



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

North Central New Mexico
Economic Development District

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

For the Year Ended June 30, 2019

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
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FOR THE YEAR ENDED JUNE 30, 2019

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North Central New Mexico Economic Development District
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STATE OF NEW MEXICO
North Central New Mexico Economic Development District
Official Roster
As of June 30, 2019

Official Roster

Board of Directors

Director's Name	Title
Jim Trujillo	President
Thomas Garcia	Vice President
Ernesto Salazar	Treasurer
Roger Madalena	Secretary
<hr/>	
Colfax County	Los Alamos County
*Landon Newton	*Pete Sheehey
Lori Chatterley	Sara Scott
Mary-Alice Boyce	Joannie Ahrers (<i>Alternate: Harry Burgess</i>)
Vacant	Jim Hall (<i>Alternate: Morris Pongratz</i>)
<hr/>	
Mora County	Rio Arriba County
*Thomas Garcia	*Nick L. Salazar (<i>Alternate: Joseph Sanchez</i>)
Veronica Serna	Leo Jaramillo
Eldie Cruz	Javier Sanchez
Anita LaRan	Christopher Madrid (<i>Alternate: Tomas Campos</i>)
<hr/>	
Sandoval County	San Miguel County
*James R. Madelena	*Ernesto J. Salazar
F. Kenneth Eichwald	Max Trujillo
Dora Dominguez	Tonita Gurule-Giron
Vacant	Michael Adams
<hr/>	
Santa Fe County	Taos County
*Jim Trujillo	*Roberto Gonzales
Rudy Garcia	Tom Blankenhorn
*Stephanie Martinez	Cristof Brownell
Chris Hyer	Linda Calhoun
<hr/>	
Tribal	Ex-Officio Member
Vacant	Sue Garrett

Administrative Officials

Name	Title
Monica Abeita	Executive Director
Angela Peinado, PhD	Finance Director
Marcia Medina	Community Services Director
Lesah Sedillo	Community Development Director

*Executive Committee Member

INDEPENDENT AUDITOR'S REPORT

Mr. Brian S. Colón, State Auditor and
The Board of Directors
North Central New Mexico Economic Development District

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of North Central New Mexico Economic Development District (the District), as of and for the year ended June 30, 2019, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the 2019 financial statements have been restated to correct misstatements related to pension related deferred outflows, loan balances, general fund balances and Area Agency on Aging fund balances. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the missing information.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise District's basic financial statements. The combining and individual nonmajor fund financial statements and combining schedule of changes in assets and liabilities-agency funds, as listed in the table of contents, as supplementary information, 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, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as listed in the table of contents under the federal compliance section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other schedules, as required by 2.2.2 NMAC, as listed other supplementary information in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules, as listed as in the table of contents as supplementary information, other supplementary information and under the federal compliance section, 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 statements and schedules were fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 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.



Hinkle + Landers, P.C.
Albuquerque, NM
December 23, 2019

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 2,052,494	497,795	2,550,289
Due from grantors	2,016,655	-	2,016,655
Other receivables	89,499	-	89,499
Prepaid assets	2,689	-	2,689
Total current assets	<u>4,161,337</u>	<u>497,795</u>	<u>4,659,132</u>
Non-current assets:			
Loans receivable, net	-	168,702	168,702
Capital assets, net of accumulated depreciation	51,113	-	51,113
Security deposits	6,801	-	6,801
Total non-current assets	<u>57,914</u>	<u>168,702</u>	<u>226,616</u>
Total assets	<u>4,219,251</u>	<u>666,497</u>	<u>4,885,748</u>
Deferred outflows			
Pension related	568,218	-	568,218
OPEB related	22,722	-	22,722
Total deferred outflows of resources	<u>590,940</u>	<u>-</u>	<u>590,940</u>
Total assets and deferred outflows of resources	<u>\$ 4,810,191</u>	<u>666,497</u>	<u>5,476,688</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Cash overdraft	\$ 31,475	-	31,475
Accounts payable	3,742,479	-	3,742,479
Accrued payroll expenses	52,392	-	52,392
Compensated absences	51,483	-	51,483
Unearned revenue	3,966	-	3,966
Due to State of New Mexico	28,579	-	28,579
Total current liabilities	<u>3,910,374</u>	<u>-</u>	<u>3,910,374</u>
Non-current liabilities:			
Net pension liability	2,299,081	-	2,299,081
Net OPEB liability	1,471,048	-	1,471,048
Total long-term liabilities	<u>3,770,129</u>	<u>-</u>	<u>3,770,129</u>
Total liabilities	<u>7,680,503</u>	<u>-</u>	<u>7,680,503</u>
Deferred inflows			
Pension related	531,856	-	531,856
OPEB related	414,520	-	414,520
Total deferred inflows	<u>946,376</u>	<u>-</u>	<u>946,376</u>
NET POSITION (DEFECIT)			
Net investment in capital assets	51,113	-	51,113
Restricted	61,336	478,308	539,644
Unrestricted (deficit)	(3,929,137)	188,189	(3,740,948)
Total net position (deficit)	<u>(3,816,688)</u>	<u>666,497</u>	<u>(3,150,191)</u>
Total liabilities, deferred inflows, and net position	<u>\$ 4,810,191</u>	<u>666,497</u>	<u>5,476,688</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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Program	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Health and welfare	\$ 18,779,890	-	20,940,991	-	2,161,101	-	2,161,101
Administration	2,186,284	34,869	-	-	(2,151,415)	-	(2,151,415)
Business-Type Activities							
TCR (24-601)	-	-	-	-	-	-	-
EDA RLF (25-601)	48,798	9,320	-	-	-	(39,478)	(39,478)
EDDF (28-601)	117,230	324	-	-	-	(116,906)	(116,906)
Total	\$ <u>21,132,202</u>	<u>44,513</u>	<u>20,940,991</u>	<u>-</u>	<u>9,686</u>	<u>(156,384)</u>	<u>(146,698)</u>
General Revenues:							
					\$ 193	102	295
					2,910	-	2,910
					<u>3,103</u>	<u>102</u>	<u>3,205</u>
					<u>12,789</u>	<u>(156,282)</u>	<u>(143,493)</u>
					(3,742,300)	822,779	(2,919,521)
					<u>(87,177)</u>	-	<u>(87,177)</u>
					<u>(3,829,477)</u>	<u>822,779</u>	<u>(3,006,698)</u>
					\$ <u>(3,816,688)</u>	<u>666,497</u>	<u>(3,150,191)</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019

	General Fund	Area Agency on Aging PSA Funds	Non-Major Funds	Total
ASSETS				
Cash and cash equivalents	\$ 116,300	1,856,865	79,329	2,052,494
Due from grantors	-	1,977,959	38,697	2,016,656
Accounts receivable	3,383	-	-	3,383
Due from other funds	71,924	-	-	71,924
Other receivables	86,112	-	-	86,112
Prepaid assets	-	2,693	-	2,693
Security deposits	6,801	-	-	6,801
Total assets	<u>\$ 284,520</u>	<u>3,837,517</u>	<u>118,026</u>	<u>4,240,063</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Cash overdraft	\$ -	25,171	6,304	31,475
Accounts payable	666	3,735,180	6,636	3,742,482
Accrued payroll expenses	210	51,691	492	52,393
Unearned revenue	-	-	3,966	3,966
Due to other funds	-	-	71,924	71,924
Due to State of New Mexico	-	25,475	3,103	28,578
Total liabilities	<u>876</u>	<u>3,837,517</u>	<u>92,425</u>	<u>3,930,818</u>
FUND BALANCES				
Restricted	5,727	-	55,609	61,336
Unassigned	<u>277,917</u>	<u>-</u>	<u>(30,008)</u>	<u>247,909</u>
Total fund balances	<u>283,644</u>	<u>-</u>	<u>25,601</u>	<u>309,245</u>
Total liabilities and fund balances	<u>\$ 284,520</u>	<u>3,837,517</u>	<u>118,026</u>	<u>4,240,063</u>

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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
RECONCILIATION OF THE FUND BALANCE- GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

		Governmental Activities
Amount reported for governmental activities in the statement of net position are different because:		
Fund balance - total governmental funds	\$	309,245
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, net		51,113
Defined outflows and inflows of resources related pensions and OPEB are applicable to future periods and, therefore, are reported in the funds:		
Deferred outflows of resources related to pension		568,218
Deferred outflows of resources related to OPEB		22,722
Deferred inflows of resources related to pension		(531,856)
Deferred inflows of resources related to OPEB		(414,520)
Certain liabilities, including net pension liabilities, net OPEB liabilities, and current and long-term portions of accrued compensated absences, are not due and payable in the current period, and therefore are not reported in the funds:		
Compensated absences payable		(51,483)
Net pension liability		(2,299,081)
Net OPEB liability		(1,471,048)
Rounding		2
Net position of governmental activities	\$	(3,816,688)

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Area Agency on Aging PSA</u>	<u>Non-Major Funds</u>	<u>Total</u>
REVENUES				
Federal operating grants	\$ -	7,778,562	236,749	8,015,311
State operating grants	-	12,839,861	85,819	12,925,680
Membership assessments	34,869	-	-	34,869
Bank interest	101	-	92	193
Other revenue	2,910	-	-	2,910
Total revenues	<u>37,880</u>	<u>20,618,423</u>	<u>322,660</u>	<u>20,978,963</u>
EXPENDITURES				
Current				
Community welfare:				
Administration	25,547	1,838,534	300,163	2,164,244
Distribution to grantees	-	18,779,889	-	18,779,889
Total expenditures	<u>\$ 25,547</u>	<u>20,618,423</u>	<u>300,163</u>	<u>20,944,133</u>
Excess (deficiency) of revenues over expenditures	\$ 12,333	-	22,497	34,830
OTHER FINANCING SOURCES (USES)				
Operating transfers in	176,217	-	42,500	-
Operating transfers out	<u>(176,217)</u>	<u>-</u>	<u>(42,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,333	-	22,497	34,830
Fund balances-beginning of year, as previously reported	214,223	57,088	3,104	274,415
Restatements	<u>57,088</u>	<u>(57,088)</u>	<u>-</u>	<u>-</u>
Fund balances-beginning of year, as restated	<u>271,311</u>	<u>-</u>	<u>3,104</u>	<u>274,415</u>
Fund balances-end of the year	<u>\$ 283,644</u>	<u>-</u>	<u>25,601</u>	<u>309,245</u>

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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Amount reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	34,830
<p>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.</p>		
Depreciation expense		(37,011)
<p>Governmental funds report district pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefit earned net of employee contributions is reported as pension and OPEB expense.</p>		
Change in compensated absences		(4,829)
Change in net pension/OPEB liability		19,799
Change in net position of governmental activities (Statement of Activities)	\$	12,789

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Membership assessments	\$ 23,000	40,666	34,869	(5,797)
Bank interest	800	73	101	28
Other revenues	-	-	2,910	2,910
Total revenues	<u>23,800</u>	<u>40,739</u>	<u>37,880</u>	<u>(2,859)</u>
EXPENDITURES				
Community welfare:				
Administration	<u>16,800</u>	<u>28,418</u>	<u>25,547</u>	<u>2,871</u>
Total expenditures	<u>16,800</u>	<u>28,418</u>	<u>25,547</u>	<u>2,871</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	7,000	12,321	12,333	12
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(7,000)</u>	<u>(12,321)</u>	<u>-</u>	<u>12,321</u>
Total other financing sources (uses)	<u>(7,000)</u>	<u>(12,321)</u>	<u>-</u>	<u>12,321</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>12,333</u>	<u>12,333</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BUDGETARY BASIS)
AREA AGENCY ON AGING PSA SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Federal operating grants	\$ 7,814,106	8,161,258	7,778,562	(382,696)
State operating grants	12,914,120	12,870,832	12,839,861	(30,971)
Total revenues	<u>20,728,226</u>	<u>21,032,090</u>	<u>20,618,423</u>	<u>(413,667)</u>
EXPENDITURES				
Community welfare:				
Administration	1,816,493	2,120,357	1,838,534	281,823
Distribution to grantees	18,779,889	18,779,889	18,779,889	-
Total expenditures	<u>20,596,382</u>	<u>20,900,246</u>	<u>20,618,423</u>	<u>281,823</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>131,844</u>	<u>131,844</u>	-	<u>(131,844)</u>
Net change in fund balances	<u>\$ 131,844</u>	<u>131,844</u>	<u>-</u>	<u>(131,844)</u>

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

**NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2019**

	Business-type Activities Enterprise Funds			Total
	24-601 Tri-County Revolving Loan Fund (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 99,369	309,606	88,820	497,795
Total current assets	<u>99,369</u>	<u>309,606</u>	<u>88,820</u>	<u>497,795</u>
Non-current assets:				
Loans receivable	-	279,682	130,257	409,939
Less: Allowance for uncollectible accounts	-	(110,980)	(130,257)	(241,237)
Total non-current assets	<u>-</u>	<u>168,702</u>	<u>-</u>	<u>168,702</u>
Total assets	<u>\$ 99,369</u>	<u>478,308</u>	<u>88,820</u>	<u>666,497</u>
LIABILITIES				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for loans	-	478,308	-	478,308
Unrestricted	<u>99,369</u>	<u>-</u>	<u>88,820</u>	<u>188,189</u>
Total net position	<u>99,369</u>	<u>478,308</u>	<u>88,820</u>	<u>666,497</u>
Total liabilities and net position	<u>\$ 99,369</u>	<u>478,308</u>	<u>88,820</u>	<u>666,497</u>

