The PERA coverage options that apply to District are Municipal Plan 3. Statutorily required contributions to the pension plan from the District were \$162,809.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The District's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015.

Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions.

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5. PENSION PLAN (continued)

This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal Plan 3, at June 30, 2016, the District reported a liability of \$2,176,818 for its proportionate share of the net pension liability. At June 30, 2015, the District's proportion was 0.2135 percent, which was an increase of 0.021% from the prior year. The District's proportion was 0.1925 percent measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the District recognized PERA Fund Division Municipal Plan 3 pension expense of \$162,809. At June 30, 2016, the District reported PERA Fund Division Municipal Plan 3 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(48,218)
Changes in assumptions	-	(848)
Net difference between projected and actual earnings on pension plan investments	-	(6,886)
Changes in proportion and differences between District's contributions and proportionate share of contributions	125,094	-
District's contributions subsequent to the measurement date	162,809	-
Total	<u>\$ 287,903</u>	<u>(55,952)</u>

\$162,809 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5. PENSION PLAN (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(18,926)
2018		(18,926)
2019		(18,926)
2020		125,920
2021		-
Total:		<u>69,142</u>

Actuarial assumptions: As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 5. PENSION PLAN (continued)

The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	4.0%	4.15%
Total	<u>100.0%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the District’s net pension liability in each PERA Fund Division that the District participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division Municipal Plan

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District’s proportionate share of the net pension liability	\$ <u>3,706,256</u>	<u>2,176,818</u>	<u>905,193</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5. PENSION PLAN (continued)

Payables to the pension plan: The District does not have any payables to the pension plan at June 30, 2016.

NOTE 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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
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JUNE 30, 2016**

NOTE 6. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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, 2015, 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, 2015, 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 following July 1, 2015, 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, 2016, 2015, and 2014, were \$34,140, \$35,635, and \$31,617 respectively, which equal the required contributions for each year.

NOTE 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, 2015, through June 30, 2016. The District paid \$217,671 to the RMD in insurance premiums for the 2015-2016 fiscal year. The County is not liable for more than the premiums paid

NOTE 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.

NOTE 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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9. JOINT POWERS AGREEMENT (continued)

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

The District was created for the following purposes:

1. To implement and carry out the provisions and spirit of the Public Works and Economic Development Act of 1965, Public Law 8-136, and all subsequently enacted Federal and State legislation related to these purposes.
2. To stimulate economic growth and orderly development through multi-county planning and investment, pooling of total resources and vigorous local leadership involvement.
3. To prepare, adopt and extend a District "Overall Economic Development Program" (OEDP) as required for District formal designation.
4. To formulate, develop and administer the District OEDP and coordinate this activity among the member Counties and Municipalities.
5. To implement specific programs and projects as are considered essential and worth to the members of the District.
6. To carry out such research, planning and advisory functions as are necessary and helpful to the foregoing.

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

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

- 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:

1. 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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9. JOINT POWERS AGREEMENT (continued)

2. 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.
3. 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. (See Note 15 for Summary of Project.) The project was completed in January 2015.

NOTE 10. NET POSITION AND FUND BALANCES

A. Net Position. At June 30, 2016, the District reported a deficit unrestricted net position of \$(1,593,972) for the governmental activities on the Statement of Net Position. The deficit was a result of recognizing the District's proportionate share of the New Mexico Public Employees Retirement Association net pension liability, as required by GASB Statements 68 and 71.

At June 30, 2016 the District reported no restricted net position for the governmental activities on the Statement of Net Position.

B. Governmental Fund Balances. The District's spendable fund balances are classified into four categories: restricted, committed, assigned and unassigned.

NOTE 11. DEFICIT FUND BALANCE

The following funds had deficit fund balances at June 30, 2016:

NERPO Planning	\$	(39)
TC-RLF Admin		(1)
Total	\$	<u>(40)</u>

The District is currently addressing the negative fund balances and is planning on taking the appropriate actions.

NOTE 12. RECENT ACCOUNTING STANDARDS

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the District's Financial Statements.

In June 2015, the GASB issued statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12. RECENT ACCOUNTING STANDARDS (continued)

amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10 year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation. This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the District's Financial Statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The District adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the District's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to be made in qualifying external investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have an impact on the District's financial statements.

NOTE 13. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

GASB Statement No. 77, *Tax Abatement Disclosures*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB Statement No. 80, *Blending Requirements for Certain Units – an amendment to GASB Statement No.*

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13. NEW ACCOUNTING PRONOUNCEMENTS (continued)

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 82, *Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)*

The District will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The District believes that the above listed new GASB pronouncements will not have a significant financial impact to the District or in issuing its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2016**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Municipal General Divisions)
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's Proportion of the Net Pension Liability (Asset)	0.12%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,132	2,177	-	-	-	-	-	-	-	-
District's Covered-Employee Payroll	\$ 3,712	1,703	-	-	-	-	-	-	-	-
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	111.31%	127.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30, 2015

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
JUNE 30, 2016**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 63	284	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	63	284	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 588	5		\$ 147	147	147	147	-						
2015	(69)	5			19	19	19	(126)						
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	<u>\$ 519</u>			<u>\$ 147</u>	<u>166</u>	<u>166</u>	<u>166</u>	<u>166</u>	<u>(126)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016**

Changes of Benefit Terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 (pages 48-50). This report is available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

Assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The assumptions can be found in Appendix B on page 53 of the report.

Other. The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET - OTHER FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	Special Revenue Funds			
	02-420 Medicaid Personal Care	04-117 Walmart Foundation	04-160 State Grant-in-Aid	04-230 & 04-232 Economic Development Admin. Planning
ASSETS				
Cash on deposit and equivalents	\$ 37,472	1,216	7,882	2,169
Due from grantors	-	-	-	-
Due from other funds	-	-	-	3,819
Other assets	-	-	-	363
Total assets	\$ 37,472	1,216	7,882	6,351
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 5,336	-	1,840	1,655
Accrued payroll expenses	-	-	1,820	4,694
Due to other funds	-	-	-	-
Due to State of New Mexico	-	-	4,208	-
Total liabilities	5,336	-	7,868	6,349
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	32,136	1,216	14	2
Unassigned	-	-	-	-
Total fund balances	32,136	1,216	14	2
Total liabilities and fund balances	\$ 37,472	1,216	7,882	6,351

The accompanying notes are an integral part of these financial statements

Special Revenue Funds

04-250 NPRPO Transportation Planning	04-252 NPRPO GIS	04-255 NERPO Planning	04-275 Questa Mine Closure	10-601 TC-RLF Admin
-	-	-	3,797	-
21,007	-	23,679	-	-
17,152	-	-	19,090	18,559
-	-	-	-	-
<u>38,159</u>	-	<u>23,679</u>	<u>22,887</u>	<u>18,559</u>
946	-	1,669	151	702
2,516	-	2,959	178	165
34,697	-	19,090	-	17,693
-	-	-	-	-
<u>38,159</u>	-	<u>23,718</u>	<u>329</u>	<u>18,560</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	22,558	-
-	-	(39)	-	(1)
-	-	(39)	22,558	(1)
<u>38,159</u>	-	<u>23,679</u>	<u>22,887</u>	<u>18,559</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET - OTHER FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	Special Revenue Funds		
	11-601	30-121	Total
	EDA-RLF Administration	SAVVY	
ASSETS			
Cash on deposit and equivalents	\$ -	-	52,536
Due from grantors	-	3,649	48,335
Due from other funds	19,207	-	77,827
Other assets	-	-	363
Total assets	\$ 19,207	3,649	179,061
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,476	(1,500)	12,275
Accrued payroll expenses	165	-	12,497
Due to other special revenue funds	15,114	5,149	91,743
Due to State of New Mexico	-	-	4,208
Total liabilities	16,755	3,649	120,723
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	2,452	-	58,378
Unassigned	-	-	(40)
Total fund balances	2,452	-	58,338
Total liabilities and fund balances	\$ 19,207	3,649	179,061

