

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

FINANCIAL STATEMENTS

JUNE 30, 2018



AXIOM

*Certified Public Accountants
and Business Advisors LLC*

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

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

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

Official Roster

BOARD OF DIRECTORS

2017-2018

Jim TrujilloPresident
Thomas GarciaVice-President
Ernesto J. Salazar.....Treasurer
Roger MadalenaSecretary

COLFAX COUNTY

Sandra Mantz
Vacant
Mary-Alice Boyce
Landon Newton

LOS ALAMOS COUNTY

Pete Sheehey
David Woodruff
Harry Burgess
Vacant

MORA COUNTY

George Trujillo
Thomas Garcia
Vacant
Eldie Cruz

RIO ARRIBA COUNTY

Alex Naranjo
Nick L Salazar
Javier Sanchez
Michael Padilla

SANDOVAL COUNTY

Kenneth Eichwald
Antoinette Vigil
Vacant
James R. Madelena

SAN MIGUEL COUNTY

Michael Adams
Vacant
Ernesto Salazar
Tonita Gurule-Giron

SANTA FE COUNTY

Matthew Brown
Jim Trujillo
Chris Hyer
Anna Hansen

TAOS COUNTY

Roberto Gonzales
Cristof Brownwell
Linda Calhoun
Tom Blankenhorn

TRIBAL

Vacant

EX-OFFICIO MEMBER

Sue Garrett

ADMINISTRATIVE OFFICIALS

Tim ArmerExecutive Director
Kevin CalabazaFinance Director
Anita Guillen..... Finance Manager

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the fiduciary funds, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the North Central New Mexico Economic Development District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position, the respective budgetary comparisons for the general fund and major special revenue fund and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the beginning balance of net position of the District has been restated due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018 and correction of errors on loans receivables. The restatement resulted in a decrease in the beginning balance of net position of the District of \$1,861,407 and \$63,587 for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Liability, Net OPEB Liability, and Schedule of District Contributions on pages 44-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining and individual nonmajor fund financial statements, and the other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 30, 2018

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS	<u> </u>	<u> </u>	<u> </u>
Current assets			
Cash and cash equivalents	\$ 1,031,257	476,083	1,507,340
Due from grantors	2,126,547	-	2,126,547
Due from other funds	429,114	-	429,114
Loans receivable - current	-	11,399	11,399
Program income receivable	13,439	-	13,439
Other receivables	21,197	-	21,197
Prepayments	9,000	-	9,000
Security deposits	2,901	-	2,901
Other assets	4,263	-	4,263
	<u>3,637,718</u>	<u>487,482</u>	<u>4,125,200</u>
Total current assets			
Non-current assets			
Loans receivable, net	-	335,297	335,297
Capital assets, net of accumulated depreciation	88,124	-	88,124
	<u>3,725,842</u>	<u>822,779</u>	<u>4,548,621</u>
Total assets			
DEFERRED OUTFLOWS			
Pension related	673,223	-	673,223
OPEB related	28,228	-	28,228
	<u>701,451</u>	<u>-</u>	<u>701,451</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities			
Cash overdraft	398,605	-	398,605
Accounts payable	2,505,108	-	2,505,108
Accrued payroll expenses	58,785	-	58,785
Compensated absences	46,654	-	46,654
Due to other funds	341,172	-	341,172
Due to State of New Mexico	59,633	-	59,633
	-		-
Total current liabilities	3,409,957	-	3,409,957
Noncurrent liabilities			
Net pension liability	2,410,145	-	2,410,145
Net OPEB liability	1,567,053	-	1,567,053
Total liabilities	7,387,155	-	7,387,155
DEFERRED INFLOWS			
Pension related	425,781	-	425,781
OPEB related	356,657	-	356,657
	782,438	-	782,438
NET POSITION (DEFICIT)			
Net investment in capital assets	88,124	-	88,124
Restricted	308,287	517,734	826,021
Unrestricted (deficit)	(4,138,711)	305,045	(3,833,666)
Total net position (Deficit)	\$ (3,742,300)	822,779	(2,919,521)

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Health and Welfare	\$ 17,596,059	-	13,975,355	-	(3,620,704)	-	(3,620,704)
Administration	2,638,799	-	6,109,704	-	3,470,905	-	3,470,905
Business-type activities							
Administrative expenditures	13	10,197	-	-	-	10,184	10,184
Total	\$ 20,234,871	10,197	20,085,059	-	(149,799)	10,184	(139,615)
General revenues							
Interest					420	207	627
Other income					41,840	-	41,840
Loss on disposal of capital assets					(3,713)	-	(3,713)
Transfers					8,700	(8,700)	-
Total general revenues					47,247	(8,493)	38,754
Change in net position					(102,552)	1,691	(100,861)
Net position, beginning as previously reported					(1,777,972)	884,306	(893,666)
Restatement (note 18)					(1,861,776)	(63,218)	(1,924,994)
Net position, beginning as restated					(3,639,748)	821,088	(2,818,660)
Net position, ending					\$ (3,742,300)	822,779	(2,919,521)

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	Area Agency on Aging PSA Funds	Non-Major Funds	Total
ASSETS				
Cash and cash equivalents	\$ 188,140	788,099	55,018	1,031,257
Due from grantors	1,143	2,104,063	21,341	2,126,547
Due from other funds	429,114	-	-	429,114
Program income receivable	-	13,439	-	13,439
Other receivables	-	1,553	19,644	21,197
Prepayments	-	9,000	-	9,000
Security deposits	-	2,901	-	2,901
Other assets	3,900	-	363	4,263
Total assets	\$ 622,297	2,919,055	96,366	3,637,718
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Cash overdraft	\$ 398,605	-	-	398,605
Accounts payable	8,399	2,488,897	7,812	2,505,108
Accrued payroll expenses	1,070	49,645	8,070	58,785
Due to other funds	-	268,000	73,172	341,172
Due to State of New Mexico	-	55,425	4,208	59,633
Total liabilities	408,074	2,861,967	93,262	3,363,303
FUND BALANCES				
Restricted	183,012	78,490	46,785	308,287
Unassigned	31,211	(21,402)	(43,681)	(33,872)
Total fund balances	214,223	57,088	3,104	274,415
Total liabilities and fund balances	\$ 622,297	2,919,055	96,366	3,637,718

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balance - total governmental funds	\$ 274,415
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Cost of capital assets	222,112
Accumulated depreciation	(133,988)
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	673,223
Deferred outflows of resources related to OPEB	28,228
Deferred inflows of resources related to Pension	(425,781)
Deferred inflows of resources related to OPEB	(356,657)
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	(46,654)
Net Pension Liability	(2,410,145)
Net OPEB Liability	<u>(1,567,053)</u>
Net position of governmental activities	\$ <u><u>(3,742,300)</u></u>

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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2018**

	General Fund	Area Agency on Aging PSA	Non-Major Funds	Total
Revenues				
Federal operating grants	\$ -	5,859,878	222,060	6,081,938
State operating grants and contracts	5,000	13,878,777	91,578	13,975,355
Membership assessments	27,766	-	-	27,766
Bank interest	420	-	-	420
Other revenue	7,313	14,527	20,000	41,840
Total revenues	<u>40,499</u>	<u>19,753,182</u>	<u>333,638</u>	<u>20,127,319</u>
Expenditures				
Current:				
Community welfare:				
Administration	34,053	2,192,486	333,224	2,559,763
Distribution to grantees	-	17,561,984	-	17,561,984
Capital Outlay	-	557	-	557
Total expenditures	<u>34,053</u>	<u>19,755,027</u>	<u>333,224</u>	<u>20,122,304</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,446</u>	<u>(1,845)</u>	<u>414</u>	<u>5,015</u>
<i>Other Financing Sources (uses)</i>				
Operating transfers in (out)	(3,000)	-	11,700	8,700
Total other financing (uses) sources	<u>(3,000)</u>	<u>-</u>	<u>11,700</u>	<u>8,700</u>
Net change in fund balances	<u>3,446</u>	<u>(1,845)</u>	<u>12,114</u>	<u>13,715</u>
Fund balances, beginning as previously reported	195,772	58,933	6,364	261,069
Restatement (note 18)	15,005	-	(15,374)	(369)
Fund balances, beginning as restated	<u>210,777</u>	<u>58,933</u>	<u>(9,010)</u>	<u>260,700</u>
Fund balances, end of year	<u>\$ 214,223</u>	<u>57,088</u>	<u>3,104</u>	<u>274,415</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 – Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018**