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

**NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2019**

	Business-type Activities Enterprise Funds			Total
	24-601 Tri-County Revolving Loan Fund (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	
Operating revenues				
Loan interest	\$ -	9,320	324	9,644
Total operating revenues	-	9,320	324	9,644
Operating expenditures				
Other expenses-bad debt	-	48,798	117,230	166,028
Total operating expenditures	-	48,798	117,230	166,028
Operating income	-	(39,478)	(116,906)	(156,384)
Nonoperating revenues				
Bank interest	50	52	-	102
Income (loss) before contributions and transfers	50	(39,426)	(116,906)	(156,282)
Contributions and transfers				
Operating transfers in (out)	-	-	-	-
Change in net position	50	(39,426)	(116,906)	(156,282)
Net position, beginning as previously reported	99,319	517,734	205,726	822,779
Restatement	-	-	-	-
Net position, beginning as restated	99,319	517,734	205,726	822,779
Net position, ending	\$ 99,369	478,308	88,820	666,497

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

**NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
AS OF JUNE 30, 2019**

	Business-type Activities Enterprise Funds			Total
	24-601 Tri-County Revolving Loan Fund (TCR)	25-601 Economic Development Administration RLF (EDA)	28-601 Economic Development District Fund (EDDF)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Program loan repayments	\$ -	-	-	-
Loan interest received	-	9,320	324	9,644
Interest income	16	51	-	67
Other revenues	-	-	-	-
<i>Net cash provided (used) by operating activities</i>	<u>16</u>	<u>9,371</u>	<u>324</u>	<u>9,711</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Interfund balances	-	-	-	-
<i>Net cash provided by (used for) noncapital financing activities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Loan receivables	-	11,993	8	12,001
<i>Net cash provided by (used for) investing activities</i>	<u>-</u>	<u>11,993</u>	<u>8</u>	<u>12,001</u>
Net increase/(decrease) in cash and cash equivalents	16	21,364	332	21,712
Cash and cash equivalents, beginning of year	<u>99,353</u>	<u>288,242</u>	<u>88,488</u>	<u>476,083</u>
Cash and cash equivalents, end of year	<u>\$ 99,369</u>	<u>309,606</u>	<u>88,820</u>	<u>497,795</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 50	(39,426)	(116,906)	(156,282)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease in loans receivable	(34)	94,093	117,230	211,289
Increase in restated loan	-	(45,296)	-	(45,296)
<i>Net cash provided by operating activities</i>	<u>\$ 16</u>	<u>9,371</u>	<u>324</u>	<u>9,711</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 FIDUCIARY ASSETS
 AND LIABILITIES - AGENCY FUNDS
 FIDUCIARY FUNDS
 AS OF JUNE 30, 2019**

		<u>Agency Funds</u>
ASSETS		
Cash in bank	\$	2,018
Due from governmental funds		<u>6,303</u>
Total assets	\$	<u><u>8,321</u></u>
 LIABILITIES		
Assets held for others	\$	6,491
Accounts payable		<u>1,830</u>
Total liabilities	\$	<u><u>8,321</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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 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 No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB Statement Nos. 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.

The District has no tax abatement agreements that are required to be disclosed under GASB 77.

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STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Financial Reporting Entity

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

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

The officers of the District are selected from the Board of Directors. The District is a governmental subdivision of the State of New Mexico and a body with all the powers of public or quasi-municipal corporation and these financial statements include all funds and activities over which the District officers have oversight responsibility. The officers of the District have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District does not have any component units.

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.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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 Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue fund is 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. The District has elected to report all Enterprise Funds as major funds.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

GASB Statement No. 34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Position. The funds are further classified as major or nonmajor, with emphasis placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the General fund of the District or meets the following criteria:

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

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

MAJOR FUNDS

General Fund—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 Fund

Area Agency on Aging PSA Fund - Accounts for revenues and expenditures associated with a grant agreement with the New Mexico State Aging and Long-Term Services Department funded by the Older Americans Act, Title IIB, IIIC, IIID and IIIE and the General Appropriations Act (House Bill 2). Under this grant agreement, the District serves all New Mexico counties except for Bernalillo County. The counties are geographically divided into three Planning Service Areas (PSAs).

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.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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, NCNEMEDD 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. The District did not serve as a fiscal agent on behalf of NEEDO during fiscal year 2019.

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. The District served as fiscal agent through September 2018.

Veterans Program Self Directed – Accounts for activities associated with the veterans' program. The District's participation in this program ended prior to fiscal year 2019.

NONMAJOR FUNDS

Special Revenue Funds

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

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

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

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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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.

New Mexico Gas Grant – The unrestricted grant funding for the district to plan properly, and focus a strong organization from the beginning, the organization has a much better chance at scaled and sustainable impact.

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. As of February 26, 2018, the District's agreement with SAVVY was terminated.

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.

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.

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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Financial Statement Amounts

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.

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.

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, 2018.

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.

Capital Assets. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 in accordance with Section 12- 6-10 NMSA 1978 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Other costs incurred for repairs and maintenance are expensed as incurred. The District does not capitalize interest in regard to its capital assets. The District capitalizes purchased software but has not internally developed software.

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:

Asset Type	Years
Office equipment	3
Office furniture	7
Vehicles	5
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.

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.

Due to Grantees. The District manages programs for the elderly under contract with the New Mexico Aging and Long-Term Services Department 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.

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.

Compensated Absences. Employees are entitled to accumulate paid time off at a rate of three to six weeks per year depending on their tenure. For employees 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 10-14 years, the maximum annual leave accrual is 100 hours; for employees that have been with the District for 15 or more years, the maximum annual leave accrual is 120 hours. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid time off as of the date of termination.

Employees are entitled to accumulate personal leave at a rate of eight hours per month. A maximum of eight hours of unused personal leave may carry over at the end of the calendar year.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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.

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 Statement No. 68 and 75 and the related net pension and OPEB 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.

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.

GASB Statement No. 54 requires fund balance amounts to be reported within one of the fund balance categories list below:

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

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.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

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.

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.

Postemployment Benefits Other Than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

consistent with accounting principles generally accepted in the United States of America, with the exception that prior cash budgeted is treated as a revenue source in the accompanying budgetary comparison statements. The District does not utilize an encumbrance system and appropriations do not lapse at year-end. Budgets are adopted for proprietary funds.

NOTE 4. CASH AND CASH EQUIVALENTS

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, 2019.

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, 2019, the District had the following deposits and investments:

Cash and cash equivalents		
Cash	\$	2,520,832
Total	\$	2,520,832
Governmental Funds	\$	2,021,019
Proprietary Funds		497,795
Agency Funds		2,018
Total	\$	2,520,832

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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
Deposits in Bank or Savings and Loan		
General Operating Account	\$	2,122,531
NM CARES		2,018
EDA RLF Account		310,705
TCR RLF Account		99,373
Total bank balance	\$	<u><u>2,534,627</u></u>
Reconciling items		
Outstanding checks	\$	(13,873)
Deposits in transit		78
Accrued interest payable		-
Due to other funds		-
Deposits		-
Unearned revenues		-
Other liabilities		-
Total adjustments		<u>(13,795)</u>
Total book balance		<u>2,520,832</u>
Less: Fiduciary Funds Cash		<u>(2,018)</u>
Cash per Government-Wide Financial Statements	\$	<u><u>2,518,814</u></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 District formally passed Resolution 18-01 on July 20, 2018 stating that “Los Alamos National Bank or any successor financial institution so designated and engaged by the District is not required to treat any of the District’s accounts as public money in accordance with NMSA 6-10-10.” As a result, Los Alamos National Bank released the pledged collateral held in relation to funds for the District. The District did not have collateralization or a line of credit as of June 30, 2019. See finding 2019-008.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5. DUE FROM GRANTORS

Amounts are due from granting authorities as follows:

New Mexico Agency on Aging - PSA	\$	1,977,959
U.S. Department of Transportation - NERPO - Regional Planning		19,096
U.S. Department of Transportation - NPRPO - Regional Planning		19,601
Due from Grantors, June 30, 2019	\$	<u>2,016,656</u>

NOTE 6. 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	\$ -	246,381	130,265	376,646
Plus: restated loan	-	45,296	-	45,296
Less: loans repaid	-	(11,995)	(8)	(12,003)
Loans receivable - ending	\$ -	279,682	130,257	409,939
Allowance for loan losses - beginning	(34)	(16,887)	(13,027)	(29,948)
Less: provision for loan losses	34	(94,093)	(117,230)	(211,289)
Allowance for loan losses - ending	-	(110,980)	(130,257)	(241,237)
Net loans receivable	\$ -	168,702	-	168,702

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>
Governmental activities:				
Furniture and equipment	\$ 8,667	-	-	8,667
Leasehold improvements	19,980			19,980
Vehicles	193,465	-	-	193,465
Total capital assets	<u>222,112</u>	<u>-</u>	<u>-</u>	<u>222,112</u>
Less accumulated depreciation:				
Furniture and equipment	(3,373)	(2,889)	-	(6,262)
Leasehold improvements	(19,979)	(1)	-	(19,980)
Vehicles	(110,636)	(34,121)	-	(144,757)
Total accumulated depreciation	<u>(133,988)</u>	<u>(37,011)</u>	<u>-</u>	<u>(170,999)</u>
Net capital assets	\$ <u>88,124</u>	<u>(37,011)</u>	<u>-</u>	<u>51,113</u>

The District does not have any debt related to capital assets. Depreciation expense of \$37,011 was charged and is included in the Community Welfare expense function of the governmental activities in the Statement of Activities.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8. LONG TERM LIABILITIES

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

	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>Current</u>
	<u>2018</u>			<u>2019</u>	
Compensated absences payable	\$ 46,654	69,702	(64,873)	51,483	51,483

In prior years, the general fund has been used to liquidate compensated absences.

NOTE 9. LEASE COMMITMENTS

The District leases office space in Santa Fe and Tucumcari, NM, under a two-year rental agreement. Lease expenditures for the year ended June 30, 2019, amount to \$79,272 and expected future expenditures are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
<u>Ending June 30,</u>	
2020	\$ 77,232
2021	70,796
Total	\$ <u>148,028</u>

NOTE 10. DUE FROM/TO OTHER FUNDS

The interfund balances have been eliminated in the government-wide financial statements.

Governmental Funds:	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General Fund	\$ 71,924	-
Non Major Funds	-	71,924
Total Government Funds	<u>71,924</u>	<u>71,924</u>
 Total	 \$ <u>71,924</u>	 <u>71,924</u>

NOTE 11. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

Plan Description. The Public Employees Retirement Fund (PERA) 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

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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, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. See PERA's publicly available financial report and comprehensive annual financial report obtained at <http://saonm.org/> using the Audit Report Search function for agency 366, for the employer and employee contribution rates in effect for fiscal year, 2019.

For PERA Fund Division Municipal General, at June 30, 2019, the District reported a liability of \$2,299,081 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was 0.1442 %, which was a decrease of 0.0312% from its proportion measured as of June 30, 2017.

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NOTES TO THE FINANCIAL STATEMENTS
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For the year ended June 30, 2019, the District recognized pension expense of \$110,416. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Municipal General Division</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,448	60,362
Changes of assumptions	208,444	13,219
Net difference between projected and actual earnings on pension plan investments	170,512	-
Change in proportion and differences between the District contributions and proportionate share of contributions	12,398	458,275
The District contributions subsequent to the measurement date	110,416	-
Total	<u>\$ 568,218</u>	<u>531,856</u>

\$568,218 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>	<u>Amount</u>
2020	\$ 54,226
2021	(62,721)
2022	(73,158)
2023	7,599
2024	-
Thereafter	-

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Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	
Actuarial assumptions	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.5%, 2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted for Board use in the June 30, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>All Funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.5%	7.48%
Risk Reduction & Mitigation	21.5%	2.37%
Credit Oriented Fixed Income	15.0%	5.47%
Real Assets	20.0%	6.48%
Total	<u>100.0%</u>	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the

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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 District’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Municipal General Division	\$ 3,542,731	2,299,081	1,271,006

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

Payables to the pension plan. At June 30, 2019, there were \$10,199 in contributions due and payable to PERA for the District.

NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan description. Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

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Employees covered by benefit terms. At June 30, 2018, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>93,349</u>

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C- 15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were \$24,456 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported a liability of \$1,471,048 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's proportion was 0.03458 percent. For the year ended June 30, 2018, the District recognized OPEB income of \$32,636. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	87,095
Changes of assumptions	-	274,638
Change in proportion	-	34,429
Net difference between actual and projected earnings on OPEB plan investments	-	18,358
Contributions subsequent to the measurement date	<u>22,722</u>	<u>-</u>
Total	<u>\$ 22,722</u>	<u>414,520</u>

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Deferred outflows of resources totaling \$22,722 represent District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
2020	\$ (103,867)
2021	(103,867)
2022	(103,867)
2023	(81,873)
2024	(21,046)
Total	<u>(414,520)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions	
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Inflation	2.50% for ERB, 2.25% for PERA
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare and medical plans
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

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The best estimates for the long-term expected rate of return is summarized as follows:

<u>All Funds - Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	2.10%
U.S. equity - large cap	7.10%
Non U.S. - emerging markets	10.20%
Non U.S. - developed equities	7.80%
Private equity	11.80%
Credit and structured finance	5.30%
Real estate	4.90%
Absolute return	4.10%
U.S. equity - small/ mid cap	7.10%

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

<u>1% Decrease (3.08%)</u>	<u>Current Discount (4.08%)</u>	<u>1% Increase (5.08%)</u>
\$ 1,780,315	\$ 1,471,048	\$ 1,227,277

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
\$ 1,243,552	\$ 1,471,048	\$ 1,649,411

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

Payables to the OPEB plan. At June 30, 2019, there were \$1,252 in contributions due and payable to RHC for the District.