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
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Special Revenue Funds			
	02-420 Medicaid Personal Care	04-117 Walmart Foundation	04-160 State Grant-in-Aid	04-230 & 04-232 Economic Development Admin. Planning
REVENUES				
Federal operating grants	\$ -	-	-	72,500
State operating grants and contracts	-	-	71,666	-
Other revenue	-	-	-	3,819
Total revenues	-	-	71,666	76,319
EXPENDITURES				
Community welfare:				
Administration	21,127	-	71,652	76,320
Total expenditures	21,127	-	71,652	76,320
Excess (deficiency) of revenue				
Over expenditures	(21,127)	-	14	(1)
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(21,127)	-	14	(1)
Fund balance, beginning	53,263	1,216	-	3
Fund balance, ending	\$ 32,136	1,216	14	2

The accompanying notes are an integral part of these financial statements

Special Revenue Funds

04-250 NPRPO Transportation Planning	04-252 NPRPO GIS	04-255 NERPO Planning	04-275 Questa Mine Closure	10-601 TC-RLF Admin
75,961	12,926	77,669	36,000	-
211	545	23,065	-	-
17,152	-	-	-	18,559
<u>93,324</u>	<u>13,471</u>	<u>100,734</u>	<u>36,000</u>	<u>18,559</u>
<u>93,324</u>	<u>13,471</u>	<u>100,733</u>	<u>26,939</u>	<u>18,560</u>
<u>93,324</u>	<u>13,471</u>	<u>100,733</u>	<u>26,939</u>	<u>18,560</u>
-	-	1	9,061	(1)
-	-	-	-	-
-	-	-	-	-
-	-	1	9,061	(1)
-	-	(40)	13,497	-
-	-	(39)	22,558	(1)

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - OTHER FUNDS
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Special Revenue Funds		
	11-601	30-121	Total
	EDA-RLF Administration	SAVVY	
REVENUES			
Federal operating grants	\$ -	-	275,056
State operating grants and contracts	-	25,000	120,487
Other revenue	19,207	-	58,737
Total revenues	<u>19,207</u>	<u>25,000</u>	<u>454,280</u>
EXPENDITURES			
Community welfare:			
Administration	19,207	25,000	466,333
Total expenditures	<u>19,207</u>	<u>25,000</u>	<u>466,333</u>
Excess (deficiency) of revenue			
Over expenditures	-	-	(12,053)
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(12,053)</u>
Fund balance, beginning	2,452	-	70,391
Fund balance, ending	<u>\$ 2,452</u>	<u>-</u>	<u>58,338</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 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 MEDICAID PERSONAL CARE (02-420)
 June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Community welfare:				
Administration	-	53,263	21,127	32,136
Total expenditures	<u>-</u>	<u>53,263</u>	<u>21,127</u>	<u>32,136</u>
Excess (deficiency) of revenues				
Over (under) expenditures before				
Other financing sources (uses)	-	(53,263)	(21,127)	32,136
Other financing sources (uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(53,263)</u>	<u>(21,127)</u>	<u>32,136</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (21,127)</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 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 WALMART FOUNDATION (04-117)
 June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive (Negative)
Revenues				
Federal operating grants	\$ -	-	-	-
State operating grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Community welfare:	-	-	-	-
Administration	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures before Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<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 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 STATE GRANT-IN-AID (04-160)
 June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final		Final Budget Positive (Negative)
Revenues				
State operating grants	\$ 95,485	95,485	71,666	(23,819)
Total revenues	<u>95,485</u>	<u>95,485</u>	<u>71,666</u>	<u>(23,819)</u>
Expenditures				
Community welfare:				
Administration	95,485	95,485	71,652	23,833
Total expenditures	<u>95,485</u>	<u>95,485</u>	<u>71,652</u>	<u>23,833</u>
Excess (deficiency) of revenues				
Over (under) expenditures before				
Other financing sources (uses)	-	-	14	14
Other financing sources (uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>14</u>	<u>14</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 14</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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
ECONOMIC DEVELOPMENT ADMIN. PLANNING (04-230 & 04-232)
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive (Negative)
Revenues				
Federal operating grants	\$ -	-	72,500	72,500
Other revenue	-	-	3,819	3,819
Total revenues	<u>-</u>	<u>-</u>	<u>76,319</u>	<u>76,319</u>
Expenditures				
Community welfare:				
Administration		76,319	76,320	(1)
Total expenditures	<u>-</u>	<u>76,319</u>	<u>76,320</u>	<u>(1)</u>
Excess (deficiency) of revenues				
Over (under) expenditures before				
Other financing sources (uses)	<u>-</u>	<u>(76,319)</u>	<u>(1)</u>	<u>76,318</u>
Other financing sources (uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	\$ <u>-</u>	<u>(76,319)</u>	<u>(1)</u>	<u>76,318</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			\$ <u>(1)</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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
NPRPO TRANSPORTATION PLANNING (04-250)
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ -	75,961	75,961	-
Intercompany suspense	-	17,152	17,152	-
State operating grants	85,000	211	211	-
Total revenues	<u>85,000</u>	<u>93,324</u>	<u>93,324</u>	<u>-</u>
Expenditures				
Community welfare:				
Administration	85,000	93,324	93,324	-
Total expenditures	<u>85,000</u>	<u>93,324</u>	<u>93,324</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Net change in fund balance (GAAP)			<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 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 NPRPO GIS (04-252)
 June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ 65,000	21,450	12,926	(8,524)
State operating grants	-	545	545	-
Total revenues	<u>65,000</u>	<u>21,995</u>	<u>13,471</u>	<u>(8,524)</u>
Expenditures				
Community welfare:				
Administration	65,000	21,995	13,471	8,524
Total expenditures	<u>65,000</u>	<u>21,995</u>	<u>13,471</u>	<u>8,524</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:		-		
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
NET CHANGE IN FUND BALANCE			<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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
NERPO PLANNING (04-255)
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ 85,000	77,668	77,669	1
State operating grants	-	23,065	23,065	-
Total revenues	<u>85,000</u>	<u>100,733</u>	<u>100,734</u>	<u>1</u>
Expenditures				
Community welfare:				
Administration	85,000	100,734	100,733	1
Total expenditures	<u>85,000</u>	<u>100,734</u>	<u>100,733</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1)</u>	<u>1</u>	<u>2</u>
Net change in fund balances	<u>\$ -</u>	<u>(1)</u>	<u>1</u>	<u>2</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
NET CHANGE IN FUND BALANCE			<u>\$ 1</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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
QUESTA MINE CLOSURE (04-275)
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ 45,000	45,000	36,000	(9,000)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>36,000</u>	<u>(9,000)</u>
Expenditures				
Community welfare:				
Administration	45,000	45,000	26,939	18,061
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>26,939</u>	<u>18,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>9,061</u>	<u>9,061</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>9,061</u>	<u>9,061</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures		-	-	
NET CHANGE IN FUND BALANCE			<u>\$ 9,061</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 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 TC-RLF ADMIN (10-601)
 June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenue	\$ -	18,559	18,559	-
Total revenues	<u>-</u>	<u>18,559</u>	<u>18,559</u>	<u>-</u>
Expenditures				
Community welfare:				
Administration	5,000	18,560	18,560	-
Total expenditures	<u>5,000</u>	<u>18,560</u>	<u>18,560</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(5,000)</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Other financing sources (uses)				
Transfers, in	-	-	-	-
Transfers, out		(1)		1
Total other financing sources (uses)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
Net change in fund balances	<u>\$ (5,000)</u>	<u>(2)</u>	<u>(1)</u>	<u>1</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
NET CHANGE IN FUND BALANCE			<u>\$ (1)</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 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 EDA-RLF ADMINISTRATION (11-601)
 June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenues	\$ -	19,207	19,207	-
Total revenues	<u>-</u>	<u>19,207</u>	<u>19,207</u>	<u>-</u>
Expenditures				
Community welfare:				
Administration	15,000	19,207	19,207	-
Total expenditures	<u>15,000</u>	<u>19,207</u>	<u>19,207</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues		-	\$ -	
Adjustments to expenditures			-	
NET CHANGE IN FUND BALANCE			<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 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 NONMAJOR GOVERNMENTAL FUNDS
 SAVVY (30-121)
 June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
State operating grants	\$ -	25,000	25,000	-
Total revenues	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Expenditures				
Community welfare:				
Administration	-	25,000	25,000	-
Total expenditures	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
NET CHANGE IN FUND BALANCE			<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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
TRI-COUNTY RLF (24-601)
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Loan interest income	\$ 2,105	3,500	2,105	(1,395)
Bank interest income	90	90	14	(76)
Loans loss recoveries (non cash)	-	-	30,232	30,232
Total revenues	<u>2,195</u>	<u>3,590</u>	<u>32,351</u>	<u>28,761</u>
Expenditures				
Community welfare:				
Other expenses	5,000	5,000	5,000	-
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,805)</u>	<u>(1,410)</u>	<u>27,351</u>	<u>28,761</u>
Net change in fund balances	<u>\$ (2,805)</u>	<u>(1,410)</u>	<u>27,351</u>	<u>28,761</u>
Reconciliation to GAAP Basis:		(1,410)		
Adjustments to revenues			\$ (285,132)	
NET CHANGE IN FUND BALANCE			<u>\$ (257,781)</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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
ECONOMIC DEVELOPMENT ADMINISTRATION RLF (25-601)
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive (Negative)
Revenues				
Loan interest income	200	200	261	61
Bank interest income	-	4,758	5,054	296
Loans loss recoveries (non cash)	-	-	17,265	17,265
Total revenues	<u>200</u>	<u>4,958</u>	<u>22,580</u>	<u>17,622</u>
Expenditures				
Community welfare:				
Administration	35,000	121,195	121,194	1
Total expenditures	<u>35,000</u>	<u>121,195</u>	<u>121,194</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(34,800)</u>	<u>(116,237)</u>	<u>(98,614)</u>	<u>17,623</u>
Net change in fund balances	\$ <u>(34,800)</u>	<u>(116,237)</u>	<u>(98,614)</u>	<u>17,623</u>
		(116,237)		
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
NET CHANGE IN FUND BALANCE			<u>\$ (98,614)</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 AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
ECONOMIC DEVELOPMENT DISTRICT FUND (28-601)
June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Loan interest income	\$ 5,000	5,000	2,961	(2,039)
Loans loss recoveries (non cash)	-	-	1,974	1,974
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>4,935</u>	<u>(65)</u>
Expenditures				
Community welfare:				
Administration	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>4,935</u>	<u>(65)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	(5,000)	5,000	-	(5,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>10,000</u>	<u>4,935</u>	<u>(5,065)</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
NET CHANGE IN FUND BALANCE			<u>\$ 4,935</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
 GENERAL FUND - ALL ACCOUNTS
 June 30, 2016

