

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
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**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
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**STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 OFFICIAL ROSTER  
 JUNE 30, 2017**

**BOARD OF DIRECTORS**

Jim Trujillo ..... President  
 Thomas Garcia ..... Vice-President  
 Ernesto J. Salazar..... Treasurer  
 Roger Madalena ..... Secretary

**COLFAX COUNTY**

Sandra Mantz  
 Fred Sparks  
 Mary-Alice Boyce  
 Landon Newton

**LOS ALAMOS COUNTY**

Rick Reiss  
 David Woodruff  
 Harry Burgess  
 Vacant

**MORA COUNTY**

George Trujillo  
 Thomas Garcia  
 Vacant  
 Eldie Cruz

**RIO ARRIBA COUNTY**

Alex Naranjo  
 Nick L Salazar  
 Alice Lucero  
 Michael Padilla

**SANDOVAL COUNTY**

Kenneth Eichwald  
 Antoinette Vigil  
 Vacant  
 James R. Madelena

**SAN MIGUEL COUNTY**

Bill Hendrickson  
 Vacant  
 Ernesto Salazar  
 Tonita Gurule-Giron

**SANTA FE COUNTY**

Matthew Brown  
 Jim Trujillo  
 Chris Hyer  
 Anna Hansen

**TAOS COUNTY**

Roberto Gonzales  
 Cristof Brownwell  
 Linda Calhoun  
 Gabriel Romero

**TRIBAL**

Vacant

**EX-OFFICIO MEMBER**

Sue Garrett

**ADMINISTRATIVE OFFICIALS**

Tim Armer ..... Executive Director  
 Kevin Calabaza ..... Finance Director  
 Anita Guillen..... Finance Manager

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Central New Mexico Economic Development District  
and Mr. Wayne Johnson  
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 fiduciary funds, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the North Central New Mexico Economic Development District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, the fiduciary funds, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position, the respective budgetary comparisons for the general fund and major special revenue fund and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Uncertainties Regarding Contract Termination**

As discussed in Note 13 to the financial statements, the District received a notice of contract termination. This grant represents majority of the District's revenues, and hence it creates uncertainty in the future operations for the District.

## **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 43-44 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining and individual nonmajor fund financial statements, 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, the combining and individual nonmajor fund financial statements, 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, the combining and individual nonmajor fund financial statements, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2018 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  
January 30, 2018

## **BASIC FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 394,336	538,723	933,059
Due from grantors	1,828,571	-	1,828,571
Loans receivable, net	-	270,574	270,574
Other receivables	30,827	-	30,827
Due from other funds	1,190,800	137,671	1,328,471
Other assets	15,801	-	15,801
<b>Total current assets</b>	<b>3,460,335</b>	<b>946,968</b>	<b>4,407,303</b>
Capital assets:			
Depreciable assets, net	133,912	-	133,912
<b>Total assets</b>	<b>3,594,247</b>	<b>946,968</b>	<b>4,541,215</b>
<b>DEFERRED OUTFLOWS - Pension related</b>	<b>1,191,337</b>	<b>-</b>	<b>1,191,337</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
<b>Current liabilities</b>			
Accounts payable	1,885,292	-	1,885,292
Accrued payroll expenses	76,825	-	76,825
Due to State of New Mexico	59,635	-	59,635
Due to other funds	1,177,510	62,662	1,240,172
Compensated absences	40,465	-	40,465
Due to grantees	4	-	4
<b>Total current liabilities</b>	<b>3,239,731</b>	<b>62,662</b>	<b>3,302,393</b>
Due in more than one year			
Net pension liability	3,176,155	-	3,176,155
<b>Total liabilities</b>	<b>6,415,886</b>	<b>62,662</b>	<b>6,478,548</b>
<b>DEFERRED INFLOWS - Pension related</b>	<b>147,670</b>	<b>-</b>	<b>147,670</b>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	133,912	-	133,912
Restricted	-	641,945	641,945
Unrestricted (deficit)	(1,911,884)	242,361	(1,669,523)
<b>Total net position (Deficit)</b>	<b>\$ (1,777,972)</b>	<b>884,306</b>	<b>(893,666)</b>

*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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities							
Community welfare	\$ 21,708,572	46,166	21,471,090	-	(191,316)	-	(191,316)
Business-type activities							
Economic development	-	6,633	-	-	-	6,633	6,633
<b>Total</b>	<b>21,708,572</b>	<b>52,799</b>	<b>21,471,090</b>	<b>-</b>	<b>(191,316)</b>	<b>6,633</b>	<b>(184,683)</b>
<b>General revenues</b>							
Interest					452	254	706
Other income					6,864	4,009	10,873
Loan loss recoveries					-	9,424	9,424
<b>Total general revenues</b>					<b>7,316</b>	<b>13,687</b>	<b>21,003</b>
<b>Change in net position</b>					<b>(184,000)</b>	<b>20,320</b>	<b>(163,680)</b>
Net position, beginning					(1,593,972)	863,986	(729,986)
<b>Net position, ending</b>					<b>\$ (1,777,972)</b>	<b>884,306</b>	<b>(893,666)</b>

*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, 2017**

	General Fund	Area Agency on Aging PSA	Non-Major Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 111,438	244,266	38,632	394,336
Due from grantors	-	1,770,235	58,336	1,828,571
Due from other funds	94,712	1,080,714	15,374	1,190,800
Other receivables	5,995	6,688	18,144	30,827
Other assets	3,900	11,901	-	15,801
<b>Total assets</b>	<b>\$ 216,045</b>	<b>3,113,804</b>	<b>130,486</b>	<b>3,460,335</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 3,583	1,867,955	13,754	1,885,292
Accrued payroll expenses	391	68,769	7,665	76,825
Due to other funds	16,299	1,062,716	98,495	1,177,510
Due to State of New Mexico	-	55,427	4,208	59,635
Due to grantees	-	4	-	4
<b>Total liabilities</b>	<b>20,273</b>	<b>3,054,871</b>	<b>124,122</b>	<b>3,199,266</b>
<b>FUND BALANCES</b>				
Restricted	-	58,933	-	58,933
Committed	176,217	-	-	176,217
Assigned	-	-	30,804	30,804
Unassigned	19,555	-	(24,440)	(4,885)
<b>Total fund balances</b>	<b>195,772</b>	<b>58,933</b>	<b>6,364</b>	<b>261,069</b>
<b>Total liabilities and fund balances</b>	<b>\$ 216,045</b>	<b>3,113,804</b>	<b>130,486</b>	<b>3,460,335</b>

*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 – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>Governmental Activities</u>
<b>Total Fund Balance - Governmental Funds</b>	
<b>Governmental Funds Balance Sheet</b>	\$ 261,069
 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	373,558
Accumulated depreciation	<u>(239,646)</u>
<b>Total capital assets</b>	<u>133,912</u>
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	1,191,337
Defined benefit pension plan deferred inflows are not due and payable in the current period, and therefore, are not reported in the funds	(147,670)
Long-term liabilities are not due and payable in the current period and, therefore, are	
Compensated absences payable	(40,465)
Net Pension Liability	<u>(3,176,155)</u>
<b>Total long-term and other liabilities</b>	<u>(3,216,620)</u>
<b>Net position of governmental activities (Statement of Net Position)</b>	\$ <u><u>(1,777,972)</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 30, 2017**

	General Fund	Area Agency on Aging PSA	Non-Major Funds	Total
<b>Revenues</b>				
Federal operating grants	\$ -	7,561,746	238,238	7,799,984
State operating grants and contracts	-	13,559,963	111,143	13,671,106
Membership assessments	46,166	-	-	46,166
Program income	-	-	-	-
Bank interest	452	-	-	452
Other revenue	6,864	-	-	6,864
<b>Total revenues</b>	<b>53,482</b>	<b>21,121,709</b>	<b>349,381</b>	<b>21,524,572</b>
<b>Expenditures</b>				
Current:				
Community welfare:				
Administration	44,322	2,673,801	404,241	3,122,364
Disbribution to grantees	-	18,352,947	-	18,352,947
Capital Outlay	-	86,012	-	86,012
Other expenditures	133	1,284	1,216	2,633
<b>Total expenditures</b>	<b>44,455</b>	<b>21,114,044</b>	<b>405,457</b>	<b>21,563,956</b>
Excess (Deficiency) of Revenues over (under)				
Expenditures before other financing sources (uses)	9,027	7,665	(56,076)	(39,384)
Other Financing (Uses) Sources				
Operating transfers (out) in	(4,102)	-	4,102	-
<b>Total other financing (uses) sources</b>	<b>(4,102)</b>	<b>-</b>	<b>4,102</b>	<b>-</b>
Net change in fund balances	4,925	7,665	(51,974)	(39,384)
Fund balances, beginning of year	190,847	51,268	58,338	300,453
<b>Fund balances, end of year</b>	<b>\$ 195,772</b>	<b>58,933</b>	<b>6,364</b>	<b>261,069</b>