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NOTE 13. 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 14. CONTINGENCIES

Grant Programs

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.

Payroll Tax Penalties

During fiscal year 2019, the District learned of penalties and interest owed to the IRS for failure to deposit employment taxes. The District is currently in negotiation with the IRS related to the penalties to be paid in relation to this issue. Due to the negotiation process, the District is uncertain as to the amount that will be paid, and therefore no amounts have been accrued.

REDI Net Receivable

The District is in discussion with REDI Net in regard to the \$86,112 "other receivable" reflected in these financial statements. As of June 30, 2019, the final value to be received is under negotiation.

NOTE 15. JOINT POWERS AGREEMENT

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

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

The District was created for the following purposes:

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

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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.

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. The project was completed in January 2015.

NOTE 16. NET POSITION AND FUND BALANCES

Net Position. At June 30, 2019, the District reported a deficit unrestricted net position of \$3,929,137 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 and OPEB liability, as required by GASB Statement Nos. 68 and 75.

At June 30, 2019, the District reported \$63,366 restricted net position for the governmental activities on the Statement of Net Position.

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

NOTE 17. DEFICIT FUND BALANCE

The following funds had deficit fund balances at June 30, 2019:

Economic Development	
Administration Planning	\$ (17,923)
TC-RLF Administration	(8,203)
EDA-RLF Administration	<u>(3,882)</u>
Total	\$ <u><u>(30,008)</u></u>

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

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 18. RESTATEMENTS OF NET POSITION AND FUND BALANCES

After a review of the prior year's statements of financial position of the government-wide activities and the individual funds, the District has determined that errors existed in several of the statements. As a result, the following adjustments have been made to the beginning equity amounts of both the government-wide and the individual fund statements. An explanation of the restatements is as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Individual</u> <u>Funds</u>
Government-Wide Financial Statements			
Pension related deferred outflows were overstated	\$ (87,177)	-	-
Major Funds			
General Fund			
Security deposit understated	-	-	2,902
Cash understated	-	-	52,632
Accounts receivable understated	-	-	1,554
	-	-	57,088
Area Agency on Aging-PSA Special Revenue			
Security deposit overstated	-	-	(2,902)
Cash overstated	-	-	(52,632)
Accounts receivable overstated	-	-	(1,554)
	-	-	(57,088)
Non-Major Funds			
Economic Development Administration RLF (EDA)			
Loan balances were understated	-	45,296	-
Allowance for doubtful accounts were understated	-	(45,296)	-
	-	-	-
Total restatements	\$ (87,177)	-	-

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
 LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of				
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The District's proportion of the net pension liability (asset) (%)					
Municipal General	0.1442%	0.1754%	0.1988%	0.2135%	0.1925%
The District's proportionate share of the net pension liability (asset) (\$)					
Municipal General	\$ 2,299,081	2,410,000	3,176,000	2,177,000	4,132,000
The District's covered payroll					
Municipal General	\$ 1,156,192	1,388,000	1,485,000	1,703,000	3,712,000
The District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
Municipal General	198.85%	173.63%	213.87%	127.83%	111.31%
Plan fiduciary net position as a percentage of the total pension liability					
Municipal General	71.13%	73.74%	69.18%	76.99%	81.29%

*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 District 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
 SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
 LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contribution					
Municipal General	\$ 110,416	336,000	362,000	284,000	63,000
Contributions in relation to the statutorily required contribution					
Municipal General	\$ 110,416	336,000	362,000	284,000	63,000

*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 District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2019

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>

Changes of Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS***

	<u>2019</u>	<u>2018</u>
	<u>Measurement Date as of</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
The District's proportion of the net OPEB liability (asset) (%)	0.03383%	0.03458%
The District's proportionate share of the net OPEB liability (asset) (\$)	\$ 1,471,048	1,567,053
The District's covered-employee payroll	\$ 1,451,516	1,440,481
The District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS OPEB PLAN
LAST 10 FISCAL YEARS***

	2019	2018
Contractually required contribution	\$ 52,865	109,808
Contributions in relation to the statutorily required contribution	52,220	55,111
Contribution deficiency (excess)	\$ 645	54,697
District's covered-employee payroll	\$ 1,451,516	1,440,481
Contributions as a percentage of covered-employee payroll	3.60%	3.83%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Changes of Benefit Terms: There were no modifications to the benefit provisions as this is the second year of adoption of the OPEB accounting standard.

Changes of Assumptions: The New Mexico Retiree Health Care Authority Annual Actuarial Valuations as of June 2018 report is available by contacting the Authority at 4308 Carlisle Blvd. NE Suite 105, Albuquerque, NM 87107

**SUPPLEMENTARY INFORMATION,
OTHER SUPPLEMENTARY INFORMATION,
AND FEDERAL COMPLIANCE SECTION**

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2019

	Special Revenue Funds			
	02-420 Medicaid Personal Care	04-160 State Grant-in-Aid	04-230/04-232 Economic Development Admin. Planning	04-250 NPRPO Transportation Planning
ASSETS				
Cash and cash equivalents	\$ 16,604	5,829	2,226	18,986
Due from grantors	-	-	-	19,601
Due from other funds	-	-	-	-
Other receivables	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 16,604</u>	<u>5,829</u>	<u>2,226</u>	<u>38,587</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	2,655	1,827	1,231
Accrued payroll expenses	-	58	55	176
Unearned revenue	-	-	3,966	-
Due to other funds	-	-	14,301	34,456
Due to State of New Mexico	-	3,103	-	-
Total liabilities	<u>-</u>	<u>5,816</u>	<u>20,149</u>	<u>35,863</u>
FUND BALANCES				
Restricted	16,604	13	-	2,724
Unassigned	-	-	(17,923)	-
Total fund balances	<u>16,604</u>	<u>13</u>	<u>(17,923)</u>	<u>2,724</u>
Total liabilities and fund balances	<u>\$ 16,604</u>	<u>5,829</u>	<u>2,226</u>	<u>38,587</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2019

	Special Revenue Funds			
	04-255	04-275	04-290	10-601
	NERPO Planning	Questa Mine Closure	New Mexico Gas Company RISTRA Grant	TC-RLF Admin
ASSETS				
Cash and cash equivalents	\$ 19,161	198	16,325	-
Due from grantors	19,096	-	-	-
Due from other funds	-	-	-	-
Other receivables	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 38,257</u>	<u>198</u>	<u>16,325</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Cash overdraft	\$ -	-	-	3,995
Accounts payable	687	-	-	-
Accrued payroll expenses	192	5	-	3
Unearned revenue	-	-	-	-
Due to other funds	17,579	49	-	4,205
Due to State of New Mexico	-	-	-	-
Total liabilities	<u>18,458</u>	<u>54</u>	<u>-</u>	<u>8,203</u>
FUND BALANCES				
Restricted	19,799	144	16,325	-
Unassigned	-	-	-	(8,203)
Total fund balances	<u>19,799</u>	<u>144</u>	<u>16,325</u>	<u>(8,203)</u>
Total liabilities and fund balances	<u>\$ 38,257</u>	<u>198</u>	<u>16,325</u>	<u>-</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2019

	Special Revenue Funds		
	11-601	30-121	Total
	EDA-RLF Administration	SAVVY	Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ -	-	79,329
Due from grantors	-	-	38,697
Due from other funds	-	-	-
Other receivables	-	-	-
Other assets	-	-	-
Total assets	<u>\$ -</u>	<u>-</u>	<u>118,026</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Cash overdraft	\$ 2,309	-	6,304
Accounts payable	236	-	6,636
Accrued payroll expenses	3	-	492
Unearned revenue	-	-	3,966
Due to other funds	1,334	-	71,924
Due to State of New Mexico	-	-	3,103
Total liabilities	<u>3,882</u>	<u>-</u>	<u>92,425</u>
FUND BALANCES			
Restricted	-	-	55,609
Unassigned	<u>(3,882)</u>	<u>-</u>	<u>(30,008)</u>
Total fund balances	<u>(3,882)</u>	<u>-</u>	<u>25,601</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>-</u>	<u>118,026</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	02-420 Medicaid Personal Care	04-160 State Grant-in-Aid	04-230/04-232 Economic Development Admin. Planning	04-250 NPRPO Transportation Planning
REVENUES				
Federal operating grants	\$ -	-	66,654	83,214
State operating grants	-	85,819	-	-
Bank interest	-	-	-	-
Total revenues	<u>-</u>	<u>85,819</u>	<u>66,654</u>	<u>83,214</u>
EXPENDITURES				
Community welfare:				
Administration	<u>12,205</u>	<u>43,319</u>	<u>66,654</u>	<u>83,214</u>
Total expenditures	<u>12,205</u>	<u>43,319</u>	<u>66,654</u>	<u>83,214</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,205)</u>	<u>42,500</u>	<u>-</u>	<u>-</u>
<i>Other financing (uses) sources</i>				
Operating transfers in	-	-	-	21,250
Operating transfers out	-	(42,500)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(42,500)</u>	<u>-</u>	<u>21,250</u>
Net change in fund balances	<u>(12,205)</u>	<u>-</u>	<u>-</u>	<u>21,250</u>
Fund balance, beginning as previously reported	28,809	13	(17,923)	(18,526)
Restatement	-	-	-	-
Fund balance, beginning as restated	<u>28,809</u>	<u>13</u>	<u>(17,923)</u>	<u>(18,526)</u>
Fund balance, ending	<u>\$ 16,604</u>	<u>13</u>	<u>(17,923)</u>	<u>2,724</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	04-255	04-275	04-290	10-601
	NERPO Planning	Questa Mine Closure	New Mexico Gas Company RISTRA Grant	TC-RLF Admin
REVENUES				
Federal operating grants	\$ 86,881	-	-	-
State operating grants	-	-	-	-
Bank interest	-	-	-	4
Total revenues	<u>86,881</u>	<u>-</u>	<u>-</u>	<u>4</u>
EXPENDITURES				
Community welfare:				
Administration	86,881	-	1,494	3,884
Total expenditures	<u>86,881</u>	<u>-</u>	<u>1,494</u>	<u>3,884</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,494)</u>	<u>(3,880)</u>
<i>Other financing (uses) sources</i>				
Operating transfers in	21,250	-	-	-
Operating transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>21,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>21,250</u>	<u>-</u>	<u>(1,494)</u>	<u>(3,880)</u>
Fund balance, beginning as previously reported	(1,451)	144	17,819	(4,323)
Restatement	-	-	-	-
Fund balance, beginning as restated	<u>(1,451)</u>	<u>144</u>	<u>17,819</u>	<u>(4,323)</u>
Fund balance, ending	<u>\$ 19,799</u>	<u>144</u>	<u>16,325</u>	<u>(8,203)</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	11-601	30-121	Total
	EDA-RLF Administration	SAVVY	Special Revenue Funds
REVENUES			
Federal operating grants	\$ -	-	236,749
State operating grants	-	-	85,819
Bank interest	88	-	92
Total revenues	<u>88</u>	<u>-</u>	<u>322,660</u>
EXPENDITURES			
Community welfare:			
Administration	2,512	-	300,163
Total expenditures	<u>2,512</u>	<u>-</u>	<u>300,163</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,424)</u>	<u>-</u>	<u>22,497</u>
<i>Other financing (uses) sources</i>			
Operating transfers in	-	-	42,500
Operating transfers out	-	-	(42,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,424)</u>	<u>-</u>	<u>22,497</u>
Fund balance, beginning as previously reported	(1,458)	-	3,104
Restatement	-	-	-
Fund balance, beginning as restated	<u>(1,458)</u>	<u>-</u>	<u>3,104</u>
Fund balance, ending	<u>\$ (3,882)</u>	<u>-</u>	<u>25,601</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 GENERAL FUND - ALL ACCOUNTS
 AS OF JUNE 30, 2019

	General Fund - All Accounts			
	01-601 General Fund	20-601 Vehicle Reserve General Fund	21-601 Leave-General Expense Reserve General Fund	22-601 Capital Equipment Reserve General Fund
ASSETS				
Cash and cash equivalents	\$ 110,142	-	-	-
Accounts receivable	3,383	-	-	-
Other receivables	86,112	-	-	-
Due from other funds	71,924	-	-	-
Other assets	6,801	-	-	-
Total assets	<u>\$ 278,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 241	-	-	-
Accrued payroll expenses	204	-	-	-
Total liabilities	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	-	-	-
Unassigned	<u>277,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>277,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 278,362</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET
 GENERAL FUND - ALL ACCOUNTS
 AS OF JUNE 30, 2019

	General Fund - All Accounts		
	23-601 Office Building Reserve General Fund	04-308 CD General General Fund	Total General Fund
ASSETS			
Cash and cash equivalents	-	6,158	116,300
Accounts receivable	-	-	3,383
Other receivables	-	-	86,112
Due from other funds	-	-	71,924
Other assets	-	-	6,801
Total assets	-	6,158	284,520
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	-	425	666
Accrued payroll expenses	-	6	210
Total liabilities	-	431	876
FUND BALANCES			
Restricted	-	5,727	5,727
Unassigned	-	-	277,917
Total fund balances	-	5,727	283,644
Total liabilities and fund balances	-	6,158	284,520

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND - ALL ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2019