	General Fund - All Accounts			
	01-601 General Fund	20-601 Vehicle Reserve General Fund	21-601 Leave-Gen Expend Res General Fund	22-601 Cap Equip Reserve General Fund
ASSETS				
Cash on deposit and equivalents	\$ 5,122	5,805	7,675	7,086
Due from grantors	1,129	-	-	-
Due from other funds	17,693	-	5,517	15,114
Other assets	3,900	-	-	-
Total assets	\$ 27,844	5,805	13,192	22,200
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,380	-	-	-
Accrued payroll expenses	367	-	-	-
Due to other special revenue funds	15,005	-	-	-
Total liabilities	17,752	-	-	-
FUND BALANCES				
Committed				
Capital asset acquisition	-	5,805	-	22,200
Payment of compensated absences	-	-	13,192	-
Unassigned	10,092	-	-	-
Total fund balances	10,092	5,805	13,192	22,200
Total liabilities and fund balances	\$ 27,844	5,805	13,192	22,200

The accompanying notes are an integral part of these financial statements

23-601 Office Bldg. Reserve General Fund	04-308 CD General General Fund	Total General Fund
100,323	4,652	130,663
-	-	1,129
34,697	-	73,021
-	-	3,900
<u>135,020</u>	<u>4,652</u>	<u>208,713</u>

-	48	2,428
-	66	433
-	-	15,005
<u>-</u>	<u>114</u>	<u>17,866</u>

135,020	-	163,025
-	-	13,192
-	4,538	14,630
<u>135,020</u>	<u>4,538</u>	<u>190,847</u>
<u>135,020</u>	<u>4,652</u>	<u>208,713</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - GENERAL FUND
 GENERAL FUND - ALL ACCOUNTS
 June 30, 2016

	General Fund - All Accounts			
	01-601 General Fund	20-601 Vehicle Reserve General Fund	21-601 Leave-Gen Expend Res General Fund	22-601 Cap Equip Reserve General Fund
REVENUES				
Membership assessments	19,899	-	-	-
Program income	-	-	-	-
Bank interest	871	-	-	-
Total revenues	20,770	-	-	-
EXPENDITURES				
Community welfare:				
Administration	10,316	-	-	-
Other expenses	15,374	-	-	-
Total expenditures	25,690	-	-	-
Excess (deficiency) of revenue Over expenditures	(4,920)	-	-	-
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(4,920)	-	-	-
Fund balance, beginning	15,012	5,805	13,192	22,200
Fund balance, ending	\$ 10,092	5,805	13,192	22,200

The accompanying notes are an integral part of these financial statements

23-601 Office Bldg. Reserve General Fund	04-308 CD General General Fund	Total General Fund
-	-	19,899
-	1,500	1,500
-	-	871
-	1,500	22,270
-	1,315	11,631
-	-	15,374
-	1,315	27,005
-	185	(4,735)
-	-	-
-	-	-
-	-	-
-	185	(4,735)
135,020	4,353	195,582
135,020	4,538	190,847

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET - BY PROGRAM
 State of New Mexico Agency or Aging - PSA Special Revenue Fund
 June 30, 2016

	<i>Area on Aging - PSA Special Revenue - All Accounts</i>			
	02-100	02-110	02-111	02-112
	State Funds HB2	Senior Employment Pro.	SEP/Enrollee	Ser State
ASSETS				
Cash on deposit and equivalents	\$ 1,639	8,678	-	8,898
Due from grantors	646,996	84,101	-	-
Due from other special revenue funds	-	-	-	-
Due from other AAA programs	105,258	27,510	-	-
Other assets	-	-	-	-
Total assets	\$ 753,893	120,289	-	8,898
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 751,775	95,674	-	-
Due to other AAA programs	-	-	-	-
Due to State of New Mexico	2,119	-	-	8,898
Other liabilities - due to grantees	-	-	-	-
Total liabilities	753,894	95,674	-	8,898
FUND BALANCES	(1)	24,615	-	-
Total liabilities and fund balances	\$ 753,893	120,289	-	8,898