*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, 2017**

<b>Net Change in Fund Balances - Total Governmental Funds          (Statement of Revenue, Expenditures, and Changes          in Fund Balances)</b>	<b>\$ (39,384)</b>
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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	(32,415)
Capital outlay	86,012

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	(10,592)
Change in net pension liability	(187,621)
	<u>(198,213)</u>

<b>Change in Net Position of Governmental Activities (Statement of Activities)</b>	<b>\$ <u>(184,000)</u></b>
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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)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Membership assessments	\$ 46,166	46,166	46,166	-
Bank interest	869	452	452	-
Other revenues	-	-	6,864	6,864
<b>Total revenues</b>	<b>47,035</b>	<b>46,618</b>	<b>53,482</b>	<b>6,864</b>
<b>Expenditures</b>				
Community welfare:				
Administration	44,059	47,018	44,322	2,696
Other expenses	-	133	133	-
<b>Total expenditures</b>	<b>44,059</b>	<b>47,151</b>	<b>44,455</b>	<b>2,696</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,976	(533)	9,027	9,560
<b>Other financing sources (uses)</b>				
Transfers, in	-	4,721	4,721	-
Transfers, out	(5,823)	(8,823)	(8,823)	-
<b>Total other financing uses</b>	<b>(5,823)</b>	<b>(4,102)</b>	<b>(4,102)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (2,847)</b>	<b>(4,635)</b>	<b>4,925</b>	<b>9,560</b>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<b>Net change in fund balance (GAAP)</b>			<b>\$ 4,925</b>	

*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)  
AREA AGENCY ON AGING PSA SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ 7,848,285	7,684,126	7,561,746	(122,380)
State operating grants	14,183,279	13,559,875	13,559,963	88
<b>Total revenues</b>	<u>22,031,564</u>	<u>21,244,001</u>	<u>21,121,709</u>	<u>(122,292)</u>
Expenditures				
Community welfare:				
Health and welfare	19,203,526	18,578,560	18,438,959	139,601
Administration	2,754,764	2,640,918	2,673,801	(32,883)
Other expenses	-	-	1,284	(1,284)
<b>Total expenditures</b>	<u>21,958,290</u>	<u>21,219,478</u>	<u>21,114,044</u>	<u>105,434</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>73,274</u>	<u>24,523</u>	<u>7,665</u>	<u>(16,858)</u>
<b>Net change in fund balances</b>	<u>\$ 73,274</u>	<u>24,523</u>	<u>7,665</u>	<u>(16,858)</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<b>Net change in fund balance (GAAP)</b>			<u>\$ 7,665</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, 2017**

	Business-type Activities Enterprise Funds			Total
	24-601 Tri-County RLF (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 100,802	426,648	11,273	538,723
Due from other funds	-	63,126	74,545	137,671
<b>Total current assets</b>	<b>100,802</b>	<b>489,774</b>	<b>85,818</b>	<b>676,394</b>
Noncurrent assets				
Loans receivable	339	169,225	130,958	300,522
Less: Allowance for uncollectible accounts	(34)	(16,887)	(13,027)	(29,948)
<b>Total noncurrent assets</b>	<b>305</b>	<b>152,338</b>	<b>117,931</b>	<b>270,574</b>
<b>Total assets</b>	<b>\$ 101,107</b>	<b>642,112</b>	<b>203,749</b>	<b>946,968</b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	167	62,495	62,662
<b>Total liabilities</b>	<b>-</b>	<b>167</b>	<b>62,495</b>	<b>62,662</b>
<b>Net Position</b>				
Restricted for loans	-	641,945	-	641,945
Unrestricted	101,107	-	141,254	242,361
<b>Total net position</b>	<b>101,107</b>	<b>641,945</b>	<b>141,254</b>	<b>884,306</b>
<b>Total liabilities and net position</b>	<b>\$ 101,107</b>	<b>642,112</b>	<b>203,749</b>	<b>946,968</b>

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

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities			Total
	Enterprise Funds			
	24-601 Tri-County RLF (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	
Operating revenues				
Loan interest	\$ 1,550	3,089	1,994	6,633
Loan loss recoveries	7,104	2,047	273	9,424
Other Revenues	3,754	255	-	4,009
<b>Total operating revenues</b>	<b>12,408</b>	<b>5,391</b>	<b>2,267</b>	<b>20,066</b>
<b>Operating income</b>	<b>12,408</b>	<b>5,391</b>	<b>2,267</b>	<b>20,066</b>
Nonoperating revenues				
Bank interest	43	211	-	254
<b>Change in net position</b>	<b>12,451</b>	<b>5,602</b>	<b>2,267</b>	<b>20,320</b>
Net position, beginning	88,656	636,343	138,987	863,986
<b>Net position, ending</b>	<b>\$ 101,107</b>	<b>641,945</b>	<b>141,254</b>	<b>884,306</b>

*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 - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activities			Total
	Enterprise Funds			
	24-601	25-601	28-601	
	Tri-County RLF (TCR)	Economic Development Administration RLF (EDA)	Economic Development District Fund (EDDF)	
Cash flows from operating activities:				
Program loan repayments	\$ 71,040	20,114	2,042	93,196
Loan interest received	1,550	3,089	1,994	6,633
Other Revenues	3,754	255	-	4,009
<b>Net cash provided by operating activities</b>	<b>76,344</b>	<b>23,458</b>	<b>4,036</b>	<b>103,838</b>
Cash flows from noncapital financing activities:				
Interfund balances	(5,000)	(38,196)	7,237	(35,959)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(5,000)</b>	<b>(38,196)</b>	<b>7,237</b>	<b>(35,959)</b>
Cash flows from investing activities:				
Interest income	43	211	-	254
<b>Net cash provided by investing activities</b>	<b>43</b>	<b>211</b>	<b>-</b>	<b>254</b>
Net increase (decrease) in cash and cash equivalents	71,387	(14,527)	11,273	68,133
Cash and cash equivalents, beginning of year	29,415	441,175	-	470,590
<b>Cash and cash equivalents, end of year</b>	<b>\$ 100,802</b>	<b>426,648</b>	<b>11,273</b>	<b>538,723</b>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 12,408	5,391	2,267	20,066
Adjustments to reconcile operating income to net cash Provided by operating activities				
Decrease in loans receivable	71,040	20,114	2,042	93,196
Decrease in allowance	(7,104)	(2,047)	(273)	(9,424)
<b>Net cash provided by operating activities</b>	<b>\$ 76,344</b>	<b>23,458</b>	<b>4,036</b>	<b>103,838</b>

*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, 2017**

**Assets**

Cash in bank	\$	93,469
Due from governmental funds		<u>124,571</u>
	\$	<u><u>218,040</u></u>

**Liabilities**

Assets held for others	\$	111,667
Due to governmental funds		<u>106,373</u>
	\$	<u><u>218,040</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, 2017**

**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 GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Proprietary activities followed provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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, 2017**

**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
2	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 does not have any component units.

**B. Basic Financial Statements – Government-Wide Statements**

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

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

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

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

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

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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 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.

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

**MAJOR FUNDS**

**General Fund**

**Special Revenue Funds**

**Area Agency on Aging PSA Fund** - Accounts for revenues and expenditures associated with a grant agreement with the New Mexico State Agency on Aging funded by the Older Americans Act, Title 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.)



**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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 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.

**South Region Executive Director Association** – Accounts for activities associated with organization as fiscal agent for the director association.

**Veterans Program Self Directed** – Accounts for activities associated with the veterans program.

**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.

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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.

**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 (ALTSD) 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, 2017**

**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, 2017.

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

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Financial Statement Amounts (continued)**

**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 asset's 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:

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

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

**6. 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 \$1,191,337 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.

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Financial Statement Amounts (continued)**

**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 six 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.

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.

**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 \$147,670 in deferred inflows related to the pensions.

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Financial Statement Amounts (continued)**

**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.

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, 2017**

**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.

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**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).
- 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.



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**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, 2017.

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.