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

Net Change in Fund Balances - Total Governmental Funds	\$	13,715
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.		
Loss on disposal of capital assets		(3,713)
Depreciation expense		(42,075)
Governmental funds report district pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense		
Change in compensated absences		(6,189)
Change in net pension liability		<u>(64,290)</u>
Change in Net Position of Governmental Activities (Statement of Activities)	\$	<u><u>(102,552)</u></u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues and Expenditures and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		Positive (Negative)
Revenues				
Membership assessments	\$ 46,166	46,166	27,766	(18,400)
Bank interest	869	452	420	(32)
Other revenues	-	-	7,313	7,313
Total revenues	47,035	46,618	35,499	(11,119)
Expenditures				
Community welfare:				
Administration	44,059	47,018	34,053	12,965
Other expenses	-	133	-	133
Total expenditures	44,059	47,151	34,053	13,098
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,976	(533)	1,446	1,979
Other financing sources (uses)				
Transfers, in	-	4,721	-	(4,721)
Transfers, out	(5,823)	(8,823)	(3,000)	5,823
Total other financing uses	(5,823)	(4,102)	(3,000)	1,102
Net change in fund balances	\$ (2,847)	(4,635)	(1,554)	3,081
Reconciliation to GAAP Basis:				
Adjustments to revenues			-	
Adjustments to expenditures			5,000	
Net change in fund balance (GAAP)			\$ 3,446	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues and Expenditures and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Area Agency on Aging PSA Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal operating grants	\$ 7,848,285	7,684,126	5,859,879	(1,824,247)
State operating grants	14,183,279	13,559,875	13,878,784	318,909
Total revenues	<u>22,031,564</u>	<u>21,244,001</u>	<u>19,738,663</u>	<u>(1,505,338)</u>
Expenditures				
Community welfare:				
Health and welfare	19,203,526	18,578,560	17,562,540	1,016,020
Administration	2,754,764	2,640,918	2,192,484	448,434
Other expenses	-	-	4	(4)
Total expenditures	<u>21,958,290</u>	<u>21,219,478</u>	<u>19,755,028</u>	<u>1,464,450</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>73,274</u>	<u>24,523</u>	<u>(16,365)</u>	<u>(40,888)</u>
Net change in fund balances	<u>\$ 73,274</u>	<u>24,523</u>	<u>(16,365)</u>	<u>(40,888)</u>
Reconciliation to GAAP Basis:				
Adjustments to revenues			(310)	
Adjustments to expenditures			14,830	
Net change in fund balance (GAAP)			<u>\$ (1,845)</u>	

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities			Total
	Enterprise Funds			
	24-601	25-601	28-601	
	Tri-County Revolving Loan Fund (TCR)	Economic Development Administration RLF (EDA)	Economic Development District Fund (EDDF)	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 99,353	288,242	88,488	476,083
Loans receivable	-	10,357	1,042	11,399
Total current assets	<u>99,353</u>	<u>298,599</u>	<u>89,530</u>	<u>487,482</u>
Noncurrent assets				
Loans receivable	-	236,024	129,223	365,247
Less: Allowance for uncollectible accounts	(34)	(16,889)	(13,027)	(29,950)
Total noncurrent assets	<u>(34)</u>	<u>219,135</u>	<u>116,196</u>	<u>335,297</u>
Total assets	<u>\$ 99,319</u>	<u>517,734</u>	<u>205,726</u>	<u>822,779</u>
LIABILITIES				
Due to other funds	\$ -	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Restricted for loans	-	517,734	-	517,734
Unrestricted	99,319	-	205,726	305,045
Total net position	<u>99,319</u>	<u>517,734</u>	<u>205,726</u>	<u>822,779</u>
Total liabilities and net position	<u>\$ 99,319</u>	<u>517,734</u>	<u>205,726</u>	<u>822,779</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Revenues, Expenses and
Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2018

	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	\$ 376	7,844	1,977	10,197
Total operating revenues	376	7,844	1,977	10,197
Operating expenditures				
Administrative expenditures	13	-	-	13
Total operating expenditures	13	-	-	13
Operating income	363	7,844	1,977	10,184
Nonoperating revenues				
Bank interest	49	158	-	207
Income (loss) before contributions and transfers	412	8,002	1,977	10,391
Contributions and transfers				
Operating transfers in (out)	(2,200)	(6,500)	-	(8,700)
Change in net position	(1,788)	1,502	1,977	1,691
Net position, beginning as previously reported	101,107	641,945	141,254	884,306
Restatement (note 18)	-	(125,713)	62,495	(63,218)
Net position, beginning as restated	101,107	516,232	203,749	821,088
Net position, ending	\$ 99,319	517,734	205,726	822,779

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities			Total
	Enterprise Funds			
	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	\$ 339	10,092	(307)	10,124
Loan interest received	376	7,844	1,977	10,197
Other Revenues	(13)	-	-	(13)
Net cash provided by operating activities	<u>702</u>	<u>17,936</u>	<u>1,670</u>	<u>20,308</u>
Cash flows from noncapital financing activities:				
Interfund balances	(2,200)	(6,500)	75,545	66,845
Net cash provided (used) by noncapital financing activities	<u>(2,200)</u>	<u>(6,500)</u>	<u>75,545</u>	<u>66,845</u>
Cash flows from investing activities:				
Loan receivables	-	(150,000)	-	(150,000)
Interest income	49	158	-	207
Net cash provided by investing activities	<u>49</u>	<u>(149,842)</u>	<u>-</u>	<u>(149,793)</u>
Net increase (decrease) in cash and cash equivalents	(1,449)	(138,406)	77,215	(62,640)
Cash and cash equivalents, beginning of year	100,802	426,648	11,273	538,723
Cash and cash equivalents, end of year	<u>\$ 99,353</u>	<u>288,242</u>	<u>88,488</u>	<u>476,083</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 363	7,844	1,977	10,184
Adjustments to reconcile operating income to net cash provided by operating activities				
Decrease in loans receivable	339	10,092	(307)	10,124
Net cash provided by operating activities	<u>\$ 702</u>	<u>17,936</u>	<u>1,670</u>	<u>20,308</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
June 30, 2018

Assets

Cash in bank	\$	43,471
Due from governmental funds		<u>142,077</u>
	\$	<u><u>185,548</u></u>

Liabilities

Assets held for others	\$	46,993
Due to governmental funds		<u>138,555</u>
	\$	<u><u>185,548</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
June 30, 2018

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.

During the fiscal year 2017, GASB Statement No. 77, *Tax Abatement Disclosures*, became effective. The District does not have any agreements that require disclosure under the standards.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

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

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

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

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

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

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported on the basis of funds in the fund financial statements. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is reported by a generic fund type classification within the financial statements known as governmental funds.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are also reported by a generic type classification known as governmental funds.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

PROPRIETARY FUNDS

Enterprise Funds – The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

GASB Statement No. 34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Position.

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

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

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

MAJOR FUNDS

General Fund—is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is reported by a generic fund type classification within the financial statements known as governmental funds

Special Revenue Funds

Area Agency on Aging PSA Fund - Accounts for revenues and expenditures associated with a grant agreement with the New Mexico State Agency on Aging funded by the Older Americans Act, Title IIB, IIIC, IIID and IIIE and the General Appropriations Act (House Bill 2). The counties served by PSA are: San Juan, Rio Arriba, Taos, Colfax, McKinley, Sandoval, Los Alamos, Santa Fe, San Miguel, Cibola, Valencia and Torrance, Catron, Socorro, Hidalgo, Grant, Sierra, Luna, Dona Ana and Otero.

Proprietary Funds

Tri-County Revolving Loan Fund - Accounts for activities initially capitalized by a grant from the U.S. Department of Energy. The purpose of the grant was to stimulate economic development in Los Alamos, Rio Arriba and Santa Fe counties as a result of workforce displacement at Los Alamos National Laboratory. The restrictions associated with the grant expired in May 1999, however, it is the Board's intention to maintain the fund for economic development.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

MAJOR FUNDS (Continued)

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.

Agency Funds

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

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

NM Cares – Accounts for activities for the charitable and educational purposes of management and program support for projects or initiatives designed to alleviate socio-economic problems specifically in the Counties of Colfax, Los Alamos, Mora, Rio Arriba, Sandoval, San Miguel, Santa Fe, and Taos, or anywhere in the State of New Mexico. Initiatives are achieved by promoting, organizing, managing, and operating (including contracting for) programs to improve the economic and social conditions of the region, and enlisting the voluntary support and cooperation of private businesses, public and private service agencies, educators, and governmental bodies for the programs sponsored, so as to enhance the economic and social well-being and conditions of the region, and for any and all civic management purposes.

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

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

NONMAJOR FUNDS

Special Revenue Funds

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

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

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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

NONMAJOR FUNDS (Continued)

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.

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

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.

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

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

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

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

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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

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

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

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

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

Unearned Revenue/Advances. In accordance with GASB Statement No. 33, most governmental grants are considered voluntary nonexchange transactions. Accordingly, revenues are recognized when allowable costs have been incurred and any other eligibility requirements have been met. Amounts provided in advance of requirements being met are presented as unearned revenues. The grants stipulate that any grant funds which are advanced and not expended by the expiration of the grant must be returned to the U. S. Treasury. The District does not anticipate any funds being returned to the grantors.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Compensated Absences. Employees are entitled to accumulate annual leave at a rate of three to six weeks per year depending on their tenure. For employee that have been with the District 0-4 years, the maximum accrual is 60 hours; for employees that have been with the District 5-9 years, the maximum annual leave is 80 hours; for employees that have been with the District for 10-15 years, the maximum annual leave accrual is 100 hours. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination.