The accompanying notes are an integral part of these financial statements

Area on Aging - PSA Special Revenue - All Accounts

02-113 Temp Mgt Dona Ana	02-115 VA Resource Center	02-122 MYCD	02-201 Title III-B	02-202 Title III C1	02-203 Title III C2	02-204 Title III-D
33,589	13,259	1,522	-	-	-	-
4	-	-	119,966	196,424	86,741	45,272
-	-	-	-	-	-	-
-	-	-	-	-	-	-
33,593	13,259	1,522	119,966	196,424	86,741	45,272
-	-	1,500	89,201	147,304	56,375	15,193
-	-	-	28,666	48,718	27,874	27,510
-	-	-	2,099	402	2,492	803
33,593	-	-	-	-	-	-
33,593	-	1,500	119,966	196,424	86,741	43,506
-	13,259	22	-	-	-	1,766
33,593	13,259	1,522	119,966	196,424	86,741	45,272

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET - BY PROGRAM
State of New Mexico Agency or Aging - PSA Special Revenue Fund
June 30, 2016

	<i>Area on Aging - PSA Special Revenue - All Accounts</i>			
	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-230 EDA/Planning 01/2016	02-501 PSA Administrative
ASSETS				
Cash on deposit and equivalents	\$ 1,472	-	4,832	62,375
Due from grantors	66,764	32,135	-	143,234
Due from other special revenue funds	-	-	-	-
Due from other AAA programs	811	-	-	21,924
Other assets	-	-	-	2,901
Total assets	\$ 69,047	32,135	4,832	230,434
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 62,111	21,407	4,832	73,733
Accrued payroll expenses	-	-	-	47,367
Due to other special revenue funds	-	-	-	-
Due to other AAA program	-	811	-	-
Due to State of New Mexico	6,936	2	-	-
Other liabilities - due to grantees	-	-	-	109,507
Total liabilities	69,047	22,220	4,832	230,607
FUND BALANCES	-	9,915	-	(173)
Total liabilities and fund balances	\$ 69,047	32,135	4,832	230,434

The accompanying notes are an integral part of these financial statements

Area on Aging - PSA Special Revenue - All Accounts

02-503 Consumer Coordinator	02-506 PSA Alliance	02-507 Direct Senior Services	02-509 Provider Support	02-510 Hunger Summit	02-511 Provider & Support II	Total Area on Agency Funds
1,570	181	11,204	55	-	95	149,369
-	400	-	-	23,555	-	1,445,592
-	-	-	-	-	-	-
-	-	-	-	-	-	155,503
-	-	-	-	-	-	2,901
<u>1,570</u>	<u>581</u>	<u>11,204</u>	<u>55</u>	<u>23,555</u>	<u>95</u>	<u>1,753,365</u>
-	-	11,200	-	5,496	-	1,335,801
-	-	-	-	-	-	47,367
-	-	-	-	-	-	-
-	-	-	-	16,775	-	150,354
1,570	-	4	55	-	-	25,380
-	-	-	-	-	95	143,195
<u>1,570</u>	<u>-</u>	<u>11,204</u>	<u>55</u>	<u>22,271</u>	<u>95</u>	<u>1,702,097</u>
-	581	-	-	1,284	-	51,268
<u>1,570</u>	<u>581</u>	<u>11,204</u>	<u>55</u>	<u>23,555</u>	<u>95</u>	<u>1,753,365</u>

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, 2016

	<i>Area on Aging - PSA Special Revenue - All Accounts</i>			
	02-100 State Funds HB2	02-110 Senior Employment Pro.	02-111 SEP/Enrollee	02-112 Ser State
REVENUES				
Federal operating grants	\$ -	-	-	-
State operating grants	11,262,241	817,786	31,677	-
Total revenues	11,262,241	817,786	31,677	-
EXPENDITURES				
Community welfare:				
Administration	-	117,518	31,677	-
Distribution to grantees	11,262,242	675,653	-	-
Total expenditures	11,262,242	793,171	31,677	-
Excess (deficiency) of revenue				
Over expenditures	(1)	24,615	-	-
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1)	24,615	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ (1)	24,615	-	-

The accompanying notes are an integral part of these financial statements

Area on Aging - PSA Special Revenue - All Accounts

02-113 Temp Mgt Dona Ana	02-115 VA Resource Center	02-122 MYCD	02-201 Title III-B	02-202 Title III C1	02-203 Title III C2	02-204 Title III-D
-	-	11,932	1,288,888	2,299,663	1,123,081	101,555
-	-	-	-	-	-	-
-	-	11,932	1,288,888	2,299,663	1,123,081	101,555
-	-	11,910	-	-	-	99,789
-	-	-	1,288,888	2,299,663	1,123,081	-
-	-	11,910	1,288,888	2,299,663	1,123,081	99,789
-	-	22	-	-	-	1,766
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	22	-	-	-	1,766
-	13,259	-	-	-	-	-
-	13,259	22	-	-	-	1,766

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, 2016

	<i>Area on Aging - PSA Special Revenue - All Accounts</i>			
	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-230 EDA/Planning 01/2016	02-501 PSA Administrative
REVENUES				
Federal operating grants	\$ 716,441	1,987,154	-	603,507
State operating grants	-	-	-	2,023,154
Other revenue	-	-	-	-
Total revenues	716,441	1,987,154	-	2,626,661
EXPENDITURES				
Community welfare:				
Administration	-	-	-	2,626,661
Distribution to grantees	716,441	1,977,239	-	-
Capital outlay	-	-	-	-
Other expenses	-	-	-	-
Total expenditures	716,441	1,977,239	-	2,626,661
Excess (deficiency) of revenue				
Over expenditures	-	9,915	-	-
Other financing sources (uses)				
Operating transfer in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	9,915	-	-
Fund balance, beginning	-	-	-	(173)
Fund balance, ending	\$ -	9,915	-	(173)

The accompanying notes are an integral part of these financial statements

Area on Aging - PSA Special Revenue - All Accounts

02-503 Consumer Coordinator	02-506 PSA Alliance	02-507 Direct Senior Services	02-509 Provider Support	02-510 Hunger Summit	02-511 Provider & Support II	Total Area on Agency Funds
-	-	-	-	-	-	8,132,221
26,504	-	116,000	-	-	-	14,277,362
-	400	-	-	-	-	400
26,504	400	116,000	-	-	-	22,409,983
26,504	596	116,000	-	-	-	3,030,655
-	-	-	-	-	-	19,343,207
-	-	-	-	-	-	-
-	-	-	-	5,496	-	5,496
26,504	596	116,000	-	5,496	-	22,379,358
-	(196)	-	-	(5,496)	-	30,625
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(196)	-	-	(5,496)	-	30,625
-	777	-	-	6,780	-	20,643
-	581	-	-	1,284	-	51,268