	General Fund - All Accounts			
	01-601 General Fund	20-601 Vehicle Reserve General Fund	21-601 Leave-General Expense Reserve General Fund	22-601 Capital Equipment Reserve General Fund
REVENUES				
Membership assessments	\$ 34,869	-	-	-
Bank interest	101	-	-	-
Other revenue	2,885	-	-	-
Total revenues	<u>37,855</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Community welfare:				
Administration	24,454	-	-	-
Total expenditures	<u>24,454</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,401</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing (uses) sources</i>				
Operating transfers in	176,217	-	-	-
Operating transfers out	-	(5,805)	(13,192)	(22,200)
Total other financing sources (uses)	<u>176,217</u>	<u>(5,805)</u>	<u>(13,192)</u>	<u>(22,200)</u>
Net change in fund balances	<u>189,618</u>	<u>(5,805)</u>	<u>(13,192)</u>	<u>(22,200)</u>
Fund balance, beginning as previously reported	31,211	5,805	13,192	22,200
Restatement	57,088	-	-	-
Fund balance, beginning as restated	<u>88,299</u>	<u>5,805</u>	<u>13,192</u>	<u>22,200</u>
Fund balance, ending	<u>\$ 277,917</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND - ALL ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2019

	General Fund - All Accounts		
	23-601 Office Building Reserve General Fund	04-308 CD General General Fund	Total General Fund
REVENUES			
Membership assessments	\$ -	-	34,869
Bank interest	-	-	101
Other revenue	-	25	2,910
Total revenues	<u>-</u>	<u>25</u>	<u>37,880</u>
EXPENDITURES			
Community welfare:			
Administration	-	1,093	25,547
Total expenditures	<u>-</u>	<u>1,093</u>	<u>25,547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,068)</u>	<u>12,333</u>
<i>Other financing (uses) sources</i>			
Operating transfers in	-	-	176,217
Operating transfers out	<u>(135,020)</u>	<u>-</u>	<u>(176,217)</u>
Total other financing sources (uses)	<u>(135,020)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(135,020)</u>	<u>(1,068)</u>	<u>12,333</u>
Fund balance, beginning as previously reported	135,020	6,795	214,223
Restatement	<u>-</u>	<u>-</u>	<u>57,088</u>
Fund balance, beginning as restated	<u>135,020</u>	<u>6,795</u>	<u>271,311</u>
Fund balance, ending	<u>\$ -</u>	<u>5,727</u>	<u>283,644</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET - BY PROGRAM
 STATE OF NEW MEXICO AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND
 AS OF JUNE 30, 2019

	Area Agency on Aging - PSA Special Revenue - All Accounts				
	02-100 State Funds HB2	02-110 Senior Employment Program	02-111 SEP/ Enrollee	02-112 SER State	02-113 Temp Mgt Dona Ana
ASSETS					
Cash and cash equivalents	\$ 755,533	52,696	1,093	8,898	-
Due from grantors	795,330	83,115	-	-	-
Prepaid	-	-	-	-	-
Total assets	<u>\$ 1,550,863</u>	<u>135,811</u>	<u>1,093</u>	<u>8,898</u>	<u>-</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Cash overdraft	\$ -	-	-	-	-
Accounts payable	1,548,744	135,649	725	-	-
Accrued payroll expenses	-	162	368	-	-
Due to State of New Mexico	2,119	-	-	8,898	-
Total liabilities	<u>1,550,863</u>	<u>135,811</u>	<u>1,093</u>	<u>8,898</u>	<u>-</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,550,863</u>	<u>135,811</u>	<u>1,093</u>	<u>8,898</u>	<u>-</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET - BY PROGRAM
 STATE OF NEW MEXICO AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND
 AS OF JUNE 30, 2019

Area Agency on Aging - PSA Special Revenue - All Accounts					
	02-115 VA Aging & Disabilities Resource Center	02-122 MYCD	02-201 Title III-B	02-202 Title III C1	02-203 Title III C2
ASSETS					
Cash and cash equivalents	-	1,500	158,360	235,871	145,273
Due from grantors	-	-	78,813	183,924	201,646
Prepaid	-	-	-	-	-
Total assets	<u>-</u>	<u>1,500</u>	<u>237,173</u>	<u>419,795</u>	<u>346,919</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Cash overdraft	-	-	-	-	-
Accounts payable	-	1,500	235,074	419,393	344,427
Accrued payroll expenses	-	-	-	-	-
Due to State of New Mexico	-	-	2,099	402	2,492
Total liabilities	<u>-</u>	<u>1,500</u>	<u>237,173</u>	<u>419,795</u>	<u>346,919</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>-</u>	<u>1,500</u>	<u>237,173</u>	<u>419,795</u>	<u>346,919</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET - BY PROGRAM
 STATE OF NEW MEXICO AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND
 AS OF JUNE 30, 2019

	Area Agency on Aging - PSA Special Revenue - All Accounts				
	02-204	02-205	02-210	02-501 02-513 02-514	02-503
	Title III -D	Title III -E	NSIP	PSA -Admin	Consumer Coordinator
ASSETS					
Cash and cash equivalents	\$ 6,708	71,902	417,307	-	1,570
Due from grantors	2,495	33,486	427,289	171,861	-
Prepaid	-	-	-	2,693	-
Total assets	<u>\$ 9,203</u>	<u>105,388</u>	<u>844,596</u>	<u>174,554</u>	<u>1,570</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Cash overdraft	\$ -	-	-	25,171	-
Accounts payable	8,400	98,452	844,594	98,222	-
Accrued payroll expenses	-	-	-	51,161	-
Due to State of New Mexico	803	6,936	2	-	1,570
Total liabilities	<u>9,203</u>	<u>105,388</u>	<u>844,596</u>	<u>174,554</u>	<u>1,570</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 9,203</u>	<u>105,388</u>	<u>844,596</u>	<u>174,554</u>	<u>1,570</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING BALANCE SHEET - BY PROGRAM
 STATE OF NEW MEXICO AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND
 AS OF JUNE 30, 2019

	Area Agency on Aging - PSA Special Revenue - All Accounts					Total Area Agency on Aging PSA Funds
	02-506	02-507	02-509	02-510	02-511	
	AAA Alliance	Direct Senior Services	Provide Support	Hunger Summit	Provider and Support - II	
ASSETS						
Cash and cash equivalents	-	4	55	-	95	1,856,865
Due from grantors	-	-	-	-	-	1,977,959
Prepaid	-	-	-	-	-	2,693
Total assets	<u>-</u>	<u>4</u>	<u>55</u>	<u>-</u>	<u>95</u>	<u>3,837,517</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Cash overdraft	-	-	-	-	-	25,171
Accounts payable	-	-	-	-	-	3,735,180
Accrued payroll expenses	-	-	-	-	-	51,691
Due to State of New Mexico	-	4	55	-	95	25,475
Total liabilities	<u>-</u>	<u>4</u>	<u>55</u>	<u>-</u>	<u>95</u>	<u>3,837,517</u>
FUND BALANCES						
Restricted	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>-</u>	<u>4</u>	<u>55</u>	<u>-</u>	<u>95</u>	<u>3,837,517</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY PROGRAM
 STATE OF NEW MEXICO AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Area Agency on Aging - PSA Special Revenue - All Accounts			
	02-100 State Funds HB2	02-110 Senior Employment Program	02-111 SEP/ Enrollee	02-112 SER State
REVENUES				
Federal operating grants	-	-	-	-
State operating grants	10,838,561	729,577	29,044	-
Total revenues	10,838,561	729,577	29,044	-
EXPENDITURES				
Administration	-	102,800	29,044	-
Distribution to grantees	10,838,561	626,777	-	-
Total expenditures	10,838,561	729,577	29,044	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing (uses) sources</i>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, beginning	16,137	24,616	-	-
Restatement	(16,137)	(24,616)	-	-
Fund balance, beginning as restated	-	-	-	-
Fund balance, ending	-	-	-	-

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 AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

Area Agency on Aging - PSA Special Revenue - All Accounts					
	02-113 Temp Mgt Dona Ana	02-115 VA Aging & Disabilities Resource Center	02-122 MYCD	02-201 Title III-B	02-202 Title III C1
REVENUES					
Federal operating grants	\$ -	-	-	1,409,098	2,008,165
State operating grants	-	-	-	-	-
Total revenues	-	-	-	1,409,098	2,008,165
EXPENDITURES					
Administration	-	-	-	104,064	102,421
Distribution to grantees	-	-	-	1,305,034	1,905,744
Total expenditures	-	-	-	1,409,098	2,008,165
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
<i>Other financing (uses) sources</i>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
Fund balance, beginning	-	13,259	22	(10,225)	5,262
Restatement	-	(13,259)	(22)	10,225	(5,262)
Fund balance, beginning as restated	-	-	-	-	-
Fund balance, ending	\$ -	-	-	-	-

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 AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2019

Area Agency on Aging - PSA Special Revenue - All Accounts				
	02-203	02-204	02-205	02-210
	Title III C2	Title III -D	Title III -E	NSIP
REVENUES				
Federal operating grants	\$ 1,259,117	79,851	662,500	2,359,831
State operating grants	-	-	-	-
Total revenues	<u>1,259,117</u>	<u>79,851</u>	<u>662,500</u>	<u>2,359,831</u>
EXPENDITURES				
Administration	134,786	-	122,740	-
Distribution to grantees	1,124,331	79,851	539,760	2,359,831
Total expenditures	<u>1,259,117</u>	<u>79,851</u>	<u>662,500</u>	<u>2,359,831</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing (uses) sources</i>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning	(11,177)	1,979	-	7,919
Restatement	11,177	(1,979)	-	(7,919)
Fund balance, beginning as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY PROGRAM
 STATE OF NEW MEXICO AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Area Agency on Aging - PSA Special Revenue - All Accounts			
	02-501	02-503	02-506	02-507
	02-513	Consumer	AAA	Direct Senior
	02-514 PSA -Admin	Coordinator	Alliance	Services
REVENUES				
Federal operating grants	\$ -	-	-	-
State operating grants	1,242,679	-	-	-
Total revenues	1,242,679	-	-	-
EXPENDITURES				
Administration	1,242,679	-	-	-
Distribution to grantees	-	-	-	-
Total expenditures	1,242,679	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing (uses) sources</i>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, beginning	8,764	-	532	-
Restatement	(8,764)	-	(532)	-
Fund balance, beginning as restated	-	-	-	-
Fund balance, ending	\$ -	-	-	-

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 AREA AGENCY ON AGING - PSA SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Area Agency on Aging - PSA Special Revenue - All Accounts			
	02-509	02-510	02-511	Total Area Agency on Aging PSA Funds
	Provide Support	Hunger Summit	Provider and Support - II	
REVENUES				
Federal operating grants	-	-	-	7,778,562
State operating grants	-	-	-	12,839,861
Total revenues	-	-	-	20,618,423
EXPENDITURES				
Administration	-	-	-	1,838,534
Distribution to grantees	-	-	-	18,779,889
Total expenditures	-	-	-	20,618,423
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing (uses) sources</i>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, beginning	-	-	-	57,088
Restatement	-	-	-	(57,088)
Fund balance, beginning as restated	-	-	-	-
Fund balance, ending	-	-	-	57,088

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-AGENCY FUNDS
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Beginning Balance	Additions	(Deletions)	Ending Balance
Veterans Program Self Directed (04-123)				
Assets				
Cash in bank	\$ -	-	-	-
Due from other funds	45,311	-	(45,311)	-
Total assets	<u>45,311</u>	<u>-</u>	<u>(45,311)</u>	<u>-</u>
Liabilities				
Assets held for others	-	-	-	-
Due to governmental funds	45,311	-	(45,311)	-
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
REDI Net Operational (04-239)				
Assets				
Cash in bank	\$ 144	-	(144)	-
Due from other funds	91,270	-	(91,270)	-
Total assets	<u>91,414</u>	<u>-</u>	<u>(91,414)</u>	<u>-</u>
Liabilities				
Assets held for others	-	-	-	-
Due to governmental funds	91,414	-	(91,414)	-
Total liabilities	<u>\$ 91,414</u>	<u>-</u>	<u>(91,414)</u>	<u>-</u>
South Region Executive Directors Association (04-300)				
Assets				
Cash in bank	\$ 35,668	15,653	(51,321)	-
Due from other funds	-	-	-	-
Total assets	<u>35,668</u>	<u>15,653</u>	<u>(51,321)</u>	<u>-</u>
Liabilities				
Assets held for others	35,668	15,653	(51,321)	-
Due to governmental funds	-	-	-	-
Total liabilities	<u>\$ 35,668</u>	<u>15,653</u>	<u>(51,321)</u>	<u>-</u>
NM Cares (04-350)				
Assets				
Cash in bank	\$ 7,659	28,378	(34,019)	2,018
Accounts receivable	5,496	807	-	6,303
Total assets	<u>13,155</u>	<u>29,185</u>	<u>(34,019)</u>	<u>8,321</u>
Liabilities				
Assets held for others	11,325	29,185	(34,019)	6,491
Accounts payable	1,830	-	-	1,830
Total liabilities	<u>\$ 13,155</u>	<u>29,185</u>	<u>(34,019)</u>	<u>8,321</u>
Total Agency Funds				
Assets				
Cash in bank	\$ 43,471	44,031	(85,484)	2,018
Due from other funds	142,077	807	(136,581)	6,303
Total assets	<u>185,548</u>	<u>44,838</u>	<u>(222,065)</u>	<u>8,321</u>
Liabilities				
Assets held for others	46,993	44,838	(85,340)	6,491
Accounts payable	1,830	-	-	1,830
Due to governmental funds	136,725	-	(136,725)	-
Total liabilities	<u>\$ 185,548</u>	<u>44,838</u>	<u>(222,065)</u>	<u>8,321</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF PLEDGED COLLATERAL
AS OF JUNE 30, 2019**

