



RIO METRO REGIONAL TRANSIT DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2011

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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BOARD MEMBERS

City of Albuquerque	Mayor	Richard J. Berry
City of Albuquerque	Councilor	Rey Garduno
City of Albuquerque	Councilor	Don Harris
City of Albuquerque	Councilor (Chair)	Isaac Benton
City of Albuquerque	Councilor	Debbie O'Malley
Bernalillo County	Commissioner	Maggie Hart Stebbins
Bernalillo County	Commissioner	Michael Wiener
Bernalillo County	Commissioner	Art de la Cruz
Town of Bernalillo	Mayor	Jack Torres
Village of Bosque Farm	Mayor	Wayne Ake
Village of Corrales	Councilor	John Alsobrook
Village of Los Lunas	Mayor	Robert Vialpando
Los Ranchos de Albuquerque	Mayor	Larry Abraham
City of Rio Rancho	Councilor	Kathleen Colley
City of Rio Rancho	Councilor	Steve Shaw
Sandoval County	Commissioner	Donnie Leonard
Valencia County	Commissioner	Ron Gentry

Report of Independent Auditors

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities and each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Rio Metro Regional Transit District (Rio Metro) as of and for the year ended June 30, 2011, which collectively comprise Rio Metro's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of Rio Metro's nonmajor governmental funds and the budgetary comparisons and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of Rio Metro's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rio Metro's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Metro as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Rio Metro as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparisons for all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2011 on our consideration of Rio Metro'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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 5 through 12 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rio Metro's basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Any additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
November 29, 2011

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Rio Metro Regional Transit District (Rio Metro) management's discussion and analysis provides an overview of Rio Metro's mission and function, recent program opportunities, and a brief discussion of the basic financial statements and the significant differences in information they provide.

Rio Metro's Mission and Function

New Mexico regional transit districts are made up of multiple government agencies for the purpose of planning, financing and operating a regionally unified public transportation system. Transit districts are governed by representatives of the local member agencies to ensure a balance between local and regional transportation needs.

The Rio Metro Regional Transit District was formed to develop a cohesive regional transit system that provides economical transportation alternatives for the residents of Bernalillo, Sandoval and Valencia counties. The Rio Metro Regional Transit Plan identifies future transit services and infrastructure needs for the three county service area. A programmatic approach, which included gathering input from recently completed and relevant planning studies, community comments and technical analyses, was applied to define the service and infrastructure investments identified in the plan.

The services currently provided within the transit district are comprised of independently operated systems. The public transportation modes included in the Rio Metro Transit District service area include the New Mexico Rail Runner Express commuter train and ABQ Ride's Rapid Ride bus service, as well as local fixed-route buses, neighborhood circulator services, flex route services and Dial-a-Ride systems. Transit passenger facilities and amenities are important elements necessary to support transit operations and to build and maintain patronage. Common passenger facilities include bus stops, transit centers and park-and-ride facilities.

Transportation services receive funding from the following sources: passenger fares, county regional transit gross receipts taxes, advertising, interest income and Federal Transit Administration funds. Federal funds are administered jointly with the New Mexico Department of Transportation.

RECENT PROGRAM OPPORTUNITIES

Rio Metro began receiving Regional Transit Gross Receipts Taxes as of September 2009. Regional Transit Gross Receipts Taxes are received from Bernalillo, Sandoval, Valencia, and Santa Fe Counties.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Regional Transit Gross Receipts Taxes provide the primary source of funding for continuing operations of the New Mexico Rail Runner Express. Regional Transit Gross Receipts Taxes are also used to develop and improve transit operations within the transit district, specifically in Rio Rancho, Sandoval County, and Valencia County.

OVERVIEW OF FINANCIAL STATEMENTS

This is the second year that Rio Metro's financial statements have been shown separately from those of the Mid-Region Council of Governments (MRCOG). Previously, the MRCOG was the operator of the New Mexico Rail Runner Express, on behalf of the New Mexico Department of Transportation.

This discussion and analysis are intended to serve as an introduction to the Rio Metro's basic financial statements. The Rio Metro's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Rio Metro's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Rio Metro's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Rio Metro is improving or deteriorating. The statement of activities presents information showing how the Rio Metro's net asset changed during the most recent fiscal year. All changes in net assets are report as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as expenses pertaining to earned but unused vacation and sick leave. All of Rio Metro's activities are reported under governmental-type activities and there are no component units. The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Rio Metro, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Rio Metro are governmental funds. Governmental fund financial statements

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

focus on near-term inflow and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Rio Metro maintains twenty (20) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Gross Receipts Tax Transit, Transit Operations, Commuter Rail Operations, and Gross Receipts Tax Rail, all of which are considered to be major funds. Data from the other fifteen (15) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statement can be found on pages 18-20 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-40 of this report.