OTHER INFORMATION

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AND CHANGES IN FUND BALANCE - OTHER FUNDS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Beginning Balance	Additions	(Deletions)	Ending Balance
REDI Net Operational (04-239)				
Assets				
Cash in bank	\$ 206,279	629,755	(835,890)	144
Due from other funds	-	88,299	-	88,299
Total assets	<u>206,279</u>	<u>718,054</u>	<u>(835,890)</u>	<u>88,443</u>
Liabilities				
Assets held for others	7,512	-	(7,512)	-
Due to governmental funds	198,767	540,194	(650,518)	88,443
Total liabilities	<u>206,279</u>	<u>540,194</u>	<u>(658,030)</u>	<u>88,443</u>
NEEDO (04-335)				
Assets				
Cash in bank	-	15	-	15
Total assets	<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>
Liabilities				
Assets held for others	-	15	-	15
Total liabilities	<u>-</u>	<u>15</u>	<u>-</u>	<u>15</u>
NM Cares (04-350)				
Assets				
Cash in bank	10,255	25,112	(3,261)	32,106
Total assets	<u>10,255</u>	<u>25,112</u>	<u>(3,261)</u>	<u>32,106</u>
Liabilities				
Assets held for others	10,255	22,559	(708)	32,106
Total liabilities	<u>10,255</u>	<u>22,559</u>	<u>(708)</u>	<u>32,106</u>
Total Agency Funds				
Assets				
Cash in bank	216,534	654,882	(839,151)	32,265
Due from other funds	-	88,299	-	88,299
Total assets	<u>216,534</u>	<u>743,181</u>	<u>(839,151)</u>	<u>120,564</u>
Liabilities				
Assets held for others	17,767	22,574	(8,220)	32,121
Due to governmental funds	198,767	540,194	(650,518)	88,443
Total liabilities	<u>\$ 216,534</u>	<u>562,768</u>	<u>(658,738)</u>	<u>120,564</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 SCHEDULE OF PLEDGED COLLATERAL
 June 30, 2016

	Los Alamos National Bank
Deposits in Bank	
General operating account	\$ 456,915
REDI net operational account	144
NM CARES account	32,106
EDA RLF account	441,178
TC RLF account	29,414
Total deposits in bank	<u>959,757</u>
Less: FDIC Insurance	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 709,757</u>
Collateral requirement @ 50%	<u>\$ 354,879</u>
Pledges and securities	
FHLB DALLAS 31418AE95 5/1/2032	1,188,866
FHLMC Pool 31300MJ95 1/1/2038	400,989
GNMA II Pool 36225EUR1 9/20/2039	572,289
GNMA II Pool 3617MDQ0 5/20/2042	532,576
FHMLC Pool 31300MK36 10/1/2042	217,163
FHR 3774 AB 3137A3V30 12/15/2020	562,507
<i>Total pledged securities at June 30, 2016</i>	<u>3,474,390</u>
Total over (under) collateralized	<u>\$ 3,119,511</u>

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

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
 FOR THE YEAR ENDED JUNE 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
821	North Central New Mexico Economic Development	Economic Development District	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

COMPLIANCE SECTION

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>To Sub- recipients</u>	<u>For Admin- istration</u>
U.S Department of Commerce					
Economic Development - State and Local Economic Development Planning	N/A	11.302	\$ 76,319	-	-
Special Economic Development and Adjustment Economic Dislocation and Long-Term Deterioration EDA loans	N/A	11.307	26,938	-	-
Total U.S. Department of Commerce			<u>103,257</u>	-	-
U.S. Department of Transportation					
New Mexico State Highway Department NPRPO - Transportation-Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	M00371	20.205	75,960	-	-
NERPO - Transportation-Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	M00473WA	20.205	77,669	-	-
<i>Total Flowed through New Mexico State Highway Department</i>			<u>153,629</u>		
New Mexico Department of Transportation NPRO - GIS Transportation - Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)		20.205	12,925	-	-
Total U.S. Department of Transportation			<u>166,554</u>	-	-
U.S. Department of Health and Human Services					
New Mexico State Agency on Aging Title III, Part B - Supportive Services and Senior Centers		93.044	1,432,485	1,288,888	143,597
Title III, Part C-1 - Nutrition Services		93.045	2,555,181	2,299,663	255,518
Title III, Part C-2 - Nutrition Services		93.045	1,247,868	1,123,081	124,787
Title III, Part D - Disease Prevention and Health Promotion		93.043	99,789	99,789	-
Title III, Part E - National Family Caregiver Support		93.052	796,046	716,441	79,605
Nutrition Services Incentive Program		93.053	1,977,239	1,977,239	-
Total U.S. Department of Health and Human Services			<u>8,108,608</u>	<u>7,505,101</u>	<u>603,507</u>
Total federal award expenditures			<u>\$ 8,378,419</u>	<u>7,505,101</u>	<u>603,507</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2016**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the North Central New Mexico District (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in the Schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Loans Outstanding

The District had the following loan balances outstanding at June 30, 2016. 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 the schedule.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loans Outstanding</u>
Special Economic Development and Adjustment Assistance Program: Sudden and Sever Economic Dislocation and Long Term Economic Deterioration	11.307	\$ 189,339

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2016

Note 3 - Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
93.044	Title III, Part B - Supportive Services and Senior Centers (1)		
		Adelante	21,385
		Alamo Senior Center	38,820
		Catron Co. Commission on Aging Inc	22,046
		Chaves Co JOY Center	65,832
		City of Eunice	7,678
		CITY OF GALLUP	29,294
		City of Las Vegas	30,486
		City of Lovington	12,836
		City of Santa Rosa	3,937
		City of Texico	3,568
		City of Tucumcari	5,538
		COLFAX COUNTY SENIOR CITIZENS	42,161
		Coordinated Home Health Care-Dona Ana CO.	20,358
		Deming/Luna Commission on Aging Inc	34,574
		Grant County	69,422
		GRANTS SENIOR CITIZENS	44,070
		Guadalupe County	3,843
		Hidalgo Medical Services	20,115
		Interim Health Care	16,263
		La Casa de Buena Salud	14,754
		La Vida Felicidad	3,213
		Las Cruces Senior Services	34,283
		Lincoln County	43,945
		LOS ALAMOS SENIOR CITIZENS	22,013
		Melrose Senior Citizens	4,685
		Mora Valley Community Health Services	35,019
		NM Senior Olympics	7,915
		NORTHWEST NM SENIORS	28,388
		PMS/Torrance	33,770
		PRESBYTERIAN MEDICAL SERVICES-mc	19,855
		RIO ARRIBA SENIORS CITIZENS	49,105
		Sacramento Mnt Senior Services	11,889
		SANDOVAL COUNTY SENIORS	62,504

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES
 OF FEDERAL AWARDS
 Year Ended June 30, 2016

Note 3 - Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		Santa Fe County	14,855
		SANTA FE SENIOR CITIZENS	114,618
		Sierra Joint Office on Aging	25,521
		Socorro County Senio	41,404
		Southeast NM CAC	75,978
		Taos County	67,882
		Town of Elida	1,994
		Town of Tatum	3,972
		Town of Vaughn	1,960
		Tularosa American Center	18,533
		VALENCIA COUNTY SENIORS	44,143
		Village of Des Moines	1,521
		VILLAGE OF EAGLE NEST	267
		Village of Floyd	1,206
		Village of Fort Sumner	4,644
		Village of San Jon	6,826
		Total CFDA 93.044	1,288,888
93.045	Title III, Part C-1 - Nutrition Services (1)		
		Adelante	116,963
		Alamo Senior Center	55,038
		Catron Co. Commission on Aging Inc	35,316
		Chaves Co JOY Center	141,690
		City of Eunice	18,780
		CITY OF GALLUP	57,322
		City of Hobbs	41,020
		City of Jal	10,734
		City of Las Vegas	87,125
		City of Santa Rosa	14,605
		City of Tucumcari	42,667
		COLFAX COUNTY SENIOR CITIZENS	26,528
		Community Services Center	37,343
		Curry Residents Senior Meals	45,986
		Deming/Luna Commission on Aging Inc	59,915