Employees are entitled to accumulate sick leave at a rate of eight hours per month. There is no limit to the amount of sick leave that an employee may accumulate. Employees may trade in sick leave for annual leave at a rate of four hours of sick leave for one hour of annual leave.

The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

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.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, was implemented by the District for the year ending June 30, 2013. Statement No. 54 replaces the old fund balance terminology ("reserved," "unreserved," "designated," and "undesignated") with new financial reporting categories for fund balances of governmental funds.

Governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

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

The spendable fund categories can be depicted as follows:

Restricted are amounts that are so due to enabling legislation, constitutional provisions, externally imposed by granters, contributors, laws or regulations of other governments, or by creditors, such as through debt covenants.

Committed are amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and removal of the constraint would require a formal action by the same authority.

Assigned consists of amounts that are intended to be used for a specific purpose established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

Unassigned represents the residual amount after all classifications have been considered for the government's general fund, and could report a surplus or a deficit.

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

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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a government unit, the District is subject to various laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows:

Budgets and Budgetary Accounting

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

- A. A proposed operating budget is prepared prior to May 1 by the district's fiscal officers. The budget request includes proposed expenditures and the means of financing them through Federal and State grants and membership assessments.
- B. A proposed budget is presented to the Executive Committee for review in its June meeting and subsequently approved by the Board of Directors. The Board of Directors must approve all subsequent budget transfers and increases. The budget was amended during the year. The legal level of budgetary control is by fund. In addition, budgetary control is also exercised at the grant level by program. (See note 10).
- C. The General and Special Revenue funds operating budgets for the District are adopted on a basis consistent with accounting principles generally accepted in the United States of America, with the exception that prior cash budgeted is treated as a revenue source in the accompanying budgetary comparison statements. The District does not utilize an encumbrance system and appropriations do not lapse at year-end. Budgets are adopted for proprietary funds.

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, 2018.

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.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 4. CASH AND CASH EQUIVALENTS (CONTINUED)

As of June 30, 2018, the District had the following deposits and investments:

Demand deposits	\$	<u>1,152,206</u>
Total	\$	<u><u>1,152,206</u></u>
Governmental Funds	\$	632,652
Proprietary Funds		476,083
Agency Funds		<u>43,471</u>
Total	\$	<u><u>1,152,206</u></u>

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

	Los Alamos National Bank	Wells Fargo Bank	Total
Deposits in Bank or Savings and Loan			
General Operating Account	\$ 753,820	-	753,820
REDI NET Operational	144	-	144
NM CARES	6,852	-	6,852
EDA RLF Account	288,413	-	288,413
TCR RLF Account	99,353	-	99,353
Veterans Program	-	-	-
SWREDA Savings	-	15,179	15,179
SWREDA Checking	-	20,489	20,489
Total bank balance	<u>1,148,582</u>	<u>35,668</u>	<u>1,184,250</u>
Reconciling items			
Outstanding checks	(32,044)	-	(32,044)
Deposits in transit	-	-	-
Total adjustments	<u>(32,044)</u>	<u>-</u>	<u>(32,044)</u>
Total book balance	<u>1,116,538</u>	<u>35,668</u>	<u>1,152,206</u>
Less: Fiduciary Funds Cash	\$ <u>43,471</u>	<u>-</u>	<u>43,471</u>
Cash per Government-Wide Financial Statements			\$ <u><u>1,108,735</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 collateral pledged is shown as listed in the table of contents of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 5. DUE FROM GRANTORS

Amounts are due from granting authorities as follows:

New Mexico Agency on Aging – PSA	\$	2,104,063
U.S. Department of Transportation – NERPO – Regional Planning		1,700
U.S. Department of Transportation – NPRPO – Regional Planning		19,641
SAVVY		<u>1,143</u>
Due from Grantors, June 30, 2018	\$	<u><u>2,126,547</u></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	\$ 71,379	189,339	133,000	393,718
Plus: new loans	-	150,000	-	150,000
Less: loans repaid	<u>(71,379)</u>	<u>(92,958)</u>	<u>(2,735)</u>	<u>(167,072)</u>
Loans receivable – ending	-	246,381	130,265	376,646
Allowance for loan losses – beginning	7,138	18,934	13,300	39,372
Less: provision for loan losses	<u>(7,104)</u>	<u>(2,045)</u>	<u>(273)</u>	<u>(9,422)</u>
Allowance for loan losses – ending	<u>34</u>	<u>16,889</u>	<u>13,027</u>	<u>29,950</u>
Net loans receivable	\$ <u>(34)</u>	<u>229,492</u>	<u>117,238</u>	<u>346,696</u>

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental activities:				
Furniture and equipment	\$ 123,873	-	(115,206)	8,667
Leasehold improvements	19,980	-	-	19,980
Vehicles	229,705	-	(36,240)	193,465
Total capital assets	<u>373,558</u>	<u>-</u>	<u>(151,446)</u>	<u>222,112</u>
Less accumulated depreciation:				
Furniture and equipment	(115,690)	(2,889)	115,206	(3,373)
Leasehold improvements	(19,979)	-	-	(19,979)
Vehicles	<u>(103,977)</u>	<u>(39,186)</u>	<u>32,527</u>	<u>(110,636)</u>
Total accumulated depreciation	<u>(239,646)</u>	<u>(42,075)</u>	<u>147,733</u>	<u>(133,988)</u>
Net capital assets	\$ <u>133,912</u>	<u>(42,075)</u>	<u>(3,713)</u>	<u>88,124</u>

The District does not have any debt related to capital assets. Depreciation expense of \$42,075 was charged and is included in the Community Welfare expense function of the governmental activities in the Statement of Activities.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 8. LONG TERM LIABILITIES

Long-term liability activity of the governmental activities for the year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2018</u>
Compensated absences payable	\$ 40,465	27,613	(21,424)	46,654

Management estimates that the amount of compensated absences payable within one year will be approximately \$46,654. 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 rentals agreement. Lease expenditures for the year ended June 30, 2018, amount to \$87,432 and future expenditure in 2019 is \$67,596.

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	\$ 429,114	-
Area Agency on Aging	-	268,000
Non Major Funds	-	67,633
Total Government Funds	<u>429,114</u>	<u>335,663</u>
Proprietary Funds:		
Tri County RLF	-	4,205
Economic Development Administration RLF	-	1,334
Economic Development District	-	-
Total Proprietary	-	<u>5,539</u>
Agency Funds:		
REDI Net Operational	-	86,112
NM Cares	-	1,830
Total Agency	-	<u>87,942</u>
Total	<u>\$ 429,114</u>	<u>429,114</u>

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
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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 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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

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

Contributions. See PERA's compressive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors as of July 1, 2017						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

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

For PERA Fund Division Municipal General, at June 30, 2018, the District reported a liability of \$2,410,145 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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, 2017, the District's proportion was 0.1754 %, which was a decrease of 0.0234% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$238,890. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 94,703	123,440
Changes in assumptions	111,143	24,906
Net difference between projected and actual earnings on pension plan investments	197,738	-
Changes in proportion and differences between District 's contributions and proportionate share of contributions	66,305	277,435
District 's contributions subsequent to the measurement date	<u>203,334</u>	<u>-</u>
Total	<u>\$ 673,223</u>	<u>425,781</u>

\$203,334 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2017 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:

<u>Year Ended June 30,</u>	
2019	\$ 15,611
2020	117,601
2021	(31,317)
2022	(57,787)
2023	-
Total	<u>\$ 44,108</u>

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

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

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefits	100 years
Payroll Growth	2.75% for first 9 years, then 3.25% annual rate
Includes inflation at	2.25% annual rate first 9 years
	2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

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

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	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	100.00%	

Discount rate. A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the *District’s* proportionate share of the net pension liability calculated using the discount rate of 7.51 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 (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.51%)</u>	<u>Discount Rate</u>	<u>(8.51%)</u>
		<u>(7.51%)</u>	
PERA Fund Municipal General Division			
District’s proportionate share of the net pension liability	\$ 3,777,492	2,410,145	1,273,005

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, 2018, there were \$48 in contributions due and payable to PERA for the District.

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NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

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.

Employees covered by benefit terms. At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>
Active Membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</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 \$68,354 for the year ended June 30, 2018.

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Notes to the Financial Statements
June 30, 2018

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

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 \$1,567,053 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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, 2017. At June 30, 2017, the District's proportion was 0.03458 percent. For the year ended June 30, 2018, the District recognized OPEB expense of \$62,301. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	60,135
Changes of assumptions	-	273,979
Net difference between projected and actual earnings on OPEB plan investments	-	22,543
Contributions made after the measurement date	<u>28,228</u>	<u>-</u>
Total	<u>\$ 28,228</u>	<u>356,657</u>

Deferred outflows of resources totaling \$28,228 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2019	\$ (75,828)
2020	(75,828)
2021	(75,828)
2022	(75,828)
2023	<u>(53,345)</u>
Total	<u>\$ (356,657)</u>

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

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

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

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:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation 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 medical plan costs

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.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018**

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

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

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. 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, 2028. 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, 3.81% 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 (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

	<u>1% Decrease (2.81%)</u>	<u>Current Discount Rate (3.81%)</u>	<u>1% Increase (4.81%)</u>
District ’s proportionate share of the OPEB liability	\$ <u>1,900,810</u>	<u>1,567,053</u>	<u>1,305,190</u>

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>
	\$ <u>1,332,886</u>	<u>1,567,053</u>	<u>1,749,644</u>

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, 2017.