As of June 30, 2017, the District had the following deposits and investments:

Demand deposits	\$	<u>1,026,528</u>
Total	\$	<u><u>1,026,528</u></u>
Governmental Funds	\$	394,336
Proprietary Funds		538,723
Agency Funds		<u>93,469</u>
Total	\$	<u><u>1,026,528</u></u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4. DETAIL NOTES ON ACCOUNT AND TRANSACTION CLASSES (continued)**

**A. Cash on Deposit (continued)**

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:

	Los Alamos National Bank	Wells Fargo Bank	Total
Deposits in Bank or Savings and Loan			
General Operating Account	\$ 1,721,264	-	1,721,264
REDI NET Operational	144	-	144
NM CARES	13,943	-	13,943
EDA RLF Account	426,652	-	426,652
TCR RLF Account	100,801	-	100,801
Veterans Program	54,689		54,689
SWREDA Savings	-	13,228	13,228
SWREDA Checking	-	11,627	11,627
<b>Total bank balance</b>	<u>2,317,493</u>	<u>24,855</u>	<u>2,342,348</u>
Reconciling items			
Outstanding checks	(1,315,820)	-	(1,315,820)
Deposits in transit	-	-	-
<b>Total adjustments</b>	<u>(1,315,820)</u>	<u>-</u>	<u>(1,315,820)</u>
<b>Total book balance</b>	<u>1,001,673</u>	<u>24,855</u>	<u>1,026,528</u>
Less: Fiduciary Funds Cash	\$ 68,597	-	93,469
Cash per Government-Wide Financial Statements			<u>\$ 933,059</u>

**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.

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

**B. Due from Grantors**

Amounts are due from granting authorities as follows:

New Mexico Agency on Aging – PSA	\$	1,770,235
U.S. Department of Transportation – NERPO – Regional Planning		2,355
U.S. Department of Transportation – NPRPO – Regional Planning		19,925
Questa Mine Closure		18,331
SAVVY		17,725
		<u>17,725</u>
Due from Grantors, June 30, 2017	\$	<u><u>1,828,571</u></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	\$ 71,379	189,339	133,000	393,718
Less: loans repaid	<u>(71,040)</u>	<u>(20,468)</u>	<u>(2,733)</u>	<u>(94,241)</u>
Loans receivable – ending	<u>339</u>	<u>169,225</u>	<u>130,958</u>	<u>300,522</u>
Allowance for loan losses – beginning	7,138	18,934	13,300	39,372
Less: provision for loan losses	<u>(7,104)</u>	<u>(2,074)</u>	<u>(273)</u>	<u>(9,424)</u>
Allowance for loan losses – ending	<u>34</u>	<u>16,887</u>	<u>13,027</u>	<u>29,948</u>
Net loans receivable	<u>\$ 305</u>	<u>152,338</u>	<u>117,931</u>	<u>270,574</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Governmental activities:				
Furniture and equipment	\$ 115,206	8,667	-	123,873
Leasehold improvements	19,980	-	-	19,980
Vehicles	229,312	77,345	76,952	229,705
Total capital assets	<u>364,498</u>	<u>86,012</u>	<u>76,952</u>	<u>373,558</u>
Less accumulated depreciation:				
Furniture and equipment	109,089	6,601	-	115,690
Leasehold improvements	19,171	808	-	19,979
Vehicles	155,923	25,006	76,952	103,977
Total accumulated depreciation	<u>284,183</u>	<u>32,415</u>	<u>76,952</u>	<u>239,646</u>
Net capital assets	<u>\$ 80,315</u>	<u>53,597</u>	<u>-</u>	<u>133,912</u>

The District does not have any debt related to capital assets. Depreciation expense of \$32,415 was charged and is included in the Community Welfare expense function of the governmental activities in the Statement of Activities.

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

**E. Long-Term Liabilities**

Long-term liability activity of the governmental activities for the year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2017</u>
Compensated absences payable	\$ 29,873	94,538	83,946	40,465

Management estimates that the amount of compensated absences payable within one year will be approximately \$40,465. In prior years the general fund has been used to liquidate compensated absences.

**F. Lease Commitments**

The District leases office space in Santa Fe and Tucumcari, NM. There are no future minimum rentals under the lease. Lease expenditures for the year ended June 30, 2017, amount to \$96,240.

**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.

<b>Governmental Funds:</b>	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General Fund	\$ 94,712	15,005
Area Agency on Aging	1,080,714	1,029,364
Non Major Funds	<u>15,374</u>	<u>133,141</u>
Total Government Funds	<u>1,190,800</u>	<u>1,177,510</u>
Proprietary Funds:		
Tri County RLF	-	-
Economic Development Administration RLF	63,126	167
Economic Development District	<u>74,545</u>	<u>62,495</u>
Total Proprietary	<u>137,671</u>	<u>62,662</u>
Agency Funds:		
REDI Net Operational	-	87,299
NM Cares	-	<u>1,000</u>
Total Agency	<u>-</u>	<u>88,299</u>
Total	<u>\$ 1,328,471</u>	<u>1,328,471</u>

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**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.

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, 2016 available at [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.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 FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at <http://saonm.org/> using the Audit Report Search function for agency 366. The PERA coverage options that apply to District are Municipal General Division. Statutorily required contributions to the pension plan from the District were approximately \$362,000.

**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, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

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, 2016.

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**NOTE 5. PENSION PLAN (continued)**

Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to FY 2016 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.

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 General Division*, at June 30, 2017, the District reported a liability of \$3,176,155 for its proportionate share of the net pension liability. At June 30, 2016, the District's proportion was 0.1988 percent, which was a decrease of 0.0147% from the prior year.

For the year ended June 30, 2017, the District recognized PERA Fund Division Municipal General Division pension expense of \$329,159. At June 30, 2017, the District reported PERA Fund Division Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 158,695	(30,998)
Changes in assumptions	186,244	(528)
Net difference between projected and actual earnings on pension plan investments	584,406	-
Changes in proportion and differences between District's contributions and proportionate share of contributions	120,212	(116,144)
District's contributions subsequent to the measurement date	<u>141,780</u>	<u>-</u>
Total	<u>\$ 1,191,337</u>	<u>(147,670)</u>

\$141,780 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

**STATE OF NEW MEXICO  
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**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:	
2018	\$ 212,089
2019	212,089
2020	333,223
2021	144,486
2022	-
Total:	\$ <u>901,887</u>

**Actuarial assumptions:** The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
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	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	3.25% 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, 2015.

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

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**NOTE 5. PENSION PLAN (continued)**

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. 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:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	<u>100.0%</u>	

**Discount rate:** A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:** The following presents the SENMEDD's proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the SENMDD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate.

**PERA Fund Division Municipal Plan**

	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
District's proportionate share of the net pension liability	\$ <u>4,735,364</u>	<u>3,176,155</u>	<u>1,882,868</u>

**Payables to the pension plan:** The District does not have any payables to the pension plan at June 30, 2017.



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**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 employee'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](http://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.

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**NOTE 6. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)**

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, 2017, 2016, and 2015, were \$29,692, \$34,140, and \$35,635 respectively, which equal the required contributions for each year.

**NOTE 7. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for the risks of loss to which it is exposed.

**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.

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.

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9. JOINT POWERS AGREEMENT (continued)**

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.
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, 2017, the District reported a deficit unrestricted net position of \$1,911,884 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, 2017 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.

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11. DEFICIT FUND BALANCE**

The following funds had deficit fund balances at June 30, 2017:

Economic Development Admin. Planning	\$	(16,075)
NPRO Transportation Planning		(1,778)
NERPO Planning		(40)
TC-RLF Admin		(4,500)
EDA-RLF Administration		(2,047)
Title III C2		(11,177)
Title III B		(10,225)
<b>Total</b>	\$	<u>(45,842)</u>

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

**NOTE 12. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2017.

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

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)

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 84, Fiduciary Activities

GASB Statement No. 85, Omnibus

GASB Statement No. 86, Certain Debt Extinguishment Issues

GASB Statement No. 87, Leases

The District will implement the new GASB pronouncements in the fiscal year no later than the required effective date.

**NOTE 13. SUBSEQUENT EVENT**

On December 20, 2017, the District received a notice of contract termination for the New Mexico Aging and Long Term Services Department effective February 1, 2018. The District will no longer receive funding relating to the Area Agency on Aging PSA after the date of termination. This contract represents majority of the District's revenues for the year ended June 30, 2017.

**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, 2017**

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>
District's Proportion of the Net Pension Liability (Asset)	0.12%	0.05%	0.05%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,132	2,176.82	3,176.16
District's Covered-Employee Payroll	\$ 3,712	1,703	1,485
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	111.31%	127.83%	213.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	69.18%

\*The amounts presented for each fiscal year were determined as of June 30, 2016

**STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 JUNE 30, 2017**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutory Required Contribution	\$ 63	284	362
Contributions in Relation to the Statutorily Required Contribution	63	284	362
Annual Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>

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

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

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

**Assumptions.** The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>



**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	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	04-250 NPRPO Transportation Planning
<b>ASSETS</b>					
Cash and cash equivalents	\$ 30,744	-	7,847	40	-
Due from grantors	-	-	-	-	19,925
Due from other funds	-	-	-	-	15,374
Other receivables	-	-	-	-	-
Other assets	-	-	(363)	363	-
<b>Total assets</b>	<b>\$ 30,744</b>	<b>-</b>	<b>7,484</b>	<b>403</b>	<b>35,299</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 146	-	2,368	3,315	5,807
Accrued payroll expenses	-	-	895	1,512	3,720
Due to other funds	-	-	-	11,651	27,550
Due to State of New Mexico	-	-	4,208	-	-
<b>Total liabilities</b>	<b>146</b>	<b>-</b>	<b>7,471</b>	<b>16,478</b>	<b>37,077</b>
<b>FUND BALANCES</b>					
Assigned	30,598	-	13	-	-
Unassigned	-	-	-	(16,075)	(1,778)
<b>Total fund balances</b>	<b>30,598</b>	<b>-</b>	<b>13</b>	<b>(16,075)</b>	<b>(1,778)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,744</b>	<b>-</b>	<b>7,484</b>	<b>403</b>	<b>35,299</b>