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2016

Note 3 - Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		Grant County	70,012
		GRANTS SENIOR CITIZENS	41,268
		Guadalupe County	13,563
		Harding County	15,193
		Hidalgo Medical Services	27,840
		Las Cruces Senior Services	117,780
		Lincoln County	34,486
		LOS ALAMOS SENIOR CITIZENS	36,516
		Melrose Senior Citizens	4,912
		Mora Valley Community Health Services	45,439
		NORTHWEST NM SENIORS	83,886
		PMS/Torrance	34,929
		PRESBYTERIAN MEDICAL SERVICES-mc	37,142
		RIO ARRIBA SENIORS CITIZENS	103,128
		Sacramento Mnt Senior Services	33,395
		SANDOVAL COUNTY SENIORS	118,461
		Santa Fe County	51,990
		SANTA FE SENIOR CITIZENS	100,099
		Sierra Joint Office on Aging	55,244
		Socorro County Senio	45,515
		Southeast NM CAC	107,782
		Taos County	110,658
		Town of Clayton	4,900
		Town of Vaughn	3,901
		Tularosa American Center	30,362
		VALENCIA COUNTY SENIORS	150,674
		VILLAGE OF EAGLE NEST	4,995
		Village of Fort Sumner	17,771
		Village of Grady	6,790
		Total CFDA 93.045	2,299,663
93.045	Title III, Part C-2 - Nutrition Services (1)		
		Adelante	64,412
		Alamo Senior Center	22,558
		Catron Co. Commission on Aging Inc	14,785

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES
 OF FEDERAL AWARDS
 Year Ended June 30, 2016

Note 3 - Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		Chaves Co JOY Center	71,557
		City of Eunice	4,707
		CITY OF GALLUP	23,466
		City of Hobbs	20,637
		City of Jal	7,502
		City of Las Vegas	52,281
		City of Lovington	9,258
		City of Santa Rosa	4,063
		City of Tucumcari	17,669
		COLFAX COUNTY SENIOR CITIZENS	48,177
		Community Services Center	14,837
		Curry Residents Senior Meals	16,459
		Deming/Luna Commission on Aging Inc	43,874
		Grant County	26,031
		GRANTS SENIOR CITIZENS	19,205
		Guadalupe County	5,708
		Harding County	11,905
		Hidalgo Medical Services	29,280
		Las Cruces Senior Services	25,055
		Lincoln County	14,899
		LOS ALAMOS SENIOR CITIZENS	13,887
		Melrose Senior Citizens	7,269
		Mora Valley Community Health Services	27,797
		NORTHWEST NM SENIORS	54,469
		PMS/Torrance	9,969
		PRESBYTERIAN MEDICAL SERVICES-mc	17,108
		RIO ARRIBA SENIORS CITIZENS	56,794
		Sacramento Mnt Senior Services	7,712
		SANDOVAL COUNTY SENIORS	32,447
		Santa Fe County	22,062
		SANTA FE SENIOR CITIZENS	36,942
		Sierra Joint Office on Aging	34,011
		Socorro County Senio	27,378
		Southeast NM CAC	56,881
		Taos County	77,351

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year Ended June 30, 2016

Note 3 - Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
		Town of Clayton	5,359	
		Town of Vaughn	4,195	
		Tularosa American Center	10,675	
		VALENCIA COUNTY SENIORS	32,390	
		VILLAGE OF EAGLE NEST	3,334	
		Village of Fort Sumner	12,418	
		Village of Grady	4,308	
		Total CDFA 93.045		1,123,081
93.043	Title III, Part D - Disease Prevention and Health Promotion			
		LOS ALAMOS SENIOR CITIZENS	1,622	
		Mora Valley Community Health Services - EB	40,000	
		NM Senior Olympics	58,167	
		Total CFDA 93.043		99,789
93.052	Title III, Part E - National Family Caregiver Support			
		ADDUS HEALTH CARE	80,506	
		Catron Co. Commission on Aging Inc	16,467	
		Chaves Co JOY Center	75,335	
		Community Services Center	58,029	
		Deming/Luna Commission on Aging Inc	30,200	
		Las Cruces Senior Services	35,503	
		SANDOVAL COUNTY SENIORS	34,884	
		SANTA FE SENIOR CITIZENS	166,053	
		Share You Care Mckinley Co.	42,482	
		Share Your Care	108,128	
		Taos County	29,515	
		Zia Therapy Center Inc	39,339	
		Total CFDA 93.052		716,441
93.053	Nutrition Services Incentive Program (1)			
		Adelante	43,887	
		Alamo Senior Center	59,256	
		Catron Co. Commission on Aging Inc	18,327	
		Chaves Co JOY Center	89,353	
		City of Eunice	11,793	

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES
 OF FEDERAL AWARDS
 Year Ended June 30, 2016

Note 3 - Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		CITY OF GALLUP	50,955
		City of Hobbs	27,778
		City of Jal	10,984
		City of Las Vegas	65,002
		City of Lovington	7,255
		City of Santa Rosa	14,187
		City of Texico	-
		City of Tucumcari	36,134
		COLFAX COUNTY SENIOR CITIZENS	44,002
		Community Services Center	20,328
		Curry Residents Senior Meals	65,327
		Deming/Luna Commission on Aging Inc	56,690
		Grant County	49,030
		GRANTS SENIOR CITIZENS	27,020
		Guadalupe County	11,768
		Harding County	6,111
		Hidalgo Medical Services	23,985
		La Casa de Buena Salud	-
		Las Cruces Senior Services	194,731
		Lincoln County	41,261
		LOS ALAMOS SENIOR CITIZENS	18,062
		Melrose Senior Citizens	6,006
		Mora Valley Community Health Services	17,975
		NORTHWEST NM SENIORS	119,527
		PMS/Torrance	26,384
		PRESBYTERIAN MEDICAL SERVICES-mc	10,697
		RIO ARRIBA SENIORS CITIZENS	83,101
		Sacramento Mnt Senior Services	15,652
		SANDOVAL COUNTY SENIORS	125,337
		Santa Fe County	57,424
		SANTA FE SENIOR CITIZENS	151,682
		Sierra Joint Office on Aging	54,449
		Socorro County Senio	35,898
		Southeast NM CAC	86,885
		Taos County	42,465
		Town of Clayton	11,011

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES
 OF FEDERAL AWARDS
 Year Ended June 30, 2016

Note 3 - Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		Town of Vaughn	3,532
		Tularosa American Center	17,561
		VALENCIA COUNTY SENIORS	96,636
		VILLAGE OF EAGLE NEST	7,031
		Village of Fort Sumner	10,930
		Village of Grady	3,830
		Total CFDA 93.053	<u>1,977,239</u>
Total U.S. Department of Health and Human Services			<u><u>7,505,101</u></u>

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. Timothy Keller
New Mexico State Auditor

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, and the budgetary comparisons of the general fund and major special revenue funds of North Central New Mexico Economic Development District (the “District”), as of and for the year ended June 30, 2016, 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, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, of the financial statements, we considered 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness as item 2013-001.

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. We consider the deficiencies described in the schedule of findings and questioned costs to be significant deficiencies as items 2016-001 and 2016-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2016-006 and 2016-007.

District's Responses to Findings

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



Albuquerque, New Mexico
December 15, 2016

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the North Central New Mexico Economic Development District (“District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-004 and 2016-005. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified 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 response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 material 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 2016-003 and 2016-008 that we consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified 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 response.

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

A handwritten signature in blue ink that reads "Axiom".

Albuquerque, New Mexico
December 15, 2016

**STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2016**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified X Yes None Reported

Non-compliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified X Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of Major Program

CFDA Number

93.044/93.045/93.053

Name of Federal Program or Cluster

Title III Cluster

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

Auditee qualified as low-risk auditee? Yes X No

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

B. FINANCIAL STATEMENT FINDINGS

2013-001 Reconciliation of Accounting Records – General Ledger (Material Weakness)

CONDITION: The District has not implemented an effective financial close and reporting process for the year ended June 30, 2016. The District failed to timely monitor and reconcile general ledger accounts. The District was reconciling account balances up to 5 months after year end. As a result, throughout our audit we noted journal entries were posted incorrectly, account balances were incorrectly stated, cash was not properly reconciled along with numerous other errors. Many adjustments to the general ledger had to be made by the District that were identified during the course of our audit.