Payables to the OPEB plan. At June 30, 2018, there were \$3,701 in contributions due and payable to RHC for the District.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

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

The District receives funding pursuant to various grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant that, if not met, could require the District to refund amounts received in the granting agency. The District carefully monitors grant requirements and believes it has met all such conditions.

NOTE 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.

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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements
June 30, 2018

NOTE 15. JOINT POWERS AGREEMENT (CONTINUED)

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, 2018, the District reported a deficit unrestricted net position of \$4,138,711 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, 2018, the District reported \$308,287 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, 2018:

Title III -B	\$ (10,225)
Title III –C2	(11,177)
Economic Development Admin. Planning	(17,923)
NRPO Transportation	(18,526)
NERPO Planning	(1,451)
TC-RLF Administration	(4,323)
EDA-RLF Administration	(1,458)
Total	\$ (65,083)

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
June 30, 2018

NOTE 18. RESTATEMENT

The District's net position as of July 1, 2017 was decreased by \$1,861,407 reflecting the cumulative retrospective effect of the adoption of GASB Statement No. 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pension) and was recorded as a prior period adjustment.

In addition, the District determine notes receivable balances, due to and due from were overstated in the prior year.

Government Activities	
Due To	
General Fund	\$ 15,000
NPRPO Transportation Planning	(15,374)
Total	<u>(369)</u>
Business Activities	
Notes receivables	
Economic Development Administration Fund	(62,587)
Due To	
Economic Development Administration Fund	(63,126)
Due From	
Economic Development District Fund	<u>62,495</u>
Total	<u>\$ (63,218)</u>

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
June 30, 2018

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

		2018 2017	2017 2016	2016 2015	2015 2014
District's Proportion of the Net Pension Liability (Asset)		0.1754%	0.1988%	0.2135%	0.1925%
District's Proportionate Share of Net Pension Liability (Asset)	\$	2,410	3,176	2,177	4,132
District's Covered-Employee Payroll	\$	1,388	1,485	1,703	3,712
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		173.63%	213.94%	127.83%	111.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.74%	69.18%	76.99%	81.29%

*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 District Contributions
June 30, 2018

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

	Fiscal Year	2018	2017	2016	2015
	Measurement Date	2017	2016	2015	2014
Statutory Required Contribution	\$	336	362	284	63
Contributions in Relation to the Statutorily Required Contribution		336	362	284	63
Annual Contribution Deficiency (Excess)	\$	-	-	-	-

*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 the District's Proportionate Share of the Net OPEB Liability
June 30, 2018**

**Retiree Health Care Plan
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)**

	Fiscal Year Measurement Date	2018 2017
District's Proportion of the Net OPEB Liability (Asset)		0.03458%
District's Proportionate Share of Net OPEB Liability (Asset)	\$	1,567,053
District's Covered-Employee Payroll	\$	1,440,481
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Its Covered-Employee Payroll		108.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		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 District Contributions
June 30, 2018

Retiree Health Care Plan
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)

	Fiscal Year	2018
	Measurement Date	2017
Contractually Required Contribution	\$	<u>109,808</u>
Contributions in Relation to the Contractually Required Contribution		<u>55,111</u>
Contribution Deficiency (Excess)	\$	<u><u>54,697</u></u>
District's covered-employee payroll	\$	1,440,481
Contributions as percentage of covered-employee payroll		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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Required Supplementary Information
June 30, 2018**

Changes of benefits terms.

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017. Changes of assumptions and methods.

Changes of assumptions and methods.

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The above information relates to PERA. For the OPEB information, refer to the RHCA report.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Special Revenue Funds				
	02-420 Medicaid Personal Care	04-117 Walmart Foundation	04-160 State Grant-in-Aid	04-230 / 04-232 Economic Development Admin. Planning	04-250 NPRPO Transportation Planning
ASSETS					
Cash and cash equivalents	\$ 28,809	-	8,001	40	-
Due from grantors	-	-	-	-	19,641
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Other assets	-	-	-	363	-
Total assets	\$ 28,809	-	8,001	403	19,641
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	-	3,061	2,133	1,147
Accrued payroll expenses	-	-	719	1,892	2,564
Due to other funds	-	-	-	14,301	34,456
Due to State of New Mexico	-	-	4,208	-	-
Total liabilities	-	-	7,988	18,326	38,167
FUND BALANCES					
Restricted	28,809	-	13	-	-
Unassigned	-	-	-	(17,923)	(18,526)
Total fund balances	28,809	-	13	(17,923)	(18,526)
Total liabilities and fund balances	\$ 28,809	-	8,001	403	19,641

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

Special Revenue Funds

04-255	04-275	04-290	10-601	11-601	30-121	
NERPO Planning	Questa Mine Closure	New Mexico Gas Company RISTRA Grant	TC-RLF Admin	EDA-RLF Administration	SAVVY	Total
-	149	18,019	-	-	-	55,018
1,700	-	-	-	-	-	21,341
-	-	-	-	-	-	-
18,144	-	-	-	-	1,500	19,644
-	-	-	-	-	-	363
<u>19,844</u>	<u>149</u>	<u>18,019</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>96,366</u>
1,148	-	200	62	61	-	7,812
2,568	5	-	56	63	203	8,070
17,579	-	-	4,205	1,334	1,297	73,172
-	-	-	-	-	-	4,208
<u>21,295</u>	<u>5</u>	<u>200</u>	<u>4,323</u>	<u>1,458</u>	<u>1,500</u>	<u>93,262</u>
-	144	17,819	-	-	-	46,785
(1,451)	-	-	(4,323)	(1,458)	-	(43,681)
<u>(1,451)</u>	<u>144</u>	<u>17,819</u>	<u>(4,323)</u>	<u>(1,458)</u>	<u>-</u>	<u>3,104</u>
<u>19,844</u>	<u>149</u>	<u>18,019</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>96,366</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, 2018**

	Special Revenue Funds				
	02-420 Medicaid Personal Care	04-117 Walmart Foundation	04-160 State Grant-in-Aid	04-230 & 04-232 Economic Development Admin. Planning	04-250 NPRPO Transportation Planning
REVENUES					
Federal operating grants	\$ -	-	-	68,152	76,734
State operating grants and contracts	-	-	84,714	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>84,714</u>	<u>68,152</u>	<u>76,734</u>
EXPENDITURES					
Community welfare:					
Administration	1,789	-	45,214	70,000	99,358
Total expenditures	<u>1,789</u>	<u>-</u>	<u>45,214</u>	<u>70,000</u>	<u>99,358</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,789)</u>	<u>-</u>	<u>39,500</u>	<u>(1,848)</u>	<u>(22,624)</u>
<i>Other financing (uses) sources</i>					
Operating transfers in	-	-	-	-	21,250
Operating transfers out	-	-	(39,500)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(39,500)</u>	<u>-</u>	<u>21,250</u>
Net change in fund balances	<u>(1,789)</u>	<u>-</u>	<u>-</u>	<u>(1,848)</u>	<u>(1,374)</u>
Fund balance, beginning as perviously reported	30,598	-	13	(16,075)	(1,778)
Restatement (note 18)	-	-	-	-	(15,374)
Fund balance, beginning as restated	<u>30,598</u>	<u>-</u>	<u>13</u>	<u>(16,075)</u>	<u>(17,152)</u>
Fund balance, ending	<u>\$ 28,809</u>	<u>-</u>	<u>13</u>	<u>(17,923)</u>	<u>(18,526)</u>

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

Special Revenue Funds

04-255	04-275	04-290	10-601	11-601	30-121	
NERPO Planning	Questa Mine Closure	New Mexico Gas Company RISTRA Grant	TC-RLF Administration	EDA-RLF Administration	SAVVY	Total
77,174	-	-	-	-	-	222,060
-	-	-	-	-	6,864	91,578
-	-	20,000	-	-	-	20,000
77,174	-	20,000	-	-	6,864	333,638
99,835	49	2,181	4,023	3,911	6,864	333,224
99,835	49	2,181	4,023	3,911	6,864	333,224
(22,661)	(49)	17,819	(4,023)	(3,911)	-	414
21,250	-	-	4,200	4,500	-	51,200
-	-	-	-	-	-	(39,500)
21,250	-	-	4,200	4,500	-	11,700
(1,411)	(49)	17,819	177	589	-	12,114
(40)	193	-	(4,500)	(2,047)	-	6,364
-	-	-	-	-	-	(15,374)
(40)	193	-	(4,500)	(2,047)	-	(9,010)
(1,451)	144	17,819	(4,323)	(1,458)	-	3,104

STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Combining Balance Sheet – General Fund
 General Fund – All Accounts
 June 30, 2018