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

Special Revenue Funds

04-255	04-275	10-601	11-601	30-121	
NERPO Planning	Questa Mine Closure	TC-RLF Admin	EDA-RLF Administration	SAVVY	Total
1	-	-	-	-	38,632
2,355	18,331	-	-	17,725	58,336
-	-	-	-	-	15,374
18,144	-	-	-	-	18,144
-	-	-	-	-	-
20,500	18,331	-	-	17,725	130,486
<hr/>					
2,430	118	148	147	(725)	13,754
895	58	67	66	452	7,665
17,215	17,962	4,285	1,834	17,998	98,495
-	-	-	-	-	4,208
20,540	18,138	4,500	2,047	17,725	124,122
<hr/>					
-	193	-	-	-	30,804
(40)	-	(4,500)	(2,047)	-	(24,440)
(40)	193	(4,500)	(2,047)	-	6,364
<hr/>					
20,500	18,331	-	-	17,725	130,486

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	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
<b>REVENUES</b>				
Federal operating grants	\$ -	-	-	48,728
State operating grants and contracts	-	-	86,143	-
<b>Total revenues</b>	-	-	86,143	48,728
<b>EXPENDITURES</b>				
Community welfare:				
Administration	1,538	-	45,905	64,805
Other Expenses	-	1,216	-	-
<b>Total expenditures</b>	1,538	1,216	45,905	64,805
(Deficiency) Excess of Revenues (Under) Over				
Expenditures before other financing (uses) sources	(1,538)	(1,216)	40,238	(16,077)
Other financing (uses) sources				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(40,239)	-
<b>Total other financing (uses) sources</b>	-	-	(40,239)	-
<b>Net change in fund balances</b>	(1,538)	(1,216)	(1)	(16,077)
Fund balance, beginning	32,136	1,216	14	2
Fund balance, ending	\$ 30,598	-	13	(16,075)

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

Special Revenue Funds

04-250 NPRPO Transportation Planning	04-255 NERPO Planning	04-275 Questa Mine Closure	10-601 TC-RLF Admin	11-601 EDA-RLF Administration	30-121 SAVVY	Total
88,365	82,814	18,331	-	-	-	238,238
-	-	-	-	-	25,000	111,143
88,365	82,814	18,331	-	-	25,000	349,381
112,181	105,118	40,696	4,499	4,499	25,000	404,241
-	-	-	-	-	-	1,216
112,181	105,118	40,696	4,499	4,499	25,000	405,457
(23,816)	(22,304)	(22,365)	(4,499)	(4,499)	-	(56,076)
29,590	22,303	-	-	-	-	51,893
(7,552)	-	-	-	-	-	(47,791)
22,038	22,303	-	-	-	-	4,102
(1,778)	(1)	(22,365)	(4,499)	(4,499)	-	(51,974)
-	(39)	22,558	(1)	2,452	-	58,338
(1,778)	(40)	193	(4,500)	(2,047)	-	6,364

STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 COMBINING BALANCE SHEET – GENERAL FUND  
 GENERAL FUND - ALL ACCOUNTS  
 JUNE 30, 2017

	General Fund - All Accounts						
		20-601	21-601	22-601	23-601	04-308	Total
	01-601	Vehicle Reserve	Leave-Gen	Cap Equip Reserve	Office	CD General	
General Fund	General Fund	Expend Res General Fund	General Fund	Bldg. Reserve General Fund	General Fund	General Fund	General Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 23,814	5,805	13,192	22,200	46,427	-	111,438
Due from other funds	6,119	-	-	-	88,593	-	94,712
Other receivables	-	-	-	-	-	5,995	5,995
Other assets	3,900	-	-	-	-	-	3,900
<b>Total assets</b>	<b>\$ 33,833</b>	<b>5,805</b>	<b>13,192</b>	<b>22,200</b>	<b>135,020</b>	<b>5,995</b>	<b>216,045</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 3,472	-	-	-	-	111	3,583
Accrued payroll expenses	341	-	-	-	-	50	391
Due to other special revenue funds	15,005	-	-	-	-	1,294	16,299
<b>Total liabilities</b>	<b>18,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,455</b>	<b>20,273</b>
<b>FUND BALANCES</b>							
Committed							
Capital asset acquisition	-	5,805	-	22,200	135,020	-	163,025
Payment of compensated absences	-	-	13,192	-	-	-	13,192
Unassigned	15,015	-	-	-	-	4,540	19,555
<b>Total fund balances</b>	<b>15,015</b>	<b>5,805</b>	<b>13,192</b>	<b>22,200</b>	<b>135,020</b>	<b>4,540</b>	<b>195,772</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,833</b>	<b>5,805</b>	<b>13,192</b>	<b>22,200</b>	<b>135,020</b>	<b>5,995</b>	<b>216,045</b>

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 – GENERAL FUND  
 GENERAL FUND - ALL ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	General Fund - All Accounts						
	01-601	20-601	21-601	22-601	23-601	04-308	Total
	General Fund	Vehicle Reserve General Fund	Leave-Gen Expend Res General Fund	Cap Equip Reserve General Fund	Office Bldg. Reserve General Fund	CD General General Fund	
<b>REVENUES</b>							
Membership assessments	\$ 46,166	-	-	-	-	-	46,166
Bank interest	452	-	-	-	-	-	452
Other revenue	869	-	-	-	-	5,995	6,864
<b>Total revenues</b>	<b>47,487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,995</b>	<b>53,482</b>
<b>EXPENDITURES</b>							
Community welfare:							
Administration	38,329	-	-	-	-	5,993	44,322
Other expenses	133	-	-	-	-	-	133
<b>Total expenditures</b>	<b>38,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,993</b>	<b>44,455</b>
Excess of revenue over expenditures							
Before other financing uses	9,025	-	-	-	-	2	9,027
Other financing (uses) sources							
Operating transfers in	4,721	-	-	-	-	-	4,721
Operating transfers out	(8,823)	-	-	-	-	-	(8,823)
<b>Total other financing uses</b>	<b>(4,102)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,102)</b>
<b>Net change in fund balances</b>	<b>4,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>4,925</b>
Fund balance, beginning	10,092	5,805	13,192	22,200	135,020	4,538	190,847
Fund balance, ending	\$ 15,015	5,805	13,192	22,200	135,020	4,540	195,772

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
COMBINING BALANCE SHEET - BY PROGRAM  
STATE OF NEW MEXICO AGENCY ON AGING - PSA SPECIAL REVENUE FUND  
JUNE 30, 2017**

	<i>Area on Aging - PSA Special Revenue - All Accounts</i>		
	02-100		
	State Funds	02-201	02-202
	HB2	Title III-B	Title III C1
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,528	-	-
Due from grantors	2	399,658	265,480
Due from other AAA programs	1,074,827	-	-
Other receivables	-	-	-
Other assets	-	-	-
<b>Total assets</b>	<b>\$ 1,076,357</b>	<b>399,658</b>	<b>265,480</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,058,101	96,934	194,086
Accrued payroll expenses	-	-	-
Due to other AAA program	-	310,850	65,730
Due to State of New Mexico	2,119	2,099	402
Other liabilities - due to grantees	-	-	-
<b>Total liabilities</b>	<b>1,060,220</b>	<b>409,883</b>	<b>260,218</b>
<b>FUND BALANCES</b>	<b>16,137</b>	<b>(10,225)</b>	<b>5,262</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,076,357</b>	<b>399,658</b>	<b>265,480</b>

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



*Area on Aging - PSA Special Revenue - All Accounts*

02-203 Title III C2	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-501 PSA Administrative	Other Funds	Total Area on Agency Funds
-	-	130,981	46,041	65,716	244,266
393,928	250,419	11,050	199,679	250,019	1,770,235
-	-	-	-	5,887	1,080,714
6,688	-	-	-	-	6,688
-	-	-	11,901	-	11,901
400,616	250,419	142,031	257,621	321,622	3,113,804
-	-	132,113	184,647	202,074	1,867,955
-	-	-	64,149	4,620	68,769
409,301	243,483	-	-	33,352	1,062,716
2,492	6,936	2	-	41,377	55,427
-	-	-	-	4	4
411,793	250,419	132,115	248,796	281,427	3,054,871
(11,177)	-	9,916	8,825	40,195	58,933
400,616	250,419	142,031	257,621	321,622	3,113,804

**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, 2017**

	<i>Area on Aging - PSA Special Revenue - All Accounts</i>		
	02-100		
	State Funds	02-201	02-202
	HB2	Title III-B	Title III C1
<b>REVENUES</b>			
Federal operating grants	\$ -	1,174,372	2,156,806
State operating grants	10,696,792	-	-
<b>Total revenues</b>	<b>10,696,792</b>	<b>1,174,372</b>	<b>2,156,806</b>
<b>EXPENDITURES</b>			
Community welfare:			
Administration	-	-	-
Distribution to grantees	10,680,654	1,184,597	2,151,544
Capital outlay	-	-	-
Other expenses	-	-	-
<b>Total expenditures</b>	<b>10,680,654</b>	<b>1,184,597</b>	<b>2,151,544</b>
Net change in fund balances	16,138	(10,225)	5,262
Fund balance, beginning	(1)	-	-
Fund balance, ending	\$ 16,137	(10,225)	5,262