<u>Financial Institution</u>	<u>Account Type</u>	<u>Account Name</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Enterprise Bank & Trust	Checking	General Operating Account	\$ 2,108,660	\$ 2,122,531
		NM CARES Account	2,018	2,018
		EDA RLF Account	310,781	310,705
		TCR RLF Account	99,373	99,373
			<u>\$ 2,520,832</u>	<u>\$ 2,534,627</u>
		Less FDIC Insurance		<u>(250,000)</u>
		Uninsured public funds		<u>\$ 2,284,627</u>
		Collateral requirement @ 50%		\$ 1,142,314
		Fair Value of Collateral		\$ -
		Over (Under) Collateralized		<u>\$ (1,142,314)</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Federal CFDA Number	Program Services	To Sub- recipients	For Admin- istration	Total Federal Expenditures
U.S. Department of Commerce						
Economic Development - State and Local						
Economic Development Planning	N/A	11.302	\$ 66,654	-	-	66,654
Total U.S. Department of Commerce			<u>66,654</u>	<u>-</u>	<u>-</u>	<u>66,654</u>
U.S. Department of Transportation						
New Mexico State Highway Department						
NPRPO - Transportation - Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	M00371	20.205	83,214	-	-	83,214
NERPO - Transportation - Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	M00473WA	20.205	86,881	-	-	86,881
<i>Total Flowed through New Mexico State Highway Department</i>			<u>170,095</u>	<u>-</u>	<u>-</u>	<u>170,095</u>
Total U.S. Department of Transportation			<u>170,095</u>	<u>-</u>	<u>-</u>	<u>170,095</u>
U.S. Department of Health and Human Services						
New Mexico State Agency on Aging						
Title III, Part B - Supportive Services and Senior Centers		93.044	*	1,305,034	104,064	1,409,098
Title III, Part C-1 - Nutrition Services		93.045	*	1,905,744	102,421	2,008,165
Title III, Part C-2 - Nutrition Services		93.045	*	1,124,331	134,786	1,259,117
Nutrition Services Incentive Program		93.053	*	2,359,831	-	2,359,831
Total Aging Cluster				6,694,940	341,271	7,036,211
Title III, Part D - Disease Prevention and Health Promotion		93.043	-	79,851	-	79,851
Title III, Part E - National Family Caregiver Support		93.052	-	539,760	122,740	662,500
Total U.S. Department of Health and Human Services			<u>-</u>	<u>7,314,551</u>	<u>464,011</u>	<u>7,778,562</u>
Total federal award expenditures			<u>\$ 236,749</u>	<u>7,314,551</u>	<u>464,011</u>	<u>8,015,311</u>
Reconciliation to Financial Statements						
AAA federal revenue per fund financials						\$ 7,778,562
Other federal grant revenue per fund financials						236,749
Total federal grant revenue per statement of activities						<u>8,015,311</u>
Federal expenditures per SEFA						<u>8,015,311</u>
Difference						<u>\$ -</u>

* denotes major program

Notes to Schedule of Expenditures of Federal Awards

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, 2019. 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 - Federal Loan Programs

The federal loan programs listed below are administered directly by the District and balances and transactions relating to these programs are included in the District's financial statements. Loans made during the year and beginning of year loan balances which require continued compliance monitoring are included in the federal expenditures presented in the schedule of expenditures of federal awards. The federal expenditures and loan balances at June 30, 2019 consist of:

Program Name	Federal CFDA Number	SEFA Federal Expenditures	Outstanding Loan Balance at June 30, 2019
Economic Development - State and Local			
Economic Development Planning	11.302	66,654	279,682

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
SUBRECIPIENTS OF GRANT AWARDS
AS OF JUNE 30, 2019**

NOTE 4. SUBRECIPIENTS OF GRANT AWARDS

U.S. Department of Health and Human Services

<u>Federal CFDA Number</u>	<u>Program Name</u>	<u>Subrecipient Name</u>	<u>Amount</u>
93.044	Title III, Part B - Supportive Services and Senior Centers (1)		
		Addus - Curry County	\$ 19,062
		Addus - Dona Ana Co.	9,981
		Addus - Valencia County	1,486
		Adelante	30,654
		Alamo Senior Center	27,308
		Catron Co. Commission on Aging Inc.	23,033
		Chaves Co. JOY Center	82,194
		City of Eunice	7,091
		City of Gallup	34,524
		City of Las Vegas	29,653
		City of Lovington	12,588
		City of Santa Rosa	3,848
		City of Tucumcari	14,630
		Colfax County Senior Citizens	62,018
		Deming/Luna Commission on Aging Inc.	48,317
		Ft Sumner Community Development Corp.	1,085
		Grants Senior Citizens	64,584
		Guadalupe County	4,154
		Hidalgo Medical Services	33,094
		La Casa de Buena Salud	58,684
		Las Cruces Senior Citizens	40,352
		Lincoln County	3,254
		Los Alamos Senior Citizens	32,956
		Melrose Senior Citizens	6,667
		Mora Valley Community Health Services	8,003
		Northwest NM Seniors	43,430
		PMS/Torrance	23,947
		Presbyterian Medical Services - mc	24,731
		Rio Arriba Senior Citizens	55,309
		Sacramento Mnt Senior Services	10,818
		Sandoval County Seniors	96,996
		Santa Fe County	35,359
		Santa Fe Senior Citizens	101,885
		Sierra Joint Office on Aging	61,581
		Socorro County Seniors	32,086
		Southeast NM CAC	42,974
		Taos County	40,672
		Town of Clayton	2,307
		Town of Tatum	11,007
		Town of Vaughn	1,669
		Tularosa American Center	7,169
		Valencia County Seniors	26,080
		Village of Des Moines	2,318
		Village of Fort Sumner	5,771
		Village of Grady	19,068
		Village of Logan	637
		TOTAL CFDA 93.044	\$ <u>1,305,034</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 SUBRECIPIENTS OF GRANT AWARDS
 AS OF JUNE 30, 2019

NOTE 4. SUBRECIPIENTS OF GRANT AWARDS

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
93.045	Title III, Part C-1 - Nutrition Services		
		Adelante	\$ 58,585
		Alamo Senior Center	51,363
		Catron Co. Commission on Aging Inc.	13,561
		Chaves Co. JOY Center	136,035
		City of Eunice	18,338
		City of Gallup	96,747
		City of Hobbs	45,710
		City of Jal	11,712
		City of Las Vegas	58,403
		City of Santa Rosa	6,334
		City of Tucumcari	15,090
		Colfax County Senior Citizens	73,876
		Community Services Center	23,096
		Curry Residents Senior Meals	41,243
		Deming/Luna Commission on Aging Inc.	38,896
		Grants Senior Citizens	37,195
		Guadalupe County	16,550
		Harding County	5,202
		Hidalgo Medical Services	52,453
		Las Cruces Senior Citizens	111,010
		Lincoln County	74,905
		Loa Alamos Senior Citizens	26,094
		Melrose Senior Citizens	11,064
		Northwest NM Seniors	109,437
		PMS/Torrance	35,194
		Presbyterian Medical Services - mc	35,898
		Rio Arriba Senior Citizens	81,953
		Sacramento Mnt Senior Services	16,612
		Sandoval County Seniors	145,555
		Santa Fe County	44,413
		Santa Fe Senior Citizens	109,905
		Sierra Joint Office on Aging	45,043
		Socorro County Seniors	34,430
		Southeast NM CAC	30,655
		Taos County	56,350
		Town of Clayton	8,333
		Town of Vaughn	1,240
		Tularosa American Center	19,141
		Valencia County Seniors	79,426
		Village of Eagle Nest	3,779
		Village of Fort Sumner	10,476
		Village of Grady	7,802
		Village of Logan	6,640
		Total CFDA 93.045	\$ <u>1,905,744</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 SUBRECIPIENTS OF GRANT AWARDS
 AS OF JUNE 30, 2019

NOTE 4. SUBRECIPIENTS OF GRANT AWARDS

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
93.045	Title III, Part C-2 - Nutrition Services		
		Adelante	\$ 40,000
		Alamo Senior Center	20,688
		Catron Co. Commission on Aging Inc.	14,297
		Chaves Co. JOY Center	100,603
		City of Eunice	4,783
		City of Gallup	12,020
		City of Hobbs	9,097
		City of Jal	8,927
		City of Las Vegas	116,963
		City of Lovington	11,719
		City of Santa Rosa	1,595
		City of Tucumcari	6,817
		Colfax County Senior Citizens	101,673
		Community Services Center	12,438
		Curry Residents Senior Meals	8,344
		Deming/Luna Commission on Aging Inc.	22,567
		Grants Senior Citizens	17,895
		Guadalupe County	3,286
		Harding County	13,088
		Hidalgo Medical Services	35,049
		Las Cruces Senior Services	60,226
		Lincoln County	14,245
		Loa Alamos Senior Citizens	17,061
		Melrose Senior Citizens	12,564
		Northwest NM Seniors	24,937
		PMS/Torrance	21,108
		Presbyterian Medical Services - mc	20,843
		Rio Arriba Senior Citizens	61,890
		Sacramento Mnt Senior Services	7,849
		Sandoval County Seniors	28,252
		Santa Fe County	31,721
		Santa Fe Senior Citizens	27,771
		Sierra Joint Office on Aging	43,022
		Socorro County Seniors	32,041
		Southeast NM CAC	26,778
		Taos County	37,783
		Town of Clayton	8,020
		Town of Vaughn	1,230
		Tularosa American Center	8,029
		Valencia County Seniors	44,547
		Village of Des Moines	487
		Village of Eagle Nest	4,849
		Village of Fort Sumner	16,596
		Village of Grady	6,822
		Village of Logan	3,811
		Total CFDA 93.045	\$ <u>1,124,331</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 SUBRECIPIENTS OF GRANT AWARDS
 AS OF JUNE 30, 2019

NOTE 4. SUBRECIPIENTS OF GRANT AWARDS

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
93.045	Title III, Part D - Disease Prevention and Health Promotion		
		Alamo Senior Center	\$ 21,722
		City of Las Vegas	21,403
		Los Alamos Senior Citizens	2,156
		NM Senior Olympics	<u>34,570</u>
		Total CFDA 93.043	\$ <u>79,851</u>
93.052	Title III, Part E - National Family Caregiver Support		
		Addus Health Care	\$ 56,042
		Addus - Dona Ana Co.	36,019
		Addus - Curry County	58,038
		Catron Co. Commission on Aging Inc.	8,191
		Community Services Center	52,652
		Deming/Luna Commission on Aging Inc.	56,467
		Las Cruces Senior Services	56,994
		Las Cumbres	34,356
		Northwest NM Seniors	1,902
		Sandoval County Seniors	9,876
		Santa Fe Senior Citizens	58,461
		Share Your Care McKinley Co.	34,499
		Share Your Care	75,998
		Sierra Joint Office on Aging	<u>265</u>
		Total CFDA 93.052	\$ <u>539,760</u>

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 SUBRECIPIENTS OF GRANT AWARDS
 AS OF JUNE 30, 2019

NOTE 4. SUBRECIPIENTS OF GRANT AWARDS

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
93.053	Nutrition Services Incentive Program		
		Adelante	\$ 71,147
		Alamo Senior Center	55,683
		Catron Co. Commission on Aging Inc.	27,658
		Chaves Co. JOY Center	119,325
		City of Eunice	10,145
		City of Gallup	57,366
		City of Jal	13,067
		City of Las Vegas	75,167
		City of Lovington	18,424
		City of Santa Rosa	8,749
		City of Tucumcari	28,474
		Colfax County Senior Citizens	86,878
		Community Services Center	34,085
		Curry Residents Senior Meals	75,775
		Deming/Luna Commission on Aging Inc.	67,099
		Grants Senior Citizens	28,049
		Guadalupe County	20,695
		Harding County	6,074
		Hidalgo Medical Services	69,546
		Las Cruces Senior Services	252,026
		Lincoln County	44,815
		Los Alamos Senior Citizens	25,771
		Melrose Senior Citizens	8,076
		Northwest NM Seniors	137,074
		PMS/Torrance	28,105
		Presbyterian Medical Services - mc	16,133
		Rio Arriba Senior Citizens	109,931
		Sacramento Mnt Senior Services	19,013
		Sandoval County Seniors	155,211
		Santa Fe County	86,790
		Santa Fe Senior Citizens	164,590
		Sierra Joint Office on Aging	53,980
		Socorro County Seniors	37,810
		Southeast NM CAC	104,514
		Taos County	55,749
		Town of Clayton	11,101
		Town of Vaughn	4,109
		Tularosa American Center	14,123
		Valencia County Seniors	111,444
		Village of Eagle Nest	9,773
		Village of Fort Sumner	14,136
		Village of Grady	7,513
		Village of Logan	14,638
		Total CFDA 93.053	\$ <u>2,359,831</u>
		Total U.S. Department of Health and Human Services	<u>7,314,551</u>

**INDEPENDENT AUDITOR'S REPORT INDEPENDENT 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**

Mr. Brian S. Colón, State Auditor and
The Board of Directors
North Central New Mexico Economic Development District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund of North Central New Mexico Economic Development District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

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

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses; 2019-002 [2018-001], 2019-007.