The District has not made progress in implementing the prior year corrective action plan.

CRITERIA: Per 2.2.2.8(P)(3) NMSA 1978, 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.

Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines internal control as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

EFFECT: An untimely reconciliation can result in financial statements misstatements or fraud going undetected. Additionally, numerous adjustments had to be made throughout the audit to ensure the financial statements were materially stated.

CAUSE: Due to employee turnover and lack of staffing the District was unable to perform timely reconciliations.

RECOMMENDATION: We recommend the District implement policies and procedures to ensure accounts are reconciled on a monthly basis. Account balances should be adjusted to reflect their accurate balances prior to the audit.

MANAGEMENT RESPONSE: The District will develop a monthly checklist encompassing all reconciliation items to ensure timely and accurate reconciliation is performed by financial staff. All discrepancies will be investigated by the Financial Manager and corrected as soon as possible to ensure the reconciliations are correct and all financial reports are accurate. The completed monthly checklist will be included in the bank reconciliation packet sent to the NCNMEDD Executive Director for review and approval.

Employee Position Responsible: Financial Manager/Accounting Specialist II

Timeline: Completed By February 28, 2017

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2016-001 Controls over Disbursements (Significant Deficiency)

CONDITION: During our testwork over cash disbursements we noted that for 5 out of 40 disbursements tested, the District was lacking review and approval of ACH transfers for a total of \$94,138. We noted the District did not implement a review and approval process until December 2015.

Additionally, we noted 1 out 10 disbursements tested related to travel and per diem was over paid by \$24.

CRITERIA: Sound internal control policies should include controls over disbursements; disbursements should include, at a minimum, supporting documentation, and documentation of review and approval of the disbursement/ACH transfer prior to payment. Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines internal control as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

EFFECT: Failure to have such a review process in place could result in misappropriation or misstatement of expenditures and could potentially lead to fraud.

CAUSE: Due to employee turnover and lack of staffing the District was did not have staffing to perform a review and approval of disbursements/ACH transfers in order to ensure amounts agree to receipts and invoices.

RECOMMENDATION: We recommend the District ensure policies and procedures are followed to ensure disbursements are properly reviewed and approved prior to payment and that all payments agree to supporting receipts and invoices.

MANAGEMENT RESPONSE: NCNMEDD has established (December 2015) an approval process which requires approval from the Executive Director for all ACH transactions. Upon approval, the ACH are approved and processed. NCNMEDD will incorporate a written policy for ACH transactions.

Employee Position Responsible: Financial Manager/Accounting Specialist II

Timeline: Completed and resolved in December 2015

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2016-002 Controls over Payroll (Significant Deficiency)

CONDITION: During our payroll testwork we noted the following items:

- For one of forty items selected during our payroll testwork, we noted the pay rate per the employee's contract did not match the pay rate on the employee's pay stub. The employee was over paid \$125 based on the annual contract.
- Payroll is not reconciled by the District throughout the year. The payroll disbursements are allocated per grant, however, the District could not provide a reconciliation of payroll wages for fiscal year 2016 that tied to the general ledger.

CRITERIA: Sound internal control policies should include controls over payroll. Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines internal control as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

EFFECT: The employee tested was being over paid. Additionally, failure to have such a reconciliation process in place could result in misappropriation or misstatement of payroll expenditures and could potentially lead to fraud.

CAUSE: Due to employee turnover and lack of staffing the District does not have an HR department to perform reconciliations and ensure pay rates agree to the employees executed contract.

RECOMMENDATION: We recommend the District implement policies and procedures to ensure the amount paid to employees agrees to the employees executed contract. Additionally, the District should implement a policy to ensure payroll is reconciled each pay period and agrees to the general ledger.

MANAGEMENT RESPONSE: The employee referenced was hired on August 31, 2015 at an annual salary of \$47,500. The intent was to hire the individual at an annual salary of \$50,000 following probation. The offer letter states \$47,500 (which is 50,000 minus the 5%) with a 5% increase upon satisfactory completion of probation. On 03/30/16 the Executive Director provided a revised allocation chart with the new salary for the employee at \$50,000. A Personnel Action Request form was completed to increase the salary to \$50,000 (signed by Director/Supervisor but not by Executive Director). The form shows "Current salary: \$47,500; Proposed salary: \$50,000". However, the note says "5% increase based on successful probationary". The issue is 5% of \$47,500 is \$49,875.00, not \$50,000, thus resulting in an unauthorized increase of \$125. NCNMEDD will make adjustments to streamline the process to ensure proper signatures are obtained and salaries are verified.

NCNMEDD has made, and continues to make, adjustments to how personnel costs are disbursed to various grants. NCNMEDD implemented a new timesheet policy to accurately track staff hours and will revise the allocation process to reflect hours worked.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2016-002 Controls over Payroll (Significant Deficiency)(Continued)

Payroll will be reconciled on a bi-weekly basis using General Ledger reports from the Albia accounting system. All variances will be investigated and corrections will be made for all variances.

The payroll administrator will reconcile employee wages throughout the year to ensure all changes to employee salaries are reflected accurately in the time tracking system (Paychex). NCNMEDD HR personnel will input salary changes in the Paychex HR module for all employees for the agency and the Payroll Administrator will verify the changes are accurate in Paychex to documentation provided from the HR department.

Employee Position Responsible: Financial Manager/Accounting Specialist II

Timeline: Completed By February 28, 2017

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2016-003 Subrecipient Monitoring (Significant Deficiency, Non-Compliance)

FEDERAL PROGRAM INFORMATION:

<i>Funding Agency:</i>	<i>U.S. Department of Health and Human Services</i>
<i>Title:</i>	<i>Title III Cluster</i>
<i>CFDA Number:</i>	<i>93.044/93.045/93.053</i>
<i>Award year and number:</i>	<i>2015, 2016</i>

CONDITION: During our testwork related to subrecipient monitoring, we noted the District could not provide documentation of the last site visit conducted for two of twelve subrecipients tested. Additionally, we noted the District identified findings in previous site visits for three of twelve subrecipients tested. However the District failed to follow up with the subrecipient to obtain a response and ensure the findings had been remediated within the required 2 year time frame.

CRITERIA: Per 2 CFR part 200 Subpart D Section 200.331(d)(2), "Pass-through entity monitoring of the subrecipient must include following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means."

QUESTIONED COSTS: None.

EFFECT: Funds received by subrecipients may not be expended in accordance with grant requirements resulting in both the subrecipients and the District not being in compliance.

CAUSE: Due to lack of staffing the District was unable to provide timely subrecipient monitoring.

RECOMMENDATION: We recommend the District complete timely site visits and follow up on all findings noted within the monitoring process and ensure they are addressed within the required time frame established by the District.

MANAGEMENT RESPONSE: Financial Management will work with Program Management to ensure monitoring of subrecipients is completed per, CFR 200 and program policy.

Employee Position Responsible: Provider Specialists and Program Managers

Timeline: Completed By March 31, 2017

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2016-008 Cash Management (Significant Deficiency, Non-Compliance)

FEDERAL PROGRAM INFORMATION:

<i>Funding Agency:</i>	<i>U.S. Department of Health and Human Services</i>
<i>Title:</i>	<i>Title III Cluster</i>
<i>CFDA Number:</i>	<i>93.044/93.045/93.053</i>
<i>Award year and number:</i>	<i>2015, 2016</i>

CONDITION: During our testwork related to cash management we noted the District did not have complete and accurate supporting documentation that could be easily reconciled for eight of the nine drawdowns tested. Additionally, it appears the District provided pre payments to providers without adequate supporting documentation.