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

*Area on Aging - PSA Special Revenue - All Accounts*

02-203 Title III C2	02-205 Title III-E	02-210 Cash in Lieu NSIP	02-501 PSA Administrative	Other Funds	Total Area on Agency Funds
799,229	418,944	2,387,194	573,332	51,869	7,561,746
-	-	-	1,911,162	952,009	13,559,963
799,229	418,944	2,387,194	2,484,494		21,121,709
-	-	-	2,389,484	284,317	2,673,801
810,406	418,944	2,387,193	-	719,609	18,352,947
-	-	-	86,012	-	86,012
-	-	-	-	1,284	1,284
810,406	418,944	2,387,193	2,475,496		21,114,044
(11,177)	-	1	8,998	(1,332)	7,665
-	-	9,915	(173)	41,527	51,268
(11,177)	-	9,916	8,825	40,195	58,933

## **OTHER INFORMATION**

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2017**

	Beginning Balance	Additions	(Deletions)	Ending Balance
<b>Veterans Program Self Directed (04-123)</b>				
<b>Assets</b>				
Cash in bank	\$ -	100,000	(45,311)	54,689
Due from other funds	-	-	-	-
Total assets	<u>-</u>	<u>100,000</u>	<u>(45,311)</u>	<u>54,689</u>
<b>Liabilities</b>				
Assets held for others	-	100,000	(45,311)	54,689
Due to governmental funds	-	-	-	-
Total liabilities	<u>-</u>	<u>100,000</u>	<u>(45,311)</u>	<u>54,689</u>
<b>REDI Net Operational (04-239)</b>				
<b>Assets</b>				
Cash in bank	\$ 144	-	-	144
Due from other funds	88,299	3,117	-	91,416
Total assets	<u>88,443</u>	<u>3,117</u>	<u>-</u>	<u>91,560</u>
<b>Liabilities</b>				
Assets held for others	-	-	-	-
Due to governmental funds	88,443	3,117	-	91,560
Total liabilities	<u>88,443</u>	<u>3,117</u>	<u>-</u>	<u>91,560</u>
<b>South Region Executive Directors Association (04-300)</b>				
<b>Assets</b>				
Cash in bank	\$ -	24,855	-	24,855
Due from other funds	-	-	-	-
Total assets	<u>-</u>	<u>24,855</u>	<u>-</u>	<u>24,855</u>
<b>Liabilities</b>				
Assets held for others	-	24,855	-	24,855
Due to governmental funds	-	-	-	-
Total liabilities	<u>-</u>	<u>24,855</u>	<u>-</u>	<u>24,855</u>
<b>NEEDO (04-335)</b>				
<b>Assets</b>				
Cash in bank	\$ 17	-	-	17
Due from other funds	-	-	-	-
Total assets	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
<b>Liabilities</b>				
Assets held for others	17	-	-	17
Total liabilities	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
<b>NM Cares (04-350)</b>				
<b>Assets</b>				
Cash in bank	\$ 32,106	9,317	(27,659)	13,764
Due from other funds	-	33,155	-	33,155
Total assets	<u>32,106</u>	<u>42,472</u>	<u>(27,659)</u>	<u>46,919</u>
<b>Liabilities</b>				
Assets held for others	32,106	-	-	32,106
Due to governmental funds	-	14,813	-	14,813
Total liabilities	<u>32,106</u>	<u>14,813</u>	<u>-</u>	<u>46,919</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Cash in bank	\$ 32,250	134,172	(72,971)	93,469
Due from other funds	88,299	3,117	-	124,571
Total assets	<u>120,549</u>	<u>137,289</u>	<u>(72,971)</u>	<u>218,040</u>
<b>Liabilities</b>				
Assets held for others	32,123	124,855	(45,311)	111,667
Due to governmental funds	88,443	3,117	-	106,373
Total liabilities	<u>\$ 120,566</u>	<u>127,972</u>	<u>(45,311)</u>	<u>218,040</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, 2017

Financial Intituition	Account Type	Account Name	Book Balance	Bank Balance
Los Alamos National Bank	Checking	General Operating Account	\$ 405,627	\$ 1,721,264
	Checking	REDI Net Operational Account	144	144
		NM CARES Account	13,764	13,943
		EDA RLF Account	426,648	426,652
		TCR RLF Account	100,801	100,801
		NM Vetarans Program Account	54,689	54,689
			<u>\$ 1,001,673</u>	<u>\$ 2,317,493</u>
		Less FDIC Insurance		<u>(250,000)</u>
		Uninsured Public Funds		<u>\$ 2,067,493</u>
		Collateral requirement @ 50%		\$ 1,033,747
	Fair Value of Collateral		\$ 3,259,096	
	Over (Under) Collateralized		<u>\$ 2,225,349</u>	
Wells Fargo Bank	Savings	SWREDA Savings	\$ 13,228	\$ 13,228
	Checking	SWREDA Checking	11,627	11,627
			<u>\$ 24,855</u>	<u>\$ 24,855</u>
		Less FDIC Insurance		<u>24,855</u>
		Uninsured Public Funds		<u>\$ -</u>
Total Cash and Cash Equivalents			<u>\$ 1,026,528</u>	<u>2,342,348</u>

Financial Intituition	CUSIP Identification	Maturity Date	Types of Securities	Amount
Los Alamos National Bank	36225EUR1	9/20/2039	GNMA	466,179
	3617MDQ0	5/20/2042	GNMA	357,413
	3137A3V30	12/15/2020	FHR	345,547
	3137B3NA2	4/25/2023	FHMS	<u>2,089,957</u>
Total Pledged Collateral			\$	<u>3,259,096</u>

Pledged collateral is held in safekeeping by Federal Home Loan Bank

## **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, 2017**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Pass Through Entity Identifying Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>To Sub-recipients</b>	<b>For Administration</b>
<b>U.S Department of Commerce</b>					
Economic Development - State and Local					
Economic Development Planning	N/A	11.302	\$ 48,728	-	-
Special Economic Development and Adjustment					
Economic Dislocation and Long-Term Deterioration					
EDA loans	N/A	11.307	18,331	-	-
<b>Total U.S. Department of Commerce</b>			<b>67,059</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Transportation</b>					
New Mexico State Highway Department					
NPRPO - Transportation-Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	M00371	20.205	88,365	-	-
NERPO - Transportation-Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	M00473WA	20.205	82,815	-	-
<i>Total Flowed through New Mexico State Highway Department</i>			<i>171,180</i>		
<b>Total U.S. Department of Transportation</b>			<b>171,180</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>					
New Mexico State Agency on Aging					
Title III, Part B - Supportive Services and Senior Centers		93.044	1,355,617	1,184,597	171,020
Title III, Part C-1 - Nutrition Services		93.045	2,394,287	2,151,544	242,743
Title III, Part C-2 - Nutrition Services		93.045	911,796	810,406	101,390
Title III, Part D - Disease Prevention and Health Promotion		93.043	-	53,149	-
Title III, Part E - National Family Caregiver Support		93.052	477,123	418,944	58,179
Nutrition Services Incentive Program		93.053	2,387,193	2,387,193	-
Veterans Directed Home and Community Based Services		93.048	71,912	-	71,912
<b>Total U.S. Department of Health and Human Services</b>			<b>7,651,077</b>	<b>7,005,833</b>	<b>645,244</b>
<b>Total federal award expenditures</b>			<b>\$ 7,889,316</b>	<b>7,005,833</b>	<b>645,244</b>

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, 2017**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the North Central New Mexico Economic Development District (District) under programs of the federal government for the year ended June 30, 2017. 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). Because the Schedule presents only a selected portion of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Loans Outstanding**

The District had the following loan balances outstanding at June 30, 2017. 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	\$ 300,522

STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 NOTES TO SCHEDULE OF EXPENDITURES  
 OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2017

Note 4. 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)		
		Addus-Valencia County	114
		Adelante	35,214
		Alamo Senior Center	38,741
		Catron Co. Commission on Aging Inc	31,048
		Chaves Co JOY Center	46,068
		City of Eunice	10,268
		CITY OF GALLUP	29,178
		City of Las Vegas	30,604
		City of Lovington	14,216
		City of Santa Rosa	5,489
		City of Tucumcari	4,955
		COLFAX COUNTY SENIOR CITIZENS	25,206
		Coordinated Home Health Care-Dona Ana CO.	10,071
		Deming/Luna Commission on Aging Inc	32,355
		Grant County	70,310
		GRANTS SENIOR CITIZENS	42,735
		Guadalupe County	4,263
		Hidalgo Medical Services	19,897
		La Casa de Buena Salud	14,292
		Las Cruces Senior Services	33,867
		Las Cumbres	4,474
		Lincoln County	6,631
		LOS ALAMOS SENIOR CITIZENS	30,279
		Melrose Senior Citizens	11,003
		Mora Valley Community Health Services	29,889
		NORTHWEST NM SENIORS	31,544
		PMS/Torrance	29,911
		PRESBYTERIAN MEDICAL SERVICES-mc	17,364
		RIO ARRIBA SENIORS CITIZENS	45,041
		Sacramento Mnt Senior Services	11,962
		SANDOVAL COUNTY SENIORS	62,538
		Santa Fe County	11,863
		SANTA FE SENIOR CITIZENS	70,304

STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 NOTES TO SCHEDULE OF EXPENDITURES  
 OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2017

Note 4. Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
		Sierra Joint Office on Aging	52,762	
		Socorro County Senio	47,602	
		Southeast NM CAC	92,354	
		Taos County	52,451	
		Town of Tatum	4,736	
		Town of Vaughn	2,970	
		Tularosa American Center	17,918	
		VALENCIA COUNTY SENIORS	31,079	
		Village of Des Moines	1,368	
		Village of Fort Sumner	3,778	
		Village of Grady	14,510	
		Village of Logan	1,375	
		Total CFDA 93.044		1,184,597
93.045	Title III, Part C-1 - Nutrition Services (1)			
		Adelante	58,824	
		City of Tucumcari	17,719	
		Harding	9,378	
		Hobbs	41,923	
		Jal	11,300	
		Santa Fe County	61,972	
		Taos County	68,343	
		Village of Logan	13,462	
		COLFAX COUNTY SENIOR CITIZENS	29,759	
		CITY OF GALLUP	78,460	
		GRANTS SENIOR CITIZENS	45,116	
		LOS ALAMOS SENIOR CITIZENS	31,088	
		NORTHWEST NM SENIORS	108,555	
		RIO ARRIBA SENIORS CITIZENS	85,118	
		SANDOVAL COUNTY SENIORS	120,885	
		SANTA FE SENIOR CITIZENS	104,863	
		VALENCIA COUNTY SENIORS	83,300	
		Mora Valley Community Health Services	35,982	
		PRESBYTERIAN MEDICAL SERVICES-mc	24,511	

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

**Note 4. Subrecipients of Grant Awards**

**U.S. Department of Health and Human Services**

<b>Federal CFDA Number</b>	<b>Program Name</b>	<b>Subrecipient Name</b>	<b>Amount</b>
		VILLAGE OF EAGLE NEST	5,339
		PMS/Torrance	34,861
		Alamo Senior Center	53,911
		Catron Co. Commission on Aging Inc	23,911
		Las Cruces Senior Services	196,605
		Deming/Luna Commission on Aging Inc	57,663
		Sierra Joint Office on Aging	54,735
		Sacramento Mnt Senior Services	33,465
		Socorro County Senio	45,515
		Tularosa American Center	23,725
		Chaves Co JOY Center	131,480
		Town of Clayton	4,722
		Community Services Center	17,081
		Curry Residents Senior Meals	46,907
		City of Eunice	18,816
		Village of Fort Sumner	15,900
		Village of Grady	8,557
		Guadalupe County	15,684
		Lincoln County	98,824
		Melrose Senior Citizens	8,209
		City of Santa Rosa	13,929
		Southeast NM CAC	76,436
		Town of Vaughn	2,966
		Grant County	50,801
		Hidalgo Medical Services	18,194
		City of Las Vegas	62,750
		<b>Total CFDA 93.045</b>	<b>2,151,544</b>
93.045	Title III, Part C-2 - Nutrition Services (1)		
		Adelante	28,802
		City of Tucumcari	8,564
		Santa Fe County	16,070
		Taos County	30,511
		Village of Logan	3,083
		COLFAX COUNTY SENIOR CITIZENS	26,672

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

**Note 4. Subrecipients of Grant Awards**

**U.S. Department of Health and Human Services**

<b>Federal CFDA Number</b>	<b>Program Name</b>	<b>Subrecipient Name</b>	<b>Amount</b>
		CITY OF GALLUP	18,001
		GRANTS SENIOR CITIZENS	18,137
		LOS ALAMOS SENIOR CITIZENS	13,307
		NORTHWEST NM SENIORS	36,431
		RIO ARRIBA SENIORS CITIZENS	64,802
		SANDOVAL COUNTY SENIORS	27,646
		SANTA FE SENIOR CITIZENS	27,151
		VALENCIA COUNTY SENIORS	9,796
		Mora Valley Community Health Services	18,243
		PRESBYTERIAN MEDICAL SERVICES-mc	9,502
		VILLAGE OF EAGLE NEST	2,986
		PMS/Torrance	7,324
		Alamo Senior Center	17,990
		Catron Co. Commission on Aging Inc	10,278
		Las Cruces Senior Services	18,683
		Deming/Luna Commission on Aging Inc	24,653
		Sierra Joint Office on Aging	17,466
		Sacramento Mnt Senior Services	5,289
		Socorro County Senio	18,110
		Tularosa American Center	7,403
		Chaves Co JOY Center	32,113
		Town of Clayton	3,958
		Community Services Center	18,272
		Curry Residents Senior Meals	14,901
		City of Eunice	4,045
		Village of Fort Sumner	10,198
		Village of Grady	4,526
		Guadalupe County	5,114
		Harding County	8,037
		City of Hobbs	16,904
		City of Jal	5,198
		Lincoln County	21,208
		City of Lovington	8,894
		Melrose Senior Citizens	5,979
		City of Santa Rosa	2,235

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

**Note 4. Subrecipients of Grant Awards**

**U.S. Department of Health and Human Services**

<b>Federal CFDA Number</b>	<b>Program Name</b>	<b>Subrecipient Name</b>	<b>Amount</b>	
		Southeast NM CAC	34,695	
		Town of Vaughn	2,405	
		Grant County	23,153	
		Hidalgo Medical Services	22,134	
		City of Las Vegas	79,537	
		Total CFDA 93.045		810,406
93.043	Title III, Part D - Disease Prevention and Health Promotion			
		LOS ALAMOS SENIOR CITIZENS	1,471	
		NM Senior Olympics	51,678	
		Total CFDA 93.043		53,149
93.052	Title III, Part E - National Family Caregiver Support			
		Taos County	36,541	
		SANDOVAL COUNTY SENIORS	22,440	
		SANTA FE SENIOR CITIZENS	56,618	
		ADDUS HEALTH CARE	46,315	
		Share Your Care	59,309	
		Share You Care Mckinley Co.	43,912	
		Addus-Otero County	18,065	
		Catron Co. Commission on Aging Inc	7,424	
		Las Cruces Senior Services	35,774	
		Deming/Luna Commission on Aging Inc	37,213	
		Community Services Center	47,807	
		Las Cumbres	7,526	
		Total CFDA 93.052		418,944
93.053	Nutrition Services Incentive Program (1)			
		Adelante	54,335	
		Santa Fe County	71,376	
		Taos County	60,834	
		Village of Logan	13,619	
		COLFAX COUNTY SENIOR CITIZENS	54,364	
		CITY OF GALLUP	60,477	
		GRANTS SENIOR CITIZENS	32,849	
		LOS ALAMOS SENIOR CITIZENS	24,752	

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

**Note 4. Subrecipients of Grant Awards**

**U.S. Department of Health and Human Services**

<b>Federal CFDA Number</b>	<b>Program Name</b>	<b>Subrecipient Name</b>	<b>Amount</b>
		NORTHWEST NM SENIORS	149,225
		RIO ARRIBA SENIORS CITIZENS	105,378
		SANDOVAL COUNTY SENIORS	151,504
		SANTA FE SENIOR CITIZENS	177,376
		VALENCIA COUNTY SENIORS	92,596
		Mora Valley Community Health Services	21,607
		PRESBYTERIAN MEDICAL SERVICES-mc	16,220
		VILLAGE OF EAGLE NEST	8,377
		PMS/Torrance	33,965
		Alamo Senior Center	70,373
		Catron Co. Commission on Aging Inc	23,352
		Las Cruces Senior Services	235,029
		Deming/Luna Commission on Aging Inc	68,283
		Sierra Joint Office on Aging	65,914
		Sacramento Mnt Senior Services	21,399
		Socorro County Senio	41,906
		Tularosa American Center	20,525
		Chaves Co JOY Center	109,326
		Town of Clayton	12,629
		Community Services Center	26,601
		Curry Residents Senior Meals	76,238
		City of Eunice	13,741
		Village of Fort Sumner	13,126
		Village of Grady	6,655
		Guadalupe County	15,246
		Harding County	7,466
		City of Hobbs	34,191
		City of Jal	14,108
		Lincoln County	49,195
		City of Lovington	10,971
		Melrose Senior Citizens	7,214
		City of Santa Rosa	14,611
		Southeast NM CAC	103,957
		City of Tucumcari	30,180
		Town of Vaughn	4,419
		Grant County	53,045

STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 NOTES TO SCHEDULE OF EXPENDITURES  
 OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2017

**Note 4. Subrecipients of Grant Awards**

**U.S. Department of Health and Human Services**

Federal CFDA Number	Program Name	Subrecipient Name	Amount
		Hidalgo Medical Services	30,713
		City of Las Vegas	77,926
		Total CFDA 93.053	<u>2,387,193</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><u>7,005,833</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**

To the Board of Directors  
North Central New Mexico Economic Development District  
and Mr. Wayne Johnson  
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 fiduciary funds, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue fund of North Central New Mexico Economic Development District (the “District”), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 30, 2018.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal 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 2017-005.