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 accompany schedule of findings and questioned costs to be a significant deficiencies; 2019-003 [2018-002], 2019-005, 2019-006, 2019-009 2019-010.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items; 2019-001[2017-002], 2019-004, 2019-007, 2019-008, and 2019-011.

The District's Response to the Findings

The District's response 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.



Hinkle + Landers, P.C.
Albuquerque, NM
December 23, 2019

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

Mr. Brian S. Colón, State Auditor and
The Board of Directors
North Central New Mexico Economic Development District

Report on Compliance for Each Major Federal Program

We have audited North Central New Mexico Economic Development District's (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, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance 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 follows: 2019-011.

The District's response to the noncompliance finding 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-007 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-011 to be a significant deficiency.

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.

December 23, 2019

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

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
December 23, 2019

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued **Unmodified**

Internal control over financial reporting:

a. Material weakness(es) identified? Yes No

b. Significant deficiency(ies) identified
that are not considered to be a material weakness(es)? Yes No

c. Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

a. Material weakness(es) identified? Yes No

b. Significant deficiency(ies) identified
that are not considered to be a material weakness(es)? Yes No

Type of auditor’s report issued on compliance for major programs **Unmodified**

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

Identification of major programs:

CFDA Number	Name of Federal Programs	Funding Source
93.044, 93.045, 93.053	Aging Cluster	U.S. Department of Health and Human Services

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

Auditee qualified as low-risk auditee? Yes No

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

<u>Reference #</u>	<u>Finding</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding</u>
Prior Year Findings			
2017-001	Controls over Credit Cards	RESOLVED	G
2019-001 [2017-002]	PERA and RHC remitted late	MODIFIED	G
2019-002 [2018-001]	Financial Reporting and Internal Controls	MODIFIED	A
2019-003 [2018-002]	Restatement	REPEATED	B
Current Year Findings			
2019-004	Late Submission of Audit Report	CURRENT	G
2019-005	Payroll PERA and RHC Withholding	CURRENT	B
2019-006	Inconsistencies in Bank Reconciliation	CURRENT	B
2019-007	Recording of State and Federal Grants and Preparation of the Schedule of Expenditures of Federal Awards	CURRENT	A, D
2019-008	Undercollateralized Bank Account	CURRENT	G
2019-009	Journal Entries	CURRENT	B
2019-010	Tracking of Loan Receivables	CURRENT	B
2019-011	Subrecipient Monitoring and Subrecipient Award Agreements	CURRENT	E, F

* Legend for Type of Findings

- A.** Material Weakness in Internal Control Over Financial Reporting
- B.** Significant Deficiency in Internal Control Over Financial Reporting
- C.** Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- D.** Material Weakness in Internal Control Over Compliance of Federal Awards
- E.** Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F.** Instance of Noncompliance related to Federal Awards
- G.** Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance
- H.** Instance of Material Non-compliance

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

PRIOR YEAR AUDIT FINDINGS

2019-001 [2017-002] – PERA/RHCA REMITTANCE

Type of Finding: G

Statement of Condition

During FY19 testwork over NMRHCA payment, in 6 out of 15 instances it was noted that RHC contributions were remitted after the 10th of the month. PERA contributions in FY19 appeared to have been paid remitted in a timely manner.

Management Progress

During FY18, testwork over NMRHCA payments, in 2 out of 12 instances it was noted that RHC contributions were remitted after the 10th of the month. During testwork over PERA contributions, it was noted that 1 out of 26 instances PERA contributions were remitted later than 5 business days after the pay date or 15 days after the end of the month in which transmittal report is due.

Criteria

Monthly contributions to RHC are required to be remitted no later than the 10th 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 15th day of the subsequent month.

Effect

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

Cause

The District experienced staff turnover which contributed to the late remittance of RHC contributions.

Recommendation

The District should implement internal controls to ensure that monthly RHCA contributions are remitted by the due dates.

View or Responsible Officials and Corrective Action Plan

This is a modified finding from FY 2018. The management response from the FY 2018 audit stated that NCNMEDD would implement a Microsoft Outlook Calendar to better track remittance deadlines. The Outlook Calendar was implemented and has been in use by the Finance Department since December 2018. However, even with the calendar, some late RHCA remittances occurred due to staff turnover in the Finance Department. To address the modified finding, NCNMEDD's Finance Department will continue to utilize the Outlook Calendar. In addition, beginning in January 2020, the Executive Director will personally review monthly PERA and RHCA remittances to ensure deadlines are met.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director and Finance Director

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

2019-002 [2018-001] – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS

Type of Finding: A

Statement of Condition

While conducting the audit, 57 adjustments were identified by the auditor that were required to be made in order to present the financial statements materially correct. Based on the adjustments made, it was determined that the District should improve the effectiveness of its financial close, monitoring, and reporting process. The financial close should include, but not be limited to:

- Establishing and implementing procedures to initiate, authorize, record, process, and correct the general ledger, and report transactions and
- Monitoring if assigned personnel are completing their task timely and accurately.

The following outlines the categories and balances of significant adjustments that were proposed:

FINANCIAL STATEMENT CATEGORY	NET ADJUSTMENT PROPOSED (ABSOLUTE VALUE)
Restate Deferred Outflow Related to NPL	\$87,177
Reverse Accrued FY20 Membership Dues Receivable/Revenue	\$51,465
AAA Program Receivables/Revenue	\$62,172
Adjust due to/from	\$268,000
Adjust NERPO Revenue/Receivable	\$38,372
Reclass State Revenue to Federal Revenue	\$748,980
Record unrecorded Subrecipient Payments and Federal Revenue	\$1,719,634
Adjust Prepays	\$6,306
Reduce Accounts Payable	\$73,015

Management Progress

During FY18, the prior auditor noted the following:

- 14 out of 28 payroll disbursements selected, Leave Request Forms for employees who took PTA during the pay period were approved after the leave was taken
- 6 out of 25 disbursements tested, the authorized signors failed to approve the check register report through email correspondence for a total of \$954.34
- 1 out of 15 receivables, the draw down was improperly included. After review of the Award Request form, we noted that the draw down was requested on 8/14/18 for period 4/10/18-6/30/18. The receivable is improperly excluded due to the District not recognizing the draw down for the correct period.
- 3 out of 9 loan receivables, the loan acknowledgement showed a balance of zero but per the GL, these was still a balance. We also noted that in 2 out of 9 loans receivables, the District has not been receiving any payments.

There was little or no progress noted.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Criteria

Some of the key underlying concepts of AU-C 265 Communicating Internal Control Related Matters Identified in an audit:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the review of the financial statements.

Financial Close and the recording of these adjustments are considered significant processes of internal control and should be performed by the District's staff or addressed as nonaudit procedures to be performed by the auditor, but all threats to independence must be properly mitigated according to independence requirements.

Effect

Because these adjustments were made/identified by the auditor, and not by the District, it shows an internal control weakness in maintaining the general ledger. The effects are the following:

- Risk of misstatements in the financial statements is significantly high
- Untimely financial reporting
- Increased risk of loss of funding sources

Cause

The District did not design and implement effective procedures and workpapers to ensure that a timely and accurate financial close occurred at year end.

Recommendation

We recommend management evaluate all aspects of the financial close and reporting process and establish effective internal controls, procedures, and workpapers to ensure timely and accurate financial statements.

Asking for nonaudit services and technical advice from the auditor or from someone else when these procedures and adjustments are needed is not considered a control deficiency as long as the staff of the District initiates/oversees them and can mitigate the risk of a threat of lack of independence by the auditor. This would entail a person with the proper skills, knowledge and experience initiate the financial close or oversee the auditor's nonattest services in accordance with independence requirements set forth by professional standards.

In addition, we recommend that the District review all trial balances prior to providing them to the auditor, during the audit process and when adjustments are proposed, and at the end of the audit to ensure correctness. Additionally, we recommend that the District ensure that all proposed adjustments by the auditor are reviewed by key officials and that they are approved, prior to the audit completion.

View of Responsible Officials and Corrective Action Plan

Management was aware of deficiencies in financial close, reconciliations and trial balance during FY 2019. These issues appear to have originated with some entries and adjustments found to be missing in the accounting system. To address these deficiencies in advance of the FY 2019 audit, NCNMEDD entered into a contract with a third-party accounting firm for audit preparation services, including providing a

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

reliable trial balance and adjusting entries. Unfortunately, much of the work provided by the third-party accounting firm was unusable.

NCNMEDD was also aware of the deficiencies listed under Management Progress. It should be noted that most of the deficiencies occurred at the beginning of the fiscal year, under the former Executive Director. Beginning in October 2018, an Interim Executive Director was appointed and procedures were implemented for advance approval of purchases, employee travel and employee leave. The Interim Executive Director also commissioned a reconciliation of NCNMEDD's Revolving Loan Fund (RLF) which has served as the basis for ongoing corrective actions involving NCNMEDD loans (see Corrective Action Plan for Loan Receivables finding).

NCNMEDD agrees with the auditor's recommendations and is already taking corrective action in this area. In late November 2019, NCNMEDD entered into a professional services contract for Financial Oversight with a retired Certified Public Accountant. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. By having these services completed monthly, NCNMEDD is working to ensure timely maintenance of the general ledger so that financial statements and financial reporting are accurate throughout the year. NCNMEDD has provided the consultant with a copy of the FY 2019 audit findings and will ask that the retired CPA evaluate all aspects of the financial close and reporting process and recommend improvements. When this evaluation is complete, the Executive Director will ensure that Finance Department staff is completing their work accurately and timely.

Corrective Action Plan Timeline:

December 1, 2019 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director and Finance Director

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STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

2019-003 [2018-002] – RESTATEMENT

Type of Finding: B

Statement of Condition

During FY19, the following restatements were necessary in order to present the financial statements as materially correct:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Individual</u> <u>Funds</u>
Government-Wide Financial Statements			
Pension related deferred outflows were overstated	\$ (87,177)	-	-
Major Funds			
General Fund			
Security deposit understated	-	-	2,902
Cash understated	-	-	52,632
Accounts receivable understated	-	-	1,554
	-	-	57,088
Area Agency on Aging-PSA Special Revenue			
Security deposit overstated	-	-	(2,902)
Cash overstated	-	-	(52,632)
Accounts receivable overstated	-	-	(1,554)
	-	-	(57,088)
Non-Major Funds			
Economic Development Administration RLF (EDA)			
Loan balances were understated	-	45,296	-
Allowance for doubtful accounts were understated	-	(45,296)	-
	-	-	-
Total restatements	\$ (87,177)	-	-

Management Progress

During FY18, the prior year loans receivables and due to/from were understated and overstated. There was little or no progress noted.

Criteria

Good accounting practices call for accurate and timely records and NMSA 1978 6-5-2 specifies that agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Effect

The amounts reported to OSA could be inaccurate and actual available funds may be improperly recorded, which could lead to funds being overspent and balances misstated in the financial statements.

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Cause

Internal control procedures of the District were not properly followed.

Recommendation

We recommend that the District reconcile all loan receivable balances and fund balances (including beginning balances) to ensure that amounts are collectible and determine whether an allowance policy should be adopted. In addition, we recommend that the District implement additional controls to verify that the due to and due from other funds are paid within one year.

View or Responsible Officials and Corrective Action Plan

Management agrees with the auditor's recommendation to reconcile all loan receivables and fund balances. NCNMEDD will consider the need for an allowance policy and will implement controls to ensure that due to and due froms are paid within the current fiscal year.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Finance Director and Executive Director

CURRENT YEAR AUDIT FINDINGS

2019-004 – LATE SUBMISSION OF AUDIT REPORT

Type of Finding: G

Statement of Condition

The audit report for the District's fiscal year ended June 30, 2018 was not submitted by the December 1, 2019 due date. The audit report was submitted December 23, 2019.

Criteria

OSA Rule 2.2.2.9.A establishes a due date of December 1, 2019 for submission of this audit report to the Office of the State Auditor.

Effect

The report was not submitted as required. Without the audit report being delivered on time, fund and regulatory agencies as well as legislative committees do not have the financial data available to make funding decisions.

Cause

The reason for the late report was related to the District having significant changes in staff during the fiscal year and the audit. The loss of staff resulted in a delay in the completion of the audit.

Recommendation

We recommend management continue to develop systems and personnel in order to keep records current and available for timely auditing.

View or Responsible Officials and Corrective Action Plan

NCNMEDD's FY 2019 audit was late due to delays in establishing a trial balance and reconciling the general ledger. As noted in the Corrective Action Plan on Financial Close and Material Adjustments, Management anticipated issues in this area and hired a third-party accounting firm to assist with audit

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North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

preparation. When the audit preparation services did not yield the intended results, NCNMEDD staff and the auditor had to reconstruct significant portions of the general ledger, which took more time than anticipated.

For corrective action, NCNMEDD has entered into a professional services contract for Financial Oversight with a retired Certified Public Accountant in late November 2019. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. By having these services completed monthly, NCNMEDD is working to ensure timely maintenance of the general ledger so the audit is not delayed in the future.

Corrective Action Plan Timeline:

December 1, 2019 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director and Finance Director

2019-005—PAYROLL-PERA AND RHC WITHHOLDING

Type of Finding: B

Statement of Condition

During our payroll test work, 25 out of 25 employees had the RHC and PERA withheld improperly.

Criteria

The District is required to withhold 9.8% for PERA and 1% for RHC for enrolled employees as part of their participation in these retirement programs. This calculation includes compensated absences and wages.

Effect

The District did not withhold the appropriate amount from employees and may have paid more or less than the District's share of PERA and RHC.

Cause

The District did not update their policies and withholding rates for PERA and RHC with the increase in rates over the past several years.