CRITERIA: Per OMB 2 Section 200.62, “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: (1) Permit the preparation of reliable financial statements and Federal reports; (2) Maintain accountability over assets; and (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award; (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.”

QUESTIONED COSTS: None.

EFFECT: The District is not in compliance with Federal requirements.

CAUSE: Due to lack of staffing the District was unable to reconcile and approve draws.

RECOMMENDATION: We recommend that the District implement controls to ensure all drawdowns are adequately supported and reconciled to supporting documentation prior to drawing down the funds. Furthermore, the District should ensure that any authorization of prepayments of federal funds is documented and approved by the District.

MANAGEMENT’S RESPONSE: NCNMEDD has implemented controls to ensure all drawdowns are adequately supported and reconciled to supporting documentation prior to drawing down the funds and disbursement to the subrecipients. The District will ensure that advances of federal funds is documented and approved by the District prior to disbursement.

Employee Position Responsible: Provider Specialists and Program Managers

Timeline: Completed By March 31, 2017

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2016-004 Standards for Documentation of Personnel Expenses (Non-Compliance)

FEDERAL PROGRAM INFORMATION:

<i>Funding Agency:</i>	<i>U.S. Department of Health and Human Services</i>
<i>Title:</i>	<i>Title III Cluster</i>
<i>CFDA Number:</i>	<i>93.044/93.045/93.053</i>
<i>Award year and number:</i>	<i>2015, 2016</i>

CONDITION: During our testwork related to standards for documentation of personnel expenses we noted the payroll allocation for employees charged to the award is based on time studies performed twice a year and not on actual hours worked.

CRITERIA: Per OMB 2 Section 200.430, “Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.”

QUESTIONED COSTS: None.

EFFECT: The District is not allocating payroll expenses to the program based on actual hours worked, increasing the risk that costs reported by the grant may be misstated.

CAUSE: The District was not aware of this requirement.

RECOMMENDATION: We recommend that the District implement controls to ensure time allocated to each grant award is based on actual time worked on the award.

MANAGEMENT’S RESPONSE: NCNMEDD has implemented procedures to streamline the direct correlation of timesheets and payroll. NCNMEDD staff was provided an excel spreadsheet which details each grant. Through the use of the timesheet employees will track specific hours worked to the specific grant. This information will be used to allocate personnel costs to the grant rather than an allocation process. Supervisors will review the timesheets and provide approval prior to payroll.

Employee Position Responsible: Financial Manager/Accounting Specialist II

Timeline: Completed By February 28, 2017

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2016-005 Late Data Collection Form (Non-Compliance)

FEDERAL PROGRAM INFORMATION:

<i>Funding Agency:</i>	<i>U.S. Department of Commerce, U.S. Department of Transportation, U.S. Department of Health and Human Services</i>
<i>CFDA#:</i>	<i>All</i>
<i>Title:</i>	<i>All</i>
<i>Award year:</i>	<i>2015/2016</i>

CONDITION: The District did not file its Data Collection Form to the Federal Audit Clearinghouse by the required due date of March 31, 2016.

CRITERIA: Per 2 CFR 200.512, "The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day."

QUESTIONED COSTS: None.

EFFECT: The District is not in compliance with Federal requirements.

CAUSE: The District did not submit its fiscal year 2015 audit until February 10, 2016.

RECOMMENDATION: We recommend that the Division ensure that all future audit reports are filed in a timely manner.

MANAGEMENT RESPONSE: NCNMEDD will practice due diligence in meeting the Data Collection Form to the Federal Audit Clearinghouse deadline.

Employee Position Responsible: Financial Manager/Accounting Specialist II

Timeline: Completed By March 31, 2017

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

D. COMPLIANCE AND OTHER MATTERS FINDINGS

2016-006 Untimely Deposits (Other Matters)

CONDITION: During our walkthrough of cash receipts, we noted the District does not deposit receipts timely and in accordance with District policy.

CRITERIA: Per District policy, "all revenue funds will be deposited in NCNMEDD bank accounts within 48 hours of receipt."

EFFECT: The District is not following their own internal policies and procedures related to deposits.

CAUSE: Due to employee turnover and lack of staffing the District has been unable to deposit cash receipts in the required 48 hours.

RECOMMENDATION: We recommend the District ensure policies and procedures are followed to ensure cash receipts are deposited within 48 hours as required by District policy.

MANAGEMENT RESPONSE: NCNMEDD will ensure all revenues will be deposited in the individual NCNMEDD bank accounts within 48 hours of the receipt of the check.

Employee Position Responsible: Financial Manager/Accounting Specialist II

Timeline: Completed By January 31, 2017

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

D. COMPLIANCE AND OTHER MATTERS FINDINGS (CONTINUED)

2016-007 PERA/RHCA Reconciliations (Other Matters)

CONDITION: The District is not reconciling payroll to what is being remitted to Public Employees Retirement Act (PERA) and Retiree Health Care Authority Act (RHCA). The District is not ensuring 100% of payroll is being reported to both PERA and RHCA. Furthermore, the District was using the incorrect rates related to RHCA. During our testwork related to PERA and RHCA, we noted the District over paid both PERA and RHCA in fiscal year 2016.

CRITERIA: Per 10-7C-15 NMSA 1978, "Except for contributions made pursuant to Subsection C of this section, the employer and employee contributions shall be paid in monthly installments based on the percent of payroll certified by the employer."

EFFECT: Failure to ensure the proper amount is remitted to PERA and RHCA could lead to an overpayment which in turn could lead to late penalty fees and improper allocations to participants.

CAUSE: Due to employee turnover and lack of staffing the District has been unable to reconcile PERA and RHCA prior to remitting the payments.

RECOMMENDATION: The District should ensure PERA and RHCA payments are reconciled each pay period to ensure the payment remitted is correct and the payroll reported to PERA and RHCA is accurate.

MANAGEMENT RESPONSE: NCNMEDD will work diligently to ensure reports from Paychex "PERA Report" is accurate in providing correct calculations for each employee for PERA and Retiree Health Contributions (RHC). We will work with Paychex personnel to assist NCNMEDD in providing accurate reports related to PERA and Retiree Health Contributions. All PERA and RHC variances will be investigated and proper adjustments will be made within the same period for accuracy. Payroll variances related to PERA and RHC will be relayed to the Payroll administrator for corrections.

Employee Position Responsible: Financial Manager/Accounting Specialist II

Timeline: Completed By February 28, 2017

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2016**

STATUS OF PRIOR AUDIT FINDINGS

Financial Statements Findings

Status

2013-001 – Reconciliation of Accounting Records – General Ledger (Significant Deficiency in Internal Control)

Repeated and modified

State Auditor’s Compliance and Other Matters

2014-004 – Budgetary Compliance – Other (Significant Deficiency in Internal Control and Other Noncompliance)

Resolved

2015-001 – Late Delivery of Audit Report (Significant Deficiency & Compliance with State Auditor Rules)

Resolved

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
EXIT CONFERENCE
JUNE 30, 2016**

EXIT CONFERENCE

An exit conference was held with the District on December 15, 2016. The following individuals were in attendance:

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

David Woodruff, Board Member
Tim Armer, Executive Director
Teresa Casados, Operations Manager
Anita Guillen, Accounting Specialist
Kevin Calabaza, Finance Manager

AXIOM CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS, LLC

Chris Garner, Partner
Miranda Mascarenas, Supervisor

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.