	General Fund - All Accounts						
	01-601	20-601	21-601	22-601	23-601	04-308	Total
	General Fund	Vehicle Reserve General Fund	Leave-General Expense Reserve General Fund	Capital Equipment Reserve General Fund	Office Building Reserve General Fund	CD General General Fund	
ASSETS							
Cash and cash equivalents	\$ -	5,805	13,192	22,200	135,020	11,923	188,140
Due from grantors	1,143	-	-	-	-	-	1,143
Due from other funds	429,114	-	-	-	-	-	429,114
Other assets	3,900	-	-	-	-	-	3,900
Total assets	\$ 434,157	5,805	13,192	22,200	135,020	11,923	622,297
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Cash over draft	\$ 398,605	-	-	-	-	-	398,605
Accounts payable	3,297	-	-	-	-	4,502	7,799
Accrued payroll expenses	444	-	-	-	-	626	1,070
Assets held for others	600	-	-	-	-	-	600
Total liabilities	402,946	-	-	-	-	5,128	408,074
FUND BALANCES							
Restricted	-	5,805	13,192	22,200	135,020	6,795	183,012
Unassigned	31,211	-	-	-	-	-	31,211
Total fund balances	31,211	5,805	13,192	22,200	135,020	6,795	214,223
Total liabilities and fund balances	\$ 434,157	5,805	13,192	22,200	135,020	11,923	622,297

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund
General Fund – All Accounts
For the Year Ended June 30, 2018

	General Fund - All Accounts						Total General Fund
	01-601	20-601	21-601	22-601	23-601	04-308	
	General Fund	Vehicle Reserve General Fund	Leave-Gen Expend Reserve General Fund	Capital Equipment Reserve General Fund	Office Building Reserve General Fund	CD General General Fund	
REVENUES							
State operating grants	\$ -	-	-	-	-	5,000	5,000
Membership assessments	27,766	-	-	-	-	-	27,766
Bank interest	420	-	-	-	-	-	420
Other revenue	3,938	-	-	-	-	3,375	7,313
Total revenues	32,124	-	-	-	-	8,375	40,499
EXPENDITURES							
Community welfare:							
Administration	27,933	-	-	-	-	6,120	34,053
Total expenditures	27,933	-	-	-	-	6,120	34,053
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255</u>	<u>6,446</u>
<i>Other financing (uses) sources</i>							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	(3,000)	-	-	-	-	-	(3,000)
<i>Total other financing uses</i>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
Net change in fund balances	1,191	-	-	-	-	2,255	3,446
Fund balance, beginning as previously stated	15,015	5,805	13,192	22,200	135,020	4,540	195,772
Restatement (note 18)	15,005	-	-	-	-	-	15,005
Fund balance, beginning as restated	30,020	5,805	13,192	22,200	135,020	4,540	210,777
Fund balance, ending	\$ <u>31,211</u>	<u>5,805</u>	<u>13,192</u>	<u>22,200</u>	<u>135,020</u>	<u>6,795</u>	<u>214,223</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Combining Balance Sheet – By Program
State of New Mexico Area Agency on Aging - PSA Special Revenue Fund
June 30, 2018

	<i>Area Agency on Aging - PSA Special Revenue - All Accounts</i>			
	02-100	02-110	02-111	02-112
	State Funds	Senior Employment		
	HB2	Program	SEP/Enrollee	SER State
ASSETS				
Cash and cash equivalents	\$ 622,713	20,883	-	8,898
Due from grantors	1,236,046	132,700	10,200	-
Program income receivable	-	-	-	-
Other receivables	-	-	-	-
Prepaid	-	-	-	-
Security deposits	-	-	-	-
Total assets	\$ 1,858,759	153,583	10,200	8,898
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,840,503	128,522	-	-
Accrued payroll expenses	-	445	673	-
Due to other funds	-	-	9,527	-
Due to State of New Mexico	2,119	-	-	8,898
Total liabilities	1,842,622	128,967	10,200	8,898
FUND BALANCES				
Restricted	16,137	24,616	-	-
Unassigned	-	-	-	-
Total fund balances	16,137	24,616	-	-
Total liabilities and fund balances	\$ 1,858,759	153,583	10,200	8,898

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

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	02-203 Title III C2
-	13,259	1,522	-	-	-
4	-	-	40,124	155,503	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4	13,259	1,522	40,124	155,503	-
4	-	1,500	17,508	100	2,414
-	-	-	-	-	-
-	-	-	30,742	149,739	6,271
-	-	-	2,099	402	2,492
4	-	1,500	50,349	150,241	11,177
-	13,259	22	-	5,262	-
-	-	-	(10,225)	-	(11,177)
-	13,259	22	(10,225)	5,262	(11,177)
4	13,259	1,522	40,124	155,503	-

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
June 30, 2018

	<i>Area Agency on Aging - PSA Special Revenue - All Accounts</i>			
	02-204	02-205	02-210	02-501
	Title III-D	Title III-E	NSIP	PSA 2-Admin
ASSETS				
Cash and cash equivalents	\$ 32,734	-	-	85,558
Due from grantors	-	23,488	505,998	-
Program income receivable	-	-	-	13,439
Other receivables	-	-	-	1,153
Prepaid	-	-	-	9,000
Security deposits	-	-	-	2,901
Total assets	\$ 32,734	23,488	505,998	112,051
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	9,071	433,839	54,851
Accrued payroll expenses	-	-	-	48,436
Due to other funds	-	7,481	64,240	-
Due to State of New Mexico	30,755	6,936	-	-
Total liabilities	30,755	23,488	498,079	103,287
FUND BALANCES				
Restricted	1,979	-	7,919	8,764
Unassigned	-	-	-	-
Total fund balances	1,979	-	7,919	8,764
Total liabilities and fund balances	\$ 32,734	23,488	505,998	112,051

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

Area Agency on Aging - PSA Special Revenue - All Accounts

<u>02-503</u> Consumer Coordinator	<u>02-506</u> AAA Alliance	<u>02-507</u> Direct Senior Services	<u>02-509</u> Provide Support	<u>02-510</u> Hunger Summit	<u>02-511</u> Provider and Support - II	Total Area Agency on Aging PSA Funds
1,661	132	4	55	585	95	788,099
-	-	-	-	-	-	2,104,063
-	-	-	-	-	-	13,439
-	400	-	-	-	-	1,553
-	-	-	-	-	-	9,000
-	-	-	-	-	-	2,901
<u>1,661</u>	<u>532</u>	<u>4</u>	<u>55</u>	<u>585</u>	<u>95</u>	<u>2,919,055</u>
-	-	-	-	585	-	2,488,897
91	-	-	-	-	-	49,645
-	-	-	-	-	-	268,000
1,570	-	4	55	-	95	55,425
<u>1,661</u>	<u>-</u>	<u>4</u>	<u>55</u>	<u>585</u>	<u>95</u>	<u>2,861,967</u>
-	532	-	-	-	-	78,490
-	-	-	-	-	-	(21,402)
-	532	-	-	-	-	57,088
<u>1,661</u>	<u>532</u>	<u>4</u>	<u>55</u>	<u>585</u>	<u>95</u>	<u>2,919,055</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, 2018

	<i>Area Agency on Aging - PSA Special Revenue - All Accounts</i>			
	02-100	02-110	02-111	02-112
	State Funds HB2	Senior Employment Program	SEP/Enrollee	SER State
REVENUES				
Federal operating grants	\$ -	-	-	-
State operating grants and contracts	11,416,068	679,480	29,920	-
Other revenue	-	-	-	-
Total Revenues	11,416,068	679,480	29,920	-
EXPENDITURES				
Administration	-	77,752	29,920	-
Distribution to grantees	11,416,068	601,728	-	-
Capital outlay	-	-	-	-
Total Expenditures	11,416,068	679,480	29,920	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other Financing Sources (Uses)</i>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, beginning	16,137	24,616	-	-
Fund balance, ending	\$ 16,137	24,616	-	-

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

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	02-203 Title III C2
-	-	-	799,023	1,267,174	629,091
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	799,023	1,267,174	629,091
-	-	-	-	-	-
-	-	-	799,023	1,267,174	629,091
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	799,023	1,267,174	629,091
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	13,259	22	(10,225)	5,262	(11,177)
-	13,259	22	(10,225)	5,262	(11,177)

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, 2018

	<i>Area Agency on Aging - PSA Special Revenue - All Accounts</i>			
	02-204	02-205	02-210	02-501
	Title III-D	Title III-E	NSIP	PSA 2-Admin
REVENUES				
Federal Operating Grants	\$ 61,948	382,623	2,402,545	317,474
State Operating Grants and Contracts	-	-	-	1,709,109
Other Revenue	-	-	-	14,527
Total Revenues	<u>61,948</u>	<u>382,623</u>	<u>2,402,545</u>	<u>2,041,110</u>
EXPENDITURES				
Administration	-	-	-	2,040,614
Distribution to Grantees	61,735	382,623	2,404,542	-
Capital Outlay	-	-	-	557
Total Expenditures	<u>61,735</u>	<u>382,623</u>	<u>2,404,542</u>	<u>2,041,171</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>213</u>	<u>-</u>	<u>(1,997)</u>	<u>(61)</u>
<i>Other Financing Sources (Uses)</i>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>213</u>	<u>-</u>	<u>(1,997)</u>	<u>(61)</u>
Fund Balance, Beginning	<u>1,766</u>	<u>-</u>	<u>9,916</u>	<u>8,825</u>
Fund Balance, Ending	<u>\$ 1,979</u>	<u>-</u>	<u>7,919</u>	<u>8,764</u>