Budgetary Comparisons

Although not a legal document, Rio Metro does maintain a budget for informational and managerial purposes. The budget is approved by Rio Metro's Board of Directors on an annual basis. As required by the Office of the State Auditor Rule, 2 NMAC 2.2, a budgetary comparison statement has been provided for the general fund and the major special revenue funds in the basic financial statements. The capital projects fund and nonmajor special revenue funds budgetary comparisons are presented in supplementary schedules.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

FINANCIAL ANALYSIS OF RIO METRO

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Rio Metro, assets exceeded liabilities by \$10.4 million at the close of the most recent fiscal year. The increase in net assets was principally a result of gross receipts taxes collected in excess of expenditures.

Rio Metro's overall financial position continues to grow and remain strong. Regional transit gross receipts taxes provide a stable source of funding for transit services in the region. The gross receipts taxes also provide a source of local funding that can be used to match various federal and state grants. Gross receipts taxes are dependent on the economy; therefore, the amount of gross receipts taxes available in future years will depend on the state of the regional economy. However, Rio Metro is confident that there will be sufficient revenues available in future years to provide adequate transit services to area residents.

During the last year, Rio Metro assumed responsibility for the transit services in Rio Rancho, rural Sandoval County, and Valencia County. Regional transit gross receipts taxes also provided a significant source of funding for operation of the New Mexico Rail Runner Express.

Net Assets

Table A-1 summarizes the Rio Metro's net assets for the fiscal year ended June 30, 2011. Net assets are presented on a consolidated basis and are reflected on a full accrual basis.

Table A-1
Rio Metro's Net Assets

	Governmental Activities 6/30/11	Governmental Activities 6/30/10
Current assets	\$ 12,738,320	\$ 13,420,636
Capital assets, net of accumulated depreciation	752,609	-
Total assets	13,490,929	13,420,636
Total current liabilities	3,009,173	6,274,022
Total liabilities	3,009,173	6,274,022
Net assets		
Invested in capital, net of related debt	752,609	-
Unrestricted	9,729,147	7,146,614
Total liabilities and net assets	\$ 13,490,929	\$ 13,420,636

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Changes in net assets: Rio Metro's change in net assets for fiscal year 2011 was an increase of \$3,335,141. The table below reflects the changes in net assets:

Table A-2
Changes in Rio Metro's Net Assets

	Governmental Activities 6/30/11	Governmental Activities 6/30/10
Expenses – governmental activities	\$ (34,140,225)	\$ (27,395,578)
Add: charges for services	2,946,833	2,899,752
operating grants	12,206,792	9,680,598
Subtotal	(18,986,600)	(14,815,228)
General revenues – total	22,321,741	21,961,842
Change in net assets	3,335,141	7,146,614
Net assets – beginning of year	7,146,615	-
Net assets – end of year	10,481,756	7,146,614

Financial Analysis of the Government's Funds

As noted earlier, Rio Metro's uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Rio Metro's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Rio Metro's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Rio Metro's governmental fund reported combined ending fund balances of \$9.7 million, an increase of \$2.6 million in comparison with prior year. 100% of fund balance constitutes unassigned, which is available for spending at the government's discretion.

Rio Metro's total Governmental Funds expenditures during the year were nearly \$34.9 million dollars for year ending June 30, 2011, compared to \$27.4 million in 2010. Approximately seventy percent (70%) of those expenditures were for operating the New Mexico Rail Runner Express commuter rail system. The Rail Runner is an ongoing activity and the commuter rail system has been in operations for several years. Transit operations; however, is a relatively new venture for Rio

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Metro and expenditures will increase as Rio Metro implements the projects outlined in the Regional Transit Plan.

The following table relates to the revenues and expenditures of the Governmental Funds:

Table A-3
Changes in Rio Metro's Revenues, Expenditures and Changes in Fund Balances

	Governmental Funds 6/30/11	Governmental Funds 6/30/10
Revenues:		
State	\$ 1,044,379	\$ 1,312,017
Federal	9,307,858	6,250,479
Local	22,320,164	21,960,824
Charges for service	2,946,833	2,899,652
BNSF/AMTRAK	1,696,181	1,891,658
Interest and other	159,951	227,462
Total revenues	<u>37,475,366</u>	<u>34,542,192</u>
Expenditures:		
Operations	33,400,156	26,685,174
Capital outlay	1,492,678	710,404
Total expenditures	<u>34,892,834</u>	<u>27,395,578</u>
Excess of revenues over		
Expenditures	2,582,532	7,146,615
Beginning fund balances, as restated	7,146,615	-
Ending fund balances	<u>\$ 9,729,147</u>	<u>\$ 7,146,615</u>

Analysis of Major Funds

General Fund (Fund 010): Revenues in the General Fund were \$1,577, which was interest income. There were no other revenues or expenses in the General Fund during the fiscal year.

GRT - Transit (Fund 048): The GRT - Transit fund is where Rio Metro includes the transit portion of Gross Receipts Tax Revenue when it is received. When Rio Metro allocates revenue at the end of each month, the GRT - Transit revenue is allocated to the various