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 *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, 2017-003, and 2017-004.

### **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 questioned costs as items 2017-001, 2017-002, 2017-005, and 2017-007.

### **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  
January 30, 2018

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

To the Board of Directors  
North Central New Mexico Economic Development District  
and Mr. Wayne Johnson  
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, 2017. 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, 2017.

## 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. 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 2017-006 and 2016-003 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.



Albuquerque, New Mexico  
January 30, 2018

**STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2017**

**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 deficiency identified that are not considered to be material weakness(es)?   X   Yes        None Reported

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

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency identified that are not considered to be material weakness(es)   X   Yes        None reported

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
93.044/93.045/93.053	Title III Cluster	Unmodified

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, 2017**

**A. FINANCIAL STATEMENT FINDINGS**

**2016-001 Controls over Disbursements (Significant Deficiency)**

*CONDITION:* During our testwork over cash disbursements, we noted that for 3 out of 25 disbursements tested, the District was lacking a purchase order for a total of \$21,880. Furthermore, 6 out of 25 disbursements had no signatures of approval on the monthly payment vouchers for a total of \$139,194.

Additionally, during our testwork over travel and per diem we noted that for 3 out of 10 disbursements, the lodging transaction amount exceeded the GSA rate that must be used per policy. Furthermore, in 2 out of 10 travel samples tested, no purchase order was used or approved.

In fiscal year 2016, the District made progress towards implementing the prior year corrective action plan. In fiscal year 2017 we did not identify any unapproved ACH transfers.

*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 did not have staffing to perform a consistent review and approval process of disbursements/ACH.

*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 travel and per diem disbursements are in accordance with the policy.

*MANAGEMENT RESPONSE:* NCNMEDD will enforce the revised travel and procurement policy approved on July 21, 2017. All approvals for actual rates will be obtained prior to payment of per diem to NCNMEDD personnel or payment for services to vendors. All payment vouchers to sub-recipients will be signed during the AP process attesting the payment has been performed and the ACH has been processed to the sub recipient.

Employee Position Responsible: Financial Director/Accounting Specialist II

Timeline: Completed and resolved on December 1, 2017

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**A. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2017-003 Controls Over Payroll (Significant Deficiency)**

*CONDITION:* During our testwork over payroll, we noted that for 2 out of 26 instances, the District had paid retroactive or bonus pay to employees for a total of \$4,500. We requested additional information and determined that bonus pay totaling \$22,900 was given to 25 employees during the fiscal year.

*CRITERIA:* The New Mexico Constitution (Article IV, Section 27) does not allow for retroactive salary increases or bonuses after services are performed. The Criteria for bonuses allowed by the State Constitution were not met by the District and would require: 1) prior documentation in the employee's offer letter/contract, 2) to have been a planned budgeted expense to the entity, and 3) have Governing Board approval. This was reconfirmed based on the Attorney General Opinion dated December 1, 2010.

*EFFECT:* Failure to have follow such policies could result in misappropriation or misstatement of expenditures and could potentially lead to fraud.

*CAUSE:* The District was not aware that awarding incentive pay was a violation of the New Mexico Constitution (Article IV, Section 27).

*RECOMMENDATION:* We recommend the District ensure policies and procedures are followed to ensure bonuses are supported by prior documentation in the employee's offer letter/contract, have been a are properly reviewed and approved prior to payment and that all travel and per diem disbursements are in accordance with the policy.

*MANAGEMENT RESPONSE:* NCNMEDD does account for potential Incentive pay in the annual budget which is approved by the Board of Directors each year. Any implementation of incentive pay is taken to the Executive Committee for review and modification and/or approval. Effective immediately, all Offer of Employment letters will include notification of potential incentive pay.

Employee Position Responsible: Executive Director and/or Human Resource Director/Contractor

Timeline: Completed and resolved in December 1, 2017



**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**A. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2017-004 Controls Over Manual Journal Entries (Significant Deficiency)**

*CONDITION:* During our testwork over manual journal entries, we noted that for 8 out of 10 manual journal entries tested, for an amount of \$224,034, the entries lacked proper approval by someone other than the preparer.

*CRITERIA:* In accordance with GAAP, an entity shall establish and maintain an internal control structure to provide management with reasonable assurance and mitigate risk. Appropriate and accurate journal entries are essential in correcting errors, facilitating the month-end closing process, and preparing accurate financial statements. Journal entries should be reviewed by someone other than the preparer that has the accounting knowledge to determine that the entry is appropriate and correct. The entry should be accompanied by supporting documentation to facilitate the review process. The review should be performed prior to the entry being recorded in the accounting records to reduce the need for additional correcting journal entries.

*EFFECT:* Failure to have follow such policies could result in misappropriation or misstatement of assets and could potentially lead to fraud.

*CAUSE:* Lack of consistently applied effective internal controls surrounding the financial reporting process.

*RECOMMENDATION:* We recommend that management ensure that adequate internal controls are established and consistently followed surrounding the financial reporting process.

*MANAGEMENT RESPONSE:* All journal entries for the month will be included on the bank reconciliation review performed by the NCNMEDD Executive Director. During the approval of the bank reconciliations, the Executive Director will review the journal entry report. During the review the Executive Director can inquire about the journal entries and upon his satisfaction, will approve the journal entry report. Every effort will be made to have approval from another finance personnel on Journal entries.

Employee Position Responsible: Financial Director/Accounting Specialist II and Executive Director

Timeline: Completed and resolved in December 1, 2017

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2016-003 Subrecipient Monitoring (Significant Deficiency)**

*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>2016, 2017</i>

*CONDITION:* During our testwork related to subrecipient monitoring, we noted that in 3 of 9 instances, a site visit had not been completed in the last two years.

Management made progress toward implementing the prior year action plan as we did not identify any instances where the District failed to follow up with subrecipients to obtain a response to ensure remediation of findings within the two year time frame, but management did not make progress in ensuring site visits were conducted for all subrecipients in the last two years.

*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:* The three subrecipients were identified for in-house assessments due to being contractors for a single service that was not a nutrition service and were not identified as at-risk providers. They were originally scheduled for assessment in July 2017, however, due to various conditions we were unable to conduct those assessments as intended.

*CORRECTIVE ACTION PLAN:* Financial Management will work with Program Management to ensure monitoring of subrecipients is completed per, CFR 200 and program policy. The three subrecipients are scheduled for assessments in FY18. Subrecipient payments for services rendered through the Direct Purchase of Service Vendor Agreement are validated monthly prior to release of funds to ensure compliance with grant and contractual requirements.

Employee Position Responsible: Provider Specialists and Program Managers

Timeline: Completed by January 31, 2018

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**B. 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>2016, 2017</i>

*CONDITION:* During our testwork related to standards for documentation of personnel expenses, we noted that in 12 of 52 instances the District has not maintained documentation of time and effort stating actual hours worked.

Management made partial progress toward implementing the prior year corrective action plan as we could only verify that payroll allocation for employees charged to the award was based on actual hours worked for half of the year. Documentation supporting actual hours worked on grants was maintained from February 28, 2017 thereafter.

*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 maintaining documentation supporting payroll expenses charged to the program based on actual hours worked, increasing the risk that costs reported by the grant may be misstated.

*CAUSE:* Due to lack of staffing, the District was unable to maintain supporting documentation of time and effort stating actual hours worked.

*RECOMMENDATION:* We recommend that the District implement controls to ensure documentation supporting time allocated to each grant award is kept.

*MANAGEMENT'S RESPONSE:* The payroll findings occurred before the February 28, 2017 where all corrections were made to this finding from the FY 16/17 audit.

*CORRECTIVE ACTION PLAN:* 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 Director/Accounting Specialist II

Timeline: Completed and resolved on February 28, 2017

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2017-006 Standards for Documentation of General Expenses (Significant Deficiency)**

*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>2016, 2017</i>

*CONDITION:* During our testwork over general disbursements, we noted that in 1 of 43 instances, for a value of \$33.81, the District reimbursed an employee fuel expenses as well as mileage reimbursement.

*CRITERIA:* Per the Federal grant requirements, for costs to be allowable, they must be reasonable. The District's double reimbursement for travel expense is not reasonable.

*QUESTIONED COSTS:* None.

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

*CAUSE:* *Oversight by the District.*

*RECOMMENDATION:* We recommend that the Division performs a more thorough review of the expenses being reimbursed.

*MANAGEMENT RESPONSE:* The reimbursement of fuel expenses as well as mileage reimbursement was for an Advisory Council member.

*CORRECTIVE ACTION PLAN:* Guidance regarding reimbursement for Advisory Council expenses related to quarterly meetings has been developed and shared with each Advisory Council member on October 19, 2017. Management will conduct thorough reviews of expense requests submitted.