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

Area Agency on Aging - PSA Special Revenue - All Accounts

02-503 Consumer Coordinator	02-506 AAA Alliance	02-507 Direct Senior Services	02-509 Provide Support	02-510 Hunger Summit	02-511 Provider and Support - II	Total Area on Agency Funds
-	-	-	-	-	-	5,859,878
-	-	44,200	-	-	-	13,878,777
-	-	-	-	-	-	14,527
-	-	44,200	-	-	-	19,753,182
-	-	44,200	-	-	-	2,192,486
-	-	-	-	-	-	17,561,984
-	-	-	-	-	-	557
-	-	44,200	-	-	-	19,755,027
-	-	-	-	-	-	(1,845)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(1,845)
-	532	-	-	-	-	58,933
-	532	-	-	-	-	57,088

OTHER INFORMATION

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Changes in Assets and Liabilities
Agency Funds
June 30, 2018

	Beginning Balance	Additions	(Deletions)	Ending Balance
Veterans Program Self Directed (04-123)				
Assets				
Cash in bank	\$ 54,689	-	(54,689)	-
Due from other funds	-	132,195	(86,884)	45,311
Total assets	<u>54,689</u>	<u>132,195</u>	<u>(141,573)</u>	<u>45,311</u>
Liabilities				
Assets held for others	54,689	-	(54,689)	-
Due to governmental funds	-	132,195	(86,884)	45,311
Total liabilities	<u>54,689</u>	<u>132,195</u>	<u>(141,573)</u>	<u>45,311</u>
REDI Net Operational (04-239)				
Assets				
Cash in bank	\$ 144	-	-	144
Due from other funds	91,416	-	(146)	91,270
Total assets	<u>91,560</u>	<u>-</u>	<u>(146)</u>	<u>91,414</u>
Liabilities				
Assets held for others	-	-	-	-
Due to governmental funds	91,560	-	(146)	91,414
Total liabilities	<u>91,560</u>	<u>-</u>	<u>(146)</u>	<u>91,414</u>
South Region Executive Directors Association (04-300)				
Assets				
Cash in bank	\$ 24,855	25,105	(14,292)	35,668
Due from other funds	-	-	-	-
Total assets	<u>24,855</u>	<u>25,105</u>	<u>(14,292)</u>	<u>35,668</u>
Liabilities				
Assets held for others	24,855	25,105	(14,292)	35,668
Due to governmental funds	-	-	-	-
Total liabilities	<u>24,855</u>	<u>25,105</u>	<u>(14,292)</u>	<u>35,668</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Changes in Assets and Liabilities
Agency Funds
June 30, 2018

	Beginning Balance	Additions	(Deletions)	Ending Balance
NEEDO (04-335)				
Assets				
Cash in bank	\$ 17	-	(17)	-
Due from other funds	-	-	-	-
Total assets	<u>17</u>	<u>-</u>	<u>(17)</u>	<u>-</u>
Liabilities				
Assets held for others	<u>17</u>	-	<u>(17)</u>	-
Total liabilities	<u>17</u>	<u>-</u>	<u>(17)</u>	<u>-</u>
NM Cares (04-350)				
Assets				
Cash in bank	\$ 13,764	26,614	(32,719)	7,659
Due from other funds	<u>33,155</u>	-	<u>(27,659)</u>	<u>5,496</u>
Total assets	<u>46,919</u>	<u>26,614</u>	<u>(60,378)</u>	<u>13,155</u>
Liabilities				
Assets held for others	32,106		(20,781)	11,325
Due to governmental funds	<u>14,813</u>	-	<u>(12,983)</u>	<u>1,830</u>
Total liabilities	<u>46,919</u>	<u>-</u>	<u>(33,764)</u>	<u>13,155</u>
Total Agency Funds				
Assets				
Cash in bank	\$ 93,469	51,719	(101,717)	43,471
Due from other funds	<u>124,571</u>	<u>132,195</u>	<u>(114,689)</u>	<u>142,077</u>
Total assets	<u>218,040</u>	<u>183,914</u>	<u>(216,406)</u>	<u>185,548</u>
Liabilities				
Assets held for others	111,667	25,105	(89,779)	46,993
Due to governmental funds	<u>106,373</u>	<u>132,195</u>	<u>(100,013)</u>	<u>138,555</u>
Total liabilities	<u>\$ 218,040</u>	<u>157,300</u>	<u>(189,792)</u>	<u>185,548</u>

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

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Pledged Collateral
June 30, 2018

<u>Financial Institution</u>	<u>Account Type</u>	<u>Account Name</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Los Alamos National Bank	Checking	General Operating Account	\$ 721,138	\$ 753,820
	Checking	REDI Net Operational Account	144	144
		NM CARES Account	7,659	6,852
		EDA RLF Account	288,244	288,413
		TCR RLF Account	99,353	99,353
			<u>\$ 1,116,538</u>	<u>\$ 1,148,582</u>
		Less FDIC Insurance		<u>(250,000)</u>
		Uninsured Public Funds		<u>\$ 898,582</u>
		Collateral requirement @ 50%		<u>\$ 449,291</u>
		Fair Value of Collateral		<u>\$ 3,544,815</u>
	Over (Under) Collateralized		<u>\$ 3,095,524</u>	
Wells Fargo Bank	Savings	SWREDA Savings	\$ 15,179	\$ 15,179
	Checking	SWREDA Checking	20,489	20,489
			<u>\$ 35,668</u>	<u>\$ 35,668</u>
		Less FDIC Insurance		<u>35,668</u>
		Uninsured Public Funds		<u>\$ -</u>
	Total Cash and Cash Equivalents		<u>\$ 1,152,206</u>	<u>\$ 1,184,250</u>

<u>Financial Institution</u>	<u>CUSIP Identification</u>	<u>Maturity Date</u>	<u>Types of Securities</u>	<u>Amount</u>
Los Alamos National Bank	36225EUR1	9/20/2039	GNMA II Pool	357,945
	3617MDQ0	5/20/2042	GNMA II Pool	268,299
	199492VM8	4/1/2031	COLUMBUS OH	1,104,929
	199492VM8	4/1/2031	COLUMBUS OH	544,300
	49474FSJ0	7/1/2032	KING CNTY WA	1,079,960
	3137A3V30	12/15/2020	FHR	189,382
			Total Pledged Collateral	<u>\$ 3,544,815</u>

Pledged collateral is held in safekeeping by Federal Home Loan Bank

COMPLIANCE SECTION

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures	To Sub- recipients	For Administration
U.S Department of Commerce					
Economic Development - State and Local Economic Development Planning	N/A	11.302	\$ 68,152	-	-
Total U.S. Department of Commerce			<u>68,152</u>	<u>-</u>	<u>-</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	76,734	-	-
NERPO - Transportation-Regional Planning (Title 23, USC Sec. 135 and Title 49 USC Sec. 5313)	M00473WA	20.205	77,175	-	-
<i>Total Flowed through New Mexico State Highway Department</i>			<u>153,909</u>		
Total U.S. Department of Transportation			<u>153,909</u>	<u>-</u>	<u>-</u>
U.S. Department of Health and Human Services					
New Mexico State Agency on Aging					
Title III, Part B - Supportive Services and Senior Centers		93.044	887,804	799,023	88,780
Title III, Part C-1 - Nutrition Services		93.045	1,407,971	1,267,174	140,797
Title III, Part C-2 - Nutrition Services		93.045	674,472	629,091	45,381
Title III, Part D - Disease Prevention and Health Promotion		93.043	61,948	61,948	-
Title III, Part E - National Family Caregiver Support		93.052	425,137	382,623	42,514
Nutrition Services Incentive Program		93.053	2,402,545	2,402,545	-
Total U.S. Department of Health and Human Services			<u>5,859,877</u>	<u>5,542,404</u>	<u>317,472</u>
Total federal award expenditures			<u>\$ 6,081,938</u>	<u>5,542,404</u>	<u>317,472</u>

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

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

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, 2018. 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.