Recommendation

We recommend the policies related to PERA and RHC withholding be updated, the withholdings in the software be updated, and the District provide documentation to PERA for the 75% employee pickup.

View of Responsible Officials and Corrective Action Plan

For reasons unclear to present Management, the former Executive Director removed withholding percentages from the NCNMEDD Policy and Procedure Manual and apparently did not update PERA and RHC withholding to reflect rate increases. In an effort to improve accountability, NCNMEDD transitioned to an automated payroll system in October 2018 and withholding percentages in effect at that time were entered into the new system. If the former Executive Director had not updated PERA and RHC withholding to reflect increases in past years, the withholding percentages entered into the new system were likely inaccurate.

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North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

NCNMEDD is currently conducting a review of PERA and RHC withholding, along with health benefit withholding, to ensure that the withholding amounts in the payroll system are accurate. The Executive Director and Finance Department staff are performing this work, with oversight from the retired CPA consultant. When inaccuracies are determined, withholding information will be corrected in the payroll system and adjustments will be made in the accounting system.

Corrective Action Plan Timeline:

December 15, 2019 through January 31, 2019

Designated Employee Responsible for Corrective Action:

Executive Director and Finance Director

2019-006—INCONSISTENCIES IN BANK RECONCILIATION

Type of Finding: B

Statement of Condition

During our review of bank reconciliations, it was discovered there were several adjustments to cash and suspense accounts throughout the year that could not be substantiated. These adjustments approximately totaled \$2,277,131. Upon further review, we identified these adjustments were used to reconcile cash to the bank statements, but it resulted in an understatement of revenue and expenses in the general ledger.

It was also noted that several fiduciary funds were closed throughout the year. Bank reconciliations were not performed for these accounts and the activity in the general ledger does not reflect actual activities of the closed funds.

Criteria

NMSA Section 6-5-2C (Internal Accounting Controls) provides that agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

All bank accounts should be reconciled on a monthly basis and all balances included in the general ledger. It is important that all accounts are reconciled and that differences between the bank statements, treasurer reports, and the general ledger are investigated.

Effect

Without accurately recorded revenue and expenses in the general ledger, the District risks presenting materially inaccurate financial statements.

Cause

The District experienced significant turnover in key positions, including those responsible for bank reconciliation preparation and review functions. The personnel responsible for the bank reconciliation did not properly reconcile the general ledger cash to the bank statements.

Recommendation

If bank statements and reconciliation reports are not properly prepared and reviewed, there is the opportunity for material errors or fraud to occur that may not be detected in a timely manner. Reconciliations should include the review of all transactions recorded in the report, especially journal entries. We recommend the District reconcile all bank accounts per their policy. Proof of reconciliation review and approval should be attached to the reconciliation.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

In addition, when fiduciary fund bank accounts are closed, we recommend retaining documentation of the closures or transfers and reflecting those transactions in the general ledger.

View of Responsible Officials and Corrective Action Plan

As a result of turnover in key personnel, bank reconciliations were not completed beginning in January 2019. A new Finance Director and Executive Director were hired in May 2019. The new Finance Director attempted to reconcile the bank account by making adjusting journal entries to cash and expense accounts, which resulted in further complications. For corrective action, NCNMEDD has entered into a professional services contract for Financial Oversight with a retired Certified Public Accountant in late November 2019. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. While these corrective actions will begin in January 2020, we will reconcile back to July 2019 to ensure complete reconciliations for FY 2020.

NCNMEDD's FY 2018 audit shows several fiduciary accounts, some of which are no longer active. While NCNMEDD provided supporting documentation of bank account closures or transfers, some accounts were not closed out in the accounting system. NCNMEDD will reflect these accounts as closed in the general ledger and ensure proper documentation for each close.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Finance Director and Executive Director

2019-007 — RECORDING OF STATE AND FEDERAL GRANTS AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Type of Finding: A, D

Federal program information:

Federal Agency: All presented in the Schedule of Expenditures of Federal Awards.

Federal Program Name: All presented in the Schedule of Expenditures of Federal Awards.

Federal Award Number: All presented in Schedule of Expenditures of Federal Awards.

Questioned Costs: None

Statement of Condition

1. The reconciliation process related to state and federal grants and receivables was not well established and documented during the year of audit. Issues arose related to:
 - The identification of receivables at year end
 - Roles and responsibilities related to the general ledger and grant management
 - Revenue recognition
 - Additionally, it does not appear there is a process to periodically reconcile balances to supporting detail and the general ledger throughout the year

2. The Schedule of Expenditures of Federal Awards (SEFA), derived from the client's grant schedule, required several proposed auditor adjustments and corrections including:
 - Accuracy and identification of federal versus state grants
 - Accuracy and identification of CFDA numbers

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North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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- Adjusting federal revenues to match federal expenditures in the amount of \$918,720.

Criteria

1. Identifying the proper revenue recognition as required by GASB 33 is critical for recording accurate financial statements. Specifically grants that are funded on a reimbursable basis must have revenues matching expenditures; otherwise, the recording of the revenue and expenditure activity is not accurate.
2. 2 CFR 200.510 indicates that the auditee must prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with 200.502 *Basis for Determining Federal Awards Expended*. Per 2 CFR 200.502 the determination of when a Federal award is expended should be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards. In addition, 2 CFR Part 200.303 requires the program establish and maintain effective internal controls over Federal awards that provides reasonable assurance of compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

Effect

Without an established process governed by effective internal controls, the District may not prevent or detect material misstatements for grant receivables, or on its SEFA, in a timely manner. In addition, the errors could result in improper selections of major program(s) for the single audit and a substandard single audit.

The lack of reconciliation and review has caused deficiencies in internal controls at the District. There is an increased risk of errors, inaccurate or incomplete financial reporting, and unmet deadlines.

Cause

Turnover of the finance director position.

Recommendation

We recommend the responsible grant personnel be aware of the revenue recognition rules per GASB 33 and the grant awards. We also recommend additional training as well as other staff be available to provide backup. A review by management to ensure accuracy of the receivables and the SEFA should also occur. The SEFA should include the name of the grant, name of grantor, the CFDA #, the pass-through number if applicable and a reconciliation of the federal revenues and expenditures to the District's general ledger.

View of Responsible Officials and Corrective Action Plan

As stated in the finding on Financial Close and Material Adjustments, Management was aware of potential deficiencies with the Schedule of Expenditures of Federal Awards (SEFA) because some entries and adjustments were found to be missing in the accounting system. To address these deficiencies ahead of the FY 2019 audit, NCNMEDD entered into a contract with a third-party accounting firm for audit preparation services, including preparation of the SEFA. Unfortunately, the SEFA provided by the firm was not usable and had to be reconstructed. An additional complication was that for June 2019 expenditures for our largest grant, the State of New Mexico requested that NCNMEDD make adjustments

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North Central New Mexico Economic Development District
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between state and federal funding. Those adjustments were not properly recorded in the accounting system but could be reconstructed from program records.

NCNMEDD's corrective action plan is to ensure a monthly reconciliation of all grant expenditures and revenues. This will take place along with the other monthly reconciliations overseen by the retired CPA consultant. We will begin this corrective action plan in January 2020; however, we will reconcile back to July 2019 to ensure complete reconciliations for FY 2020.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designation of Employee Position Responsible for Meeting Deadline:

Finance Director and Executive Director

2019-008—UNDERCOLLATERALIZED BANK ACCOUNT

Type of Finding: G

Statement of Condition

For the year ended June 30, 2019, the District did not have any pledged collateral for the bank deposit amounts in excess of FDIC coverage.

Criteria

Section 6-10-17 NMSA 1978 requires any public money on deposit with a depository bank to have an aggregate value of securities (specified in Section 6-10-16 NMSA 1978) or a depository bond (in accordance with Subsection B of Section 6-10-16 NMSA 1978) in the amount of one-half the amount of public money to be received.

Effect

The District is not in compliance with Section 6-10-17 NMSA 1978.

Cause

The District did not confirm its account balances and ensure that its depository institutions were in compliance with Section 6-10-17 NMSA 1978.

Recommendation

The District should monitor and maintain collateral required in accordance with state regulations.

View of Responsible Officials and Corrective Action Plan

For reasons unclear to present Management, the former Executive Director did not believe that bank collateralization requirements applied to NCNMEDD and signed releases of pledged collateral in early FY 2019. NCNMEDD has already corrected for this finding by signing a collateralization agreement with Enterprise Bank and Trust for FY 2020.

Corrective Action Plan Timeline:

Complete

Designation of Employee Position Responsible for Meeting Deadline:

Finance Director and Executive Director

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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2019-009-JOURNAL ENTRIES

Type of Finding: B

Statement of Condition

For 10 of the 10 journal entries tested there was no evidence that the journal entry was approved by someone other than the preparer, and there wasn't underlying support for the large entries in and out of cash.

Criteria

Good internal controls require that journal entries include documentation of who prepared the adjustment, the purpose of the adjustment and that it be reviewed and signed off by a responsible official not involved in the journal entry preparation or posting, as they can significantly affect the financial statements. As well as underlying support for the entry.

Effect

Unnecessary or incorrect journal entries could be entered into the system and go undetected.

Cause

Turnover of the finance director positions and journal entry forms have not been designed to include a preparer line nor a reviewer line.

Recommendation

We recommend that the supporting documentation for journal entries be designed to include a "reviewed by" line. It is important that the reviewer of the journal entry be a member of upper management. In addition, it is important that the reviewer review the relationship between the accounts that are being adjusted and verify that the accounts are expected to go together. Example, revenue and receivables go together but revenue and equipment rarely go together.

View of Responsible Officials and Corrective Action Plan

As a result of turnover in key personnel, bank reconciliations were not completed beginning in January 2019. A new Finance Director and Executive Director were hired in May 2019. The new Finance Director attempted to reconcile the bank account by making adjusting journal entries to cash and expense accounts. These journal entries did not include documentation or approval signatures from management. To address this deficiency, NCNMEDD has entered into a professional services contract for Financial Oversight with a retired Certified Public Accountant in late November 2019. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. Please note that NCNMEDD does have written policies in place for journal entries and will review those policies and make needed revisions in January 2020, including requiring journal entry approval from management. We will begin this corrective action plan in January 2020; however, we will review journal entries back to July 2019 to ensure they were documented, approved and recorded correctly.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designation of Employee Position Responsible for Meeting Deadline:

Finance Director and Executive Director

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

2019-010—TRACKING OF LOAN RECEIVABLES

Type of Finding: B

Statement of Condition

During our testing of loan receivables, we noted the following:

- The loan tracking software access was not properly transitioned from outgoing personnel to incoming personnel.
- One loan receivable tracked in the software was not recorded in the general ledger. The amount of the receivable was \$45,296.
- Approximately \$211,324 of loan receivables were required to be allowed to reflect their proper valuation in the District's financial statements.

Criteria

Controls over loan receivables should be established between the loan software and the general ledger to avoid discrepancies and to ensure receivable balance are accurate and up to date.

Effect

There is an increased risk of errors and inaccurate or incomplete financial reporting.

Cause

Turnover of the finance director position.

Recommendation

We recommend the District implement a reconciliation process between the loans in the general ledger and the loan tracking software.

View of Responsible Officials and Corrective Action Plan

Management has been working to improve tracking of loan receivables since Q3 of FY 2019. Corrective action began with a loan reconciliation conducted by a third-party firm and adopted by the NCNEMEDD Executive Committee in March 2019. The process is ongoing with collections activity on delinquent loans in December 2019. NCNEMEDD will be updating all active loans in its GMS database and its general ledger, pending several clarifications we are making with the U.S. Economic Development Administration in January 2020. EDA is the source of the majority of the loan funds. NCNEMEDD accepts the auditor's recommendation to implement a loan reconciliation process during Q3 of FY 2020.

Corrective Action Plan Timeline:

January 1, 2020 through March 31, 2020.

Designation of Employee Position Responsible for Meeting Deadline:

Executive Director, Finance Director, Community Development Director

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

2019-011-SUBRECIPIENT MONITORING AND SUBRECIPIENTS AWARDS AGREEMENTS

Type of Finding: E, F

Federal program information:

Federal Agency: All presented in the Schedule of Expenditures of Federal Awards.

Federal Program Name: All presented in the Schedule of Expenditures of Federal Awards.

Federal Award Number: All presented in Schedule of Expenditures of Federal Awards.

Questioned Costs: None

Statement of Condition

We tested the monitoring of subrecipients per the federal compliance supplement for the Aging program.

Per our testing, we noted the District did not check the annual financial statement audits of its subrecipients for the supplementary schedule of revenues and expenses-aging program as required by the Non-Metro DPS Manual Section 1-6 and Internal Monitoring policies.

While the District obtains the audit reports from the subrecipients and keeps track of them, the audits are not checked for the items mentioned above. Also, it was noted that the agreements with subrecipients do not have clear language to specify that they are subrecipient grant awards and not contractual agreements.

Criteria

Per Non-Metro DPS Manual and Contracts for subrecipients, certain Agencies that spend federal and state amounts over certain thresholds need to include in their audit report a supplementary schedule of administrative and program expenses for each separate title or program (Title IIIB, Title IIIC -I, Title IIIC-II, Title IIID, Title IIIE, etc.) which facilitates reconciliations of these audited costs to the final report. Also, the agencies are required to include the final unit of services provided and final number of persons served by the subrecipients agreements.

The subrecipients awards must be clear regarding the purpose of the award, the CFDA number of the award, type of award (subrecipient versus contractor), etc.