Employee Position Responsible: Financial Director

Timeline: Completed by December 1, 2017

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**C. COMPLIANCE AND OTHER MATTERS FINDINGS**

**2017-005 Capital Assets (Material Weakness, Other Matters)**

*CONDITION:* For the year ended June 30, 2017, the District had not maintained a capital asset listing that was reconciled to the general ledger and in compliance with the GASB 34.

We performed extended tests and found: 6 of 15 sampled capital assets were disposed without notifying the Office of the State Auditor (OSA) at least 30 days prior to the disposition of property.

In 3 of 15 samples, employees could not locate or verify the asset was still in inventory; In 1 out of 15 samples, the asset was included in the listing, but had been sold in 2015 (vehicle sold to "RediNet").

*CRITERIA:* The State Audit Act, 12-6-10 NMSA 1978 requires that the District prepare and maintain an accurate listing of capital assets. The District must have a capital assets management policy to provide accountability for the safeguarding of assets in accordance with GASB 34 and Section 12-2-10 NMSA 1978.

Per 2.2.2.10 NMAC, "At least 30 days prior to any disposition of property on the agency inventory list described in Subsection U of 2.2.2.10 NMAC, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the state auditor."

Section 12-6-10 (A) NMSA 1978 requires each agency to conduct an annual physical inventory of moveable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory.

*EFFECT:* Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be depreciated due to lack of information that is being maintained. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated.

The District disposed of assets in violation of State statute.

The District is not in compliance with state requirements regarding capital asset inventory.

*CAUSE:* There are no procedures in place to ensure that all capital assets are accounted for in a capital asset inventory listing. Further, the District did not have a system in place to track capital asset additions and deletions and to calculate and account for depreciation and accumulated depreciation.

The District does not have a process in place to ensure the OSA is notified prior to disposition of the assets.

Internal controls are not in place to ensure an annual inventory is performed.

*RECOMMENDATION:* The District should develop procedures to ensure that all capital assets are accounted for in a capital asset inventory listing. The District should establish controls over its capital assets in order to safeguard them and establish accountability for their custody and use. (Capital Asset Controls 2.20.1.15, NMAC) Such controls should apply to authorization to acquire fixed assets, receiving purchases, tagging the assets, assigned location, individuals responsible for tracking use and location, and fund and organizational unit fund and organizational unit.

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

The District should develop and implement procedures to ensure OSA is notified in writing at least 30 day prior to disposition of any items included on the Divisions' inventory listing.

On an annual basis, complete an inventory of the District's capital assets.

*MANAGEMENT RESPONSE:* NCNMEDD will develop and/or revise policy and procedures to monitor and account for all inventory, particularly capital assets at least on an annual basis. The policy and/or procedures will include notification to the Office of the State Auditor in compliance with state statute and regulation as appropriate.

Employee Position Responsible: Financial Director, Financial Staff and Executive Director

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, 2017**

**C. COMPLIANCE AND OTHER MATTERS FINDINGS (CONTINUED)**

**2017-002 PERA/RHCA Remittance (Non-Compliance)**

*CONDITION:* During our testwork over NMRHCA payments, in 10 out of 12 instances, with a total value of \$37,813.92, we noted that RHCA contributions were remitted after the 10<sup>th</sup> of the month. During our testwork over PERA contributions we noted 22 out of 26 instances, with a total value of \$304,245.57, where PERA contributions were remitted later than 5 business days after the pay date or 15 days after the end of the month in which the transmittal report was due.

*CRITERIA:* Monthly contributions to RHC are required to be remitted no later than the 10<sup>th</sup> of the following month per NMSA 1978 10-7C-15 and PERA instructions for preparing the contribution form states that the contributions covered by the report are to be transmitted no later than the 15<sup>th</sup> day of the subsequent month.

*EFFECT:* The District is not in compliance with New Mexico State Statutes in regards to RHC contributions and with PERA rules for transmitting and reporting contributions on a timely basis.

*CAUSE:* The District was unaware that late remittance was non-compliant.

*RECOMMENDATION:* The District should implement internal controls to ensure that monthly RHCA and PERA contributions are remitted by the due dates.

*MANAGEMENT RESPONSE:* NCNMEDD finance personnel will submit PERA/RHCA reports by the deadline dates. In the event there are unforeseen delays, staff will obtain permission to extend the deadline in writing from RHC and PERA.

Employee Position Responsible: Financial Director/Accounting Specialist II

Timeline: Completed By December 1, 2017

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**C. COMPLIANCE AND OTHER MATTERS FINDINGS (CONTINUED)**

**2017-001 Credit Cards (Other Matters)**

*CONDITION:* During our test work over credit cards, we noted that in 3 out of the 4 credit card statements selected, credit card statements had no indication of review and approval prior to payment. Furthermore, in 2 of the 4 samples in the amount of \$3,812.21, receipts to support credit card expenses were not attached.

*CRITERIA:* Every agency shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

*EFFECT:* Without proper approval and supporting documentation, purchases for unauthorized goods or services may occur.

*CAUSE:* Due to employee turnover and lack of staffing the District did not follow consistent processes and procedures in the purchasing process.

*RECOMMENDATION:* We recommend that the District develop and implement internal controls over purchasing procedures to ensure that all purchases are approved in accordance with their policies and procedures.

*MANAGEMENT RESPONSE:* The NCNMEDD Executive Director will review and approve all credit card statements prior to the check being processed to the credit card company. NCNMEDD will follow the updated credit card policy approved on July 21, 2017.

Employee Position Responsible: Financial Director and Executive Director

Timeline: Completed and resolved on August 1, 2017



**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**C. COMPLIANCE AND OTHER MATTERS FINDINGS (CONTINUED)**

**2017-007 Late Submission of Audit Contract in OSA-Connect (Non-Compliance)**

*CONDITION:* The District did not submit the unsigned 2017 audit contract in the OSA-Connect by the deadline of June 1, 2017.

*CRITERIA:* 2.2.2(F)(8)(d) NMAC Audit Rule 2017 requires that unsigned audit be submitted to OSA-Connect before June 1, 2017.

*EFFECT:* The District is not in compliance with 2.2.2(F)(8)(d) NMAC Audit Rule 2017.

*CAUSE:* The District was unaware of the submission requirement by the Audit Rule.

*RECOMMENDATION:* We recommend that the District submit audit contract to OSA-Connect on a timely basis and obtain the necessary approval.

*MANAGEMENT RESPONSE:* NCMEDD will submit executed audit contracts by the deadline established by OSA.

Employee Position Responsible: Executive Director and Finance Director

Timeline: To be completed by June 1, 2018

**STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 STATUS OF PRIOR YEAR FINDINGS  
 JUNE 30, 2017**

**STATUS OF PRIOR AUDIT FINDINGS**

<b>Financial Statements Findings</b>	<b>Status</b>
2013-001 – Reconciliation of Accounting Records – General Ledger (Significant Deficiency in Internal Control)	Resolved
2016-001 – Controls Over Disbursements (Significant Deficiency in Internal Control)	Repeated and Modified
2016-002 – Control Over Payroll (Significant Deficiency)	Resolved
 <b>State Auditor’s Compliance and Other Matters</b>	
2016-003 – Sub-recipient Monitoring (Significant Deficiency and Noncompliance)	Repeated and Modified
2016-008 – Cash Management (Significant Deficiency & Noncompliance)	Resolved
2016-004 – Standards for Documentation of Personnel Expenses (Noncompliance)	Repeated and Modified
2016-005 – Late Data Collection Form (Noncompliance)	Resolved
2016-006 – Untimely Deposits (Other Matters)	Resolved
2016-007 – PERA/RHCA Reconciliations (Other Matters)	Resolved

**STATE OF NEW MEXICO  
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
 CORRECTIVE ACTION PLAN  
 FOR THE YEAR ENDED JUNE 30, 2017**

<b><u>Audit Finding</u></b>	<b><u>Corrective Action Plan</u></b>	<b><u>Person(s) Responsible</u></b>	<b><u>Estimated Completion Date</u></b>
2016-003 Subrecipient Monitoring	See corrective action plan in the schedule of findings and questioned costs	Provider Specialists and Program Managers	2/28/2018
2016-004 Standards for Documentation of Personnel Expenses	See corrective action plan in the schedule of findings and questioned costs	Financial Director/Accounting Specialist II	2/28/2018
2017-006 Standards for Documentation of General Expenses	See corrective action plan in the schedule of findings and questioned costs	Financial Director	12/1/2017

**STATE OF NEW MEXICO  
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT  
EXIT CONFERENCE  
JUNE 30, 2017**

**EXIT CONFERENCE**

An exit conference was held with the District on November 30, 2017. The following individuals were in attendance:

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

Eric Ghahate, Community Development Director  
Helen Campion, Executive Assistant  
Agnes Vallejos, AAA Regional Manager  
Marcia Medina, Community Services Director  
Tim Armer, Executive Director  
Anita Guillen, Accounting Specialist  
Kevin Calabaza, Finance Manager  
Ernesto Salazar, Treasurer, Board Member

**AXIOM CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS LLC**

Monique Trujillo, Manager

**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.