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 3. Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
93.044	Title III, Part B - Supportive Services and Senior Centers (1)		
		Addus-Curry County	19,323
		Addus-Valencia County	636
		Adelante	20,743
		Alamo Senior Center	24,104
		Catron Co. Commission on Aging Inc.	14,549
		Chaves Co JOY Center	25,479
		City of Eunice	9,170
		City of Gallup	20,116
		City of Las Vegas	30,961
		City of Lovington	8,168
		City of Santa Rosa	2,449
		City of Tucumcari	3,207
		Colfax County Senior Citizens	24,235
		Coordinated Home Health Care-Dona Ana Co.	13,289
		Deming/Luna Commission on Aging Inc.	20,158
		Grants Senior Citizens	27,068
		Guadalupe County	2,047
		Hidalgo Medical Services	11,047
		HMS - Grant County	46,705
		La Casa de Buena Salud	7,169
		Las Cruces Senior Services	25,329
		Las Cumbres	4,329
		Lincoln County	2,028
		Los Alamos Senior Citizens	13,665
		Melrose Senior Citizens	6,725
		Mora Valley Community Health Services	6,849
		Northwest NM Seniors	21,891
		PMS/Torrance	15,988
		Presbyterian Medical Services-mc	16,394
		Rio Arriba Seniors Citizens	34,448
		Sacramento Mnt Senior Services	9,350
		Sandoval County Seniors	38,250
		Santa Fe County	11,345
		Santa Fe Senior Citizens	38,079
		Sierra Joint Office on Aging	35,564
		Socorro County Senior	40,985

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 3. Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount
93.044	Title III, Part B - Supportive Services and Senior Centers (1)		
		Southeast NM CAC	47,783
		Taos County	47,122
		Town of Tatum	1,864
		Town of Vaughn	1,727
		Tularosa American Center	11,669
		Valencia County Seniors	20,972
		Village of Des Moines	976
		Village of Fort Sumner	2,521
		Village of Grady	12,359
		Village of Logan	188
		Total CFDA 93.044	799,023
93.045	Title III, Part C-1 - Nutrition Services		
		Adelante	36,132
		Alamo Senior Center	32,282
		Catron Co. Commission on Aging Inc.	7,106
		Chaves Co JOY Center	89,513
		City of Eunice	10,309
		City of Gallup	55,034
		City of Hobbs	24,353
		City of Jal	6,149
		City of Las Vegas	37,538
		City of Santa Rosa	6,475
		City of Tucumcari	9,001
		Colfax County Senior Citizens	35,403
		Community Services Center	10,298
		Curry Residents Senior Meals	25,625
		Deming/Luna Commission on Aging Inc.	34,170
		Grants Senior Citizens	26,821
		Guadalupe County	6,958
		Harding County	6,300
		Hidalgo Medical Services	8,803
		HMS - Grant County	29,207
		Las Cruces Senior Services	106,954
		Lincoln County	57,215
		Los Alamos Senior Citizens	18,442

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 3. 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		
		Melrose Senior Citizens	4,086
		Northwest NM Seniors	75,340
		PMS/Torrance	21,091
		Presbyterian Medical Services-mc	22,903
		Rio Arriba Seniors Citizens	53,172
		Sacramento Mtn Senior Services	19,545
		Sandoval County Seniors	68,660
		Santa Fe County	31,574
		Santa Fe Senior Citizens	59,482
		Sierra Joint Office on Aging	31,463
		Socorro County Senior	27,165
		Southeast NM CAC	39,886
		Taos County	37,368
		Town of Clayton	3,393
		Town of Vaughn	1,184
		Tularosa American Center	13,949
		Valencia County Seniors	52,638
		Village of Eagle Nest	3,129
		Village of Fort Sumner	9,559
		Village of Grady	4,283
		Village of Logan	7,216
		Total CFDA 93.045	<u>1,267,174</u>
93.045	Title III, Part C-2 - Nutrition Services		
		Adelante	25,304
		Alamo Senior Center	12,312
		Catron Co. Commission on Aging Inc.	6,762
		Chaves Co JOY Center	28,069
		City of Eunice	2,762
		City of Gallup	10,511
		City of Hobbs	11,373
		City of Jal	5,749
		City of Las Vegas	49,560
		City of Lovington	5,493
		City of Santa Rosa	1,606
		City of Tucumcari	7,777

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 3. 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		
		Colfax County Senior Citizens	42,135
		Community Services Center	15,558
		Curry Residents Senior Meals	8,848
		Deming/Luna Commission on Aging Inc.	20,684
		Grants Senior Citizens	13,682
		Guadalupe County	3,810
		Harding County	8,166
		Hidalgo Medical Services	16,931
		HMS-Grant County	16,687
		Las Cruces Senior Services	16,186
		Lincoln County	16,735
		Los Alamos Senior Citizens	6,540
		Melrose Senior Citizens	6,101
		Northwest NM Seniors	28,356
		PMS/Torrance	5,774
		Presbyterian Medical Services-mc	12,793
		Rio Arriba Seniors Citizens	45,442
		Sacramento Mnt Senior Services	3,390
		Sandoval County Seniors	19,509
		Santa Fe County	14,836
		Santa Fe Senior Citizens	17,045
		Sierra Joint Office on Aging	11,598
		Socorro County Senior	18,157
		Southeast NM CAC	30,800
		Taos County	22,064
		Town of Clayton	2,969
		Town of Vaughn	1,597
		Tularosa American Center	6,742
		Valencia County Seniors	13,656
		Village of Eagle Nest	3,600
		Village of Fort Sumner	6,449
		Village of Grady	2,907
		Village of Logan	2,066
		Total CFDA 93.045	629,091

STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 3. Subrecipients of Grant Awards

U.S. Department of Health and Human Services

Federal CFDA Number	Program Name	Subrecipient Name	Amount	
93.043	Title III, Part D - Disease Prevention and Health Promotion	NM Senior Olympics	61,948	
		Total CFDA 93.043		<u>61,948</u>
93.052	Title III, Part E - National Family Caregiver Support	Addus Health Care	33,589	
		Addus-Otero County	35,648	
		Catron Co. Commission on Aging Inc.	6,957	
		Community Services Center	39,471	
		Deming/Luna Commission on Aging Inc.	29,064	
		Las Cruces Senior Services	28,748	
		Las Cumbres	36,105	
		Sandoval County Seniors	20,377	
		Santa Fe Senior Citizens	33,670	
		Share You Care Mckinley Co.	47,695	
		Share Your Care	50,019	
		Taos County	21,280	
		Total CFDA 93.052		<u>382,623</u>
93.053	Nutrition Services Incentive Program	Adelante	43,887	
		Alamo Senior Center	62,419	
		Catron Co. Commission on Aging Inc.	18,328	
		Chaves Co JOY Center	97,988	
		City of Eunice	11,793	
		City of Gallup	59,955	
		City of Hobbs	34,898	
		City of Jal	14,400	
		City of Las Vegas	82,402	
		City of Lovington	8,255	
		City of Santa Rosa	11,199	
		City of Tucumcari	32,636	
		Colfax County Senior Citizens	80,807	
		Community Services Center	24,387	
		Curry Residents Senior Meals	71,835	
		Deming/Luna Commission on Aging Inc.	65,171	
		Grants Senior Citizens	44,620	

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Note 3. 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		
		Guadalupe County	13,768
		Harding County	10,267
		Hidalgo Medical Services	23,985
		HMS-Grant County	51,378
		Las Cruces Senior Services	275,962
		Lincoln County	48,570
		Los Alamos Senior Citizens	23,104
		Melrose Senior Citizens	9,469
		Northwest NM Seniors	197,353
		PMS/Torrance	28,425
		Presbyterian Medical Services-mc	21,689
		Rio Arriba Seniors Citizens	87,271
		Sacramento Mnt Senior Services	16,822
		Sandoval County Seniors	181,005
		Santa Fe County	60,284
		Santa Fe Senior Citizens	152,354
		Sierra Joint Office on Aging	57,422
		Socorro County Senior	57,398
		Southeast NM CAC	88,150
		Taos County	50,518
		Town of Clayton	15,011
		Town of Vaughn	3,403
		Tularosa American Center	18,561
		Valencia County Seniors	98,070
		Village of Eagle Nest	18,288
		Village of Fort Sumner	10,930
		Village of Grady	6,469
		Village of Logan	11,639
		Total CFDA 93.053	2,402,545
Total U.S. Department of Health and Human Services			5,542,404

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, the fiduciary funds, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue fund of North Central New Mexico Economic Development District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2018-001 and 2018-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002.

District's Responses to Findings

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

Purpose of this Report

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

The logo for Axiom, featuring the word "Axiom" in a stylized, cursive script font.

Albuquerque, New Mexico
November 30, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited the North Central New Mexico Economic Development District ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico
November 30, 2018

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS

2017-001 Credit Cards (Other Non-Compliance)

CONDITION: Our credit card testing revealed 1 out of 5 credit statements amounting to \$2,547.03 that the Executive Director approved his own purchases.

Management is still in the process of correcting this finding.

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

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

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

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

MANAGEMENT RESPONSE: Effective October 1, 2018, the Interim Executive Director instituted procedures to ensure all purchases, including credit card purchases require a staff level requestor plus two (2) director level management, or their designee and Executive Director to approve all purchases. As such, all NCNMEDD Credit Card expenditures will have (4) approvals beginning with the Accounting Specialist or other staff requesting the purchase followed by approval by Finance Director, approval by Community Development Director or Community Services Director with final approval by the Executive Director. First occurrence of new procedures can be verified effective October 4, 2018, and with all future expenditures.