Effect

The subrecipients may not be in compliance with their agreement with the District. Also, the subrecipient award language is unclear and the subrecipients may misclassify their grant award as contract revenue, which would violate federal requirements.

Cause

The District experienced staff turnover in the positions responsible for subrecipient monitoring tasks. The District's audit tracker should be updated with all criteria contained in the District policies and federal compliance requirements.

Recommendation

We recommend the District update its audit tracker to contain all items needed to be monitored by the District. We also recommend the subrecipient agreements be revised to make them clearer and emphasize they are federal sub-awards and prominently disclose the CFDA number on the agreement.

View of Responsible Officials and Corrective Action Plan

Management agrees with the auditor's recommendation to update the agency's audit tracker, begin monitoring the audit reports for the supplementary schedule of administrative and program expenses

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North Central New Mexico Economic Development District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

required by the DPS, and to revise the subrecipient agreements to clarify that the agreements are subrecipient grant awards and not contracts.

Corrective Action Plan Timeline:

NCNMEDD/Non-Metro AAA is currently updating the audit tracker and will monitor for supplementary schedules by March 31, 2020. Subrecipient agreements for FY 2020 have already been issued; therefore, the revisions to the agreements cannot be made until FY 2021. Revised agreements for FY 2021 will be issued no later than June 30, 2020.

Designation of Employee Position Responsible for Meeting Deadline:

Community Services Director

STATE OF NEW MEXICO
North Central New Mexico Economic Development District
OTHER DISCLOSURES
YEAR ENDED JUNE 30, 2019

A. PREPARATION OF FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the District and are based on information from the District's financial records. Assistance was provided by Hinkle + Landers, PC to the District in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report for North Central New Mexico Economic Development District were discussed on December 23, 2019. The following individuals were in attendance.

North Central New Mexico Economic Development District Officials

<u>Name</u>	<u>Title</u>
Jim Trujillo	Board President
Thomas Garcia	Board Vice President
Ernesto Salazar	Board Treasurer
Pete Sheehey	Board Member
Landon Newton	Board Member
Monica Abeita	Executive Director
Rosa Lira	Finance Department
<u>Auditors</u>	
Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Rosetta Lee, CPA	Audit Staff

North Central New Mexico Economic Development District

Board Officers

Jim Trujillo
President

Thomas A. García
Vice-President

Ernesto J. Salazar
Treasurer

James R. Magdalena
Secretary

3900 Paseo Del Sol
Santa Fe, New Mexico 87507
(505) 395-2668 (866) 699-4627 (Toll Free)
www.ncnmedd.com

Administration

Monica Abeita
Executive Director



December 23, 2019

Farley Vener
President and Managing Shareholder
Hinkle + Landers, PC
2500 9th St. NW
Albuquerque, NM 87102

Note: This letter should be shared with those charged with governance as required by AU-C 260.14.

Dear Mr. Vener:

I am writing to provide you with required information regarding the findings included in our 2019 annual audit. We resolved one prior year finding, repeated three prior year findings, and received eight new findings during this process. We anticipate full resolution to each of these findings by the end of fiscal year 2020. Below is a recap of each finding condition and our response.

PRIOR YEAR AUDIT FINDINGS

2019-001 [2017-002] – PERA/RHCA REMITTANCE

View or Responsible Officials and Corrective Action Plan

This is a modified finding from FY 2018. The management response from the FY 2018 audit stated that NCNEMEDD would implement a Microsoft Outlook Calendar to better track remittance deadlines. The Outlook Calendar was implemented and has been in use by the Finance Department since December 2018. However, even with the calendar, some late RHCA remittances occurred due to staff turnover in the Finance Department. To address the modified finding, NCNEMEDD's Finance Department will continue to utilize the Outlook Calendar. In addition, beginning in January 2020, the Executive Director will personally review monthly PERA and RHCA remittances to ensure deadlines are met.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

2019-002 [2018-001] – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS

View of Responsible Officials and Corrective Action Plan

Joint Powers Agreement Partners

Colfax County * Los Alamos County * Mora County * Rio Arriba County * San Miguel County * Santa Fe County * Taos County * Sandoval County

Management was aware of deficiencies in financial close, reconciliations and trial balance during FY 2019. These issues appear to have originated with some entries and adjustments found to be missing in the accounting system. To address these deficiencies in advance of the FY 2019 audit, NCNMEDD entered into a contract with a third-party accounting firm for audit preparation services, including providing a reliable trial balance and adjusting entries. Unfortunately, much of the work provided by the third-party accounting firm was unusable.

NCNMEDD was also aware of the deficiencies listed under Management Progress. It should be noted that most of the deficiencies occurred at the beginning of the fiscal year, under the former Executive Director. Beginning in October 2018, an Interim Executive Director was appointed and procedures were implemented for advance approval of purchases, employee travel and employee leave. The Interim Executive Director also commissioned a reconciliation of NCNMEDD's Revolving Loan Fund (RLF) which has served as the basis for ongoing corrective actions involving NCNMEDD loans (see Corrective Action Plan for Loan Receivables finding).

NCNMEDD agrees with the auditor's recommendations and is already taking corrective action in this area. In late November 2019, NCNMEDD entered into a professional services contract for Financial Oversight with a retired Certified Public Accountant. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. By having these services completed monthly, NCNMEDD is working to ensure timely maintenance of the general ledger so that financial statements and financial reporting are accurate throughout the year. NCNMEDD has provided the consultant with a copy of the FY 2019 audit findings and will ask that the retired CPA evaluate all aspects of the financial close and reporting process and recommend improvements. When this evaluation is complete, the Executive Director will ensure that Finance Department staff is completing their work accurately and timely.

Corrective Action Plan Timeline:

December 1, 2019 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

2019-003 [2018-002] – RESTATEMENT

View or Responsible Officials and Corrective Action Plan

Management agrees with the auditor's recommendation to reconcile all loan receivables and fund balances. NCNMEDD will consider the need for an allowance policy and will implement controls to ensure that due to and due froms are paid within the current fiscal year.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

CURRENT YEAR AUDIT FINDINGS

2019-004 – LATE SUBMISSION OF AUDIT REPORT

Joint Powers Agreement Partners

View of Responsible Officials and Corrective Action Plan

NCNMEDD's FY 2019 audit was late due to delays in establishing a trial balance and reconciling the general ledger. As noted in the Corrective Action Plan on Financial Close and Material Adjustments, Management anticipated issues in this area and hired a third-party accounting firm to assist with audit preparation. When the audit preparation services did not yield the intended results, NCNMEDD staff and the auditor had to reconstruct significant portions of the general ledger, which took more time than anticipated.

For corrective action, NCNMEDD has entered into a professional services contract for Financial Oversight with a retired Certified Public Accountant in late November 2019. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. By having these services completed monthly, NCNMEDD is working to ensure timely maintenance of the general ledger so the audit is not delayed in the future.

Corrective Action Plan Timeline:

December 1, 2019 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

2019-005—PAYROLL-PERA AND RHC WITHHOLDING

View of Responsible Officials and Corrective Action Plan

For reasons unclear to present Management, the former Executive Director removed withholding percentages from the NCNMEDD Policy and Procedure Manual and apparently did not update PERA and RHC withholding to reflect rate increases. In an effort to improve accountability, NCNMEDD transitioned to an automated payroll system in October 2018 and withholding percentages in effect at that time were entered into the new system. If the former Executive Director had not updated PERA and RHC withholding to reflect increases in past years, the withholding percentages entered into the new system were likely inaccurate.

NCNMEDD is currently conducting a review of PERA and RHC withholding, along with health benefit withholding, to ensure that the withholding amounts in the payroll system are accurate. The Executive Director and Finance Department staff are performing this work, with oversight from the retired CPA consultant. When inaccuracies are determined, withholding information will be corrected in the payroll system and adjustments will be made in the accounting system.

Corrective Action Plan Timeline:

December 15, 2019 through January 31, 2019

Designated Employee Responsible for Corrective Action:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

2019-006—INCONSISTENCIES IN BANK RECONCILIATION

View of Responsible Officials and Corrective Action Plan

As a result of turnover in key personnel, bank reconciliations were not completed beginning in January 2019. A new Finance Director and Executive Director were hired in May 2019. The new Finance Director attempted to reconcile the bank account by making adjusting journal entries to cash and expense accounts, which resulted in further complications. For corrective action, NCNMEDD has entered into a professional services

Joint Powers Agreement Partners

contract for Financial Oversight with a retired Certified Public Accountant in late November 2019. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. While these corrective actions will begin in January 2020, we will reconcile back to July 2019 to ensure complete reconciliations for FY 2020.

NCNMEDD's FY 2018 audit shows several fiduciary accounts, some of which are no longer active. While NCNMEDD provided supporting documentation of bank account closures or transfers, some accounts were not closed out in the accounting system. NCNMEDD will reflect these accounts as closed in the general ledger and ensure proper documentation for each close.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designated Employee Responsible for Corrective Action:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

2019-007 — RECORDING OF STATE AND FEDERAL GRANTS AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

View of Responsible Officials and Corrective Action Plan

As stated in the finding on Financial Close and Material Adjustments, Management was aware of potential deficiencies with the Schedule of Expenditures of Federal Awards (SEFA) because some entries and adjustments were found to be missing in the accounting system. To address these deficiencies ahead of the FY 2019 audit, NCNMEDD entered into a contract with a third-party accounting firm for audit preparation services, including preparation of the SEFA. Unfortunately, the SEFA provided by the firm was not usable and had to be reconstructed. An additional complication was that for June 2019 expenditures for our largest grant, the State of New Mexico requested that NCNMEDD make adjustments between state and federal funding. Those adjustments were not properly recorded in the accounting system but could be reconstructed from program records.

NCNMEDD's corrective action plan is to ensure a monthly reconciliation of all grant expenditures and revenues. This will take place along with the other monthly reconciliations overseen by the retired CPA consultant. We will begin this corrective action plan in January 2020; however, we will reconcile back to July 2019 to ensure complete reconciliations for FY 2020.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designation of Employee Position Responsible for Meeting Deadline:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

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2019-008—UNDERCOLLATERALIZED BANK ACCOUNT

View of Responsible Officials and Corrective Action Plan

For reasons unclear to present Management, the former Executive Director did not believe that bank collateralization requirements applied to NCNMEDD and signed releases of pledged collateral in early FY 2019. NCNMEDD has already corrected for this finding by signing a collateralization agreement with Enterprise Bank and Trust for FY 2020.

Corrective Action Plan Timeline:

Complete

Designation of Employee Position Responsible for Meeting Deadline:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

2019-009—JOURNAL ENTRIES

Type of Finding: B

View of Responsible Officials and Corrective Action Plan

As a result of turnover in key personnel, bank reconciliations were not completed beginning in January 2019. A new Finance Director and Executive Director were hired in May 2019. The new Finance Director attempted to reconcile the bank account by making adjusting journal entries to cash and expense accounts. These journal entries did not include documentation or approval signatures from management. To address this deficiency, NCNMEDD has entered into a professional services contract for Financial Oversight with a retired Certified Public Accountant in late November 2019. The consultant is providing the following services on a monthly basis: 1) reconcile bank accounts and payroll; 2) prepare monthly and quarterly financial statements; 3) review and approve adjusting journal entries; and 4) provide additional services requested by NCNMEDD. Please note that NCNMEDD does have written policies in place for journal entries and will review those policies and make needed revisions in January 2020, including requiring journal entry approval from management. We will begin this corrective action plan in January 2020; however, we will review journal entries back to July 2019 to ensure they were documented, approved and recorded correctly.

Corrective Action Plan Timeline:

January 1, 2020 through June 30, 2020

Designation of Employee Position Responsible for Meeting Deadline:

Executive Director, Monica Abeita and Acting Finance Director, Alyson Gilman

2019-010—TRACKING OF LOAN RECEIVABLES

View of Responsible Officials and Corrective Action Plan

Management has been working to improve tracking of loan receivables since Q3 of FY 2019. Corrective action began with a loan reconciliation conducted by a third-party firm and adopted by the NCNMEDD Executive Committee in March 2019. The process is ongoing with collections activity on delinquent loans in December 2019. NCNMEDD will be updating all active loans in its GMS database and its general ledger, pending several clarifications we are making with the U.S. Economic Development Administration in January

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2020. EDA is the source of the majority of the loan funds. NCNMEDD accepts the auditor's recommendation to implement a loan reconciliation process during Q3 of FY 2020.

Corrective Action Plan Timeline:

January 1, 2020 through March 31, 2020.

Designation of Employee Position Responsible for Meeting Deadline:

Executive Director, Monica Abeita and Community Development Director, Lesah Sedillo

2019-011—SUBRECIPIENT MONITORING AND SUBRECIPIENTS AWARDS AGREEMENTS

View of Responsible Officials and Corrective Action Plan

Management agrees with the auditor's recommendation to update the agency's audit tracker, begin monitoring the audit reports for the supplementary schedule of administrative and program expenses required by the DPS, and to revise the subrecipient agreements to clarify that the agreements are subrecipient grant awards and not contracts.

Corrective Action Plan Timeline:

NCNMEDD/Non-Metro AAA is currently updating the audit tracker and will monitor for supplementary schedules by March 31, 2020. Subrecipient agreements for FY 2020 have already been issued; therefore, the revisions to the agreements cannot be made until FY 2021. Revised agreements for FY 2021 will be issued no later than June 30, 2020.

Designation of Employee Position Responsible for Meeting Deadline:

Community Services Director Marcia Medina

Sincerely,



Monica Abeita
Executive Director
505-395-2670
monicaa@ncnmedd.com

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