EMPLOYEE POSITION RESPONSIBLE: Executive Director / Finance Director / Director Level Management / Accounting Specialist I

TIMELINE: Completed on 10/1/2018

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS (CONTINUED)

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

CONDITION: During our testwork over NMRHCA payments, in 2 out of 12 instances we noted that RHC contributions were remitted after the 10th of the month. During our testwork over PERA contributions, we noted 1 out of 26 instances when 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.

Management is still in the process of correcting this finding.

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 regards to RHC contributions and with PERA rules for transmitting and reporting contributions on a timely basis.

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

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

MANAGEMENT RESPONSE: NCNMEDD Finance Department will use a secure Microsoft Office Outlook Calendar, accessible only to Finance Staff and Executive Director, with significant filing due dates for PERA, RHCA and other significant financial deadlines. NCNMEDD Finance staff will utilize secure calendar to include reminders with scheduled deadlines to allow adequate time for processing and ensure submissions are made in a timely fashion to PERA, RHCA and other critical expenditures and processes.

EMPLOYEE POSITION RESPONSIBLE: Finance Director and Accounting Specialist

TIMELINE: Completed by 12/3/2018

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-001 Financial Reporting and Internal Controls (Significant Deficiency)

CONDITION: During our internal control walkthroughs and testing, we noted the following:

- 14 out of 28 payroll disbursements selected, Leave Request Forms for employees who taken PTO 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 08/14/2018 for period 04/10/18-6/30/2018. The receivable is improperly excluded due to the District not recognizing the draw down for the correct period.
- 3 out of 9 loans receivables, the loan acknowledgement showed a balance of zero but per the GL, there was still a balance. We also noted that in 2 out of 9 loans receivables, the District has not been receiving any payments. Per the client, the District does not have a designated employee keeping track of all collections and past due accounts.

EFFECT: Because the internal control structure is not documented, management and staff are unsure about what procedures and processes to follow to properly safeguard assets. Adequate controls are not in place to safeguard assets and prevent or detect intentional or unintentional misstatements of accounting information.

CAUSE: For the fiscal year 2018 management has made improved efforts to implement new internal control policies and processes, but due to a lack of a comprehensive and documented internal control policy in place, employees are not consistently following these new processes and management.

CRITERIA: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring elements of internal control.

AUDITORS' RECOMMENDATIONS: The District should complete its documented comprehensive internal control structure and ensure that it is followed. Management should follow and ensure that all staff follows the District's documented internal control procedures, and the body charged with governance should provide effective oversight of the internal control and financial reporting processes. In addition, it should implement a financial close reporting process to ensure timely posting of transactions and reconciliation of accounts.

MANAGEMENT RESPONSE: NCNMEDD implemented an online, SAGE, Time management system effective with the pay period ending on October 19, 2018. Upon implementation, all Personal Time and PTO are requested by the employee prior to taking leave. NCNMEDD Directors/Managers are required to ensure the timeliness of the requests to comply with NCNMEDD policies. Leave taken when an employee utilizes their leave for illness will be the exception on prior submission. During times of illness the employee cannot request leave on the day they are out due to illness, however, the employee is required to submit their leave request on the 1st day the employee returns to the office after their illness.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-001 Financial Reporting and Internal Controls (Significant Deficiency) (continued)

Effective October 1, 2018, the Interim Executive Director instituted procedures to ensure all NCNMEDD disbursements will have (4) approvals beginning with the Accounting Specialist, followed by Community Development Director or Community Services Director, or their designee, approval by the Finance Director, with final approval by the Executive Director on the check register reports. First occurrence of new procedures can be verified effective October 4, 2018, and with all future disbursements. NCNMEDD also removed the electronic signature for the Executive Director from the checks. All checks must be signed by the Executive Director after all approvals are made on the Check Register Report.

NCNMEDD Finance Staff will provide required attention and due diligence for all receivables and recognize the revenue in the correct reporting period for all cost centers.

The Revolving Loan Fund (RLF) accounting function has been transferred from North Central's Administrative Assistant to the NCNMEDD Finance Department. NCNMEDD Finance Department will be requesting training from the GMS (Grants Management System) to be completed by the end of the Fiscal year. The GMS software, which is used to record RLF financial activity, to reconcile the account issues noted in the Audit finding, to prepare accurate financial statements for the fund and to properly record financial activity including loan payments after that. The Finance Director and Accounting Specialist will perform reconciliations of all active Revolving Loan Funds to ensure correct records are reported in MIP and GMS.

NCNMEDD, currently, has loans that are cooperation loans headed by banking partners tasked with collection of the cooperative loans. For all outstanding loans receivable that are not being collected by banking partners, tasked with loan collection through participation agreements for those loans, North Central has designated its Community Development Manager as the collection agent for those loans. NCNMEDD has instituted a process, whereby, the Revolving Loan Fund Plan, that will be voted on by the Board of Directors on December 14, 2018, calls for all loans made by the fund to be participation loans with a senior lender who is willing to be tasked with the responsibility of collecting RLF funds that are participated into business loans made by senior lender partners of the Fund. Any outstanding loans that are not participation loans have review by Executive Committee for direction on collections to Economic Development Staff.

EMPLOYEE POSITION RESPONSIBLE: NCNMEDD Directors/Managers/Executive Director – PTO and Personal Leave Requests, Finance Director/Accounting Specialist – Disbursements, Finance Director/Accounting Specialist – Receivables, Finance Director/Accounting Specialist/Economic Development Staff – Loan Receivables

TIMELINE: PTO Personal Leave – Completed on 10/19/2018; Disbursements – Completed on 10/1/2018; Receivables - Completed by 12/3/2018; Loan Receivables completed by 12/14/2018.

**STATE OF NEW MEXICO
 NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 Restatement (Significant Deficiency)

CONDITION: The prior year loans receivables and due to/from were understated and overstated as a result in the following funds:

General Fund	\$	15,005
NPRPO Transportation Planning		(15,374)
Economic Development Administration Fund		(125,713)
Economic Development District Fund		62,495
Total	\$	<u>(63,587)</u>

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.

CAUSE: Internal control procedures of the District were not properly followed.

AUDITORS' RECOMMENDATION: We recommend that the District reconcile all loan receivable 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.

MANAGEMENT RESPONSE: NCNMEDD Finance Staff will follow strict guidelines in reconciling RLF Loan receivable accounts in MIP to ensure accurate figures are reported. All due to and do from will be reviewed and reconciled at the end of each fiscal year to ensure they are paid back within the year. Finance Staff will include this process in the Finance Calendar to be completed during the fourth quarter of the fiscal year.

EMPLOYEE POSITION RESPONSIBLE: Finance Director/ Accounting Specialist

TIMELINE: Completed by 12/3/2018 with verification at end of fiscal year.

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Status of Prior Year Audit Findings
June 30, 2018**

STATUS OF PRIOR AUDIT FINDINGS

Financial Statements Findings	Status
2016-001 – Controls Over Disbursements (Significant Deficiency in Internal Control)	Resolved
2016-003 – Sub-recipient Monitoring (Significant Deficiency and Noncompliance)	Resolved
2016-004 – Standards for Documentation of Personnel Expenses	Resolved
2017-001 - Controls over Credit cards (Noncompliance)	Repeated and Modified
2017-002 - PERA and RHC remitted late (Noncompliance)	Repeated and Modified
2017-003 – Controls over payroll (Significant Deficiency)	Resolved
2017-004 – Controls over manual journal entries (Significant Deficiency)	Resolved
2017-005 – Capital Assets – (Significant Deficiency)	Resolved
2017-006 – Standards for documentation on general expenses (Significant Deficiency)	Resolved
2017-007 – Late Submission of Audit Contract in OSA (Noncompliance)	Resolved
Special Audit Findings	
Finding 2018-001 – Lack of Segregation of Duties	Resolved
Finding 2018-002 – Adjustment Support	Resolved
Finding 2018-003 – Required Policies and Procedures	Resolved
Finding 2018-004 – Information Available to the Board	Resolved
Finding 2018-005 – Incorrect Certified Report	Resolved
Finding 2018-006 – Incentive Pay	Resolved
Finding 2018-007 – Contract Provisions for Risk Assessment	Resolved
Finding 2018-008 – Interest and Penalties	Resolved
Finding 2018-009 – Expense Documentation and Purpose	Resolved
Finding 2018-010 – Bank Reconciliations Preparation and Approval	Resolved
Finding 2018-011 – CHAS Review	Resolved
Finding 2018-012 – Timeliness of Payments for Sub-recipients	Resolved

**STATE OF NEW MEXICO
NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT
Exit Conference
June 30, 2018**

EXIT CONFERENCE

An exit conference was held with the District on November 30, 2018. The following individuals were in attendance:

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

Thomas Garcia – Interim NCNMEDD Executive Director

Jim Trujillo – NCNMEDD Executive Board President

Ernesto Salazar – NCNMEDD Executive Board Treasurer

Kevin Calabaza – Finance Director

Raquel Varela – Accounting Specialist

Scott Beckman – Community Development Manager

Axiom Certified Public Accountants and Business Advisors LLC

Jaime Rumbaoa, CPA, CITP, CFE, CISA, Partner

FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by the independent certified public accountant performing the audit with the assistance of the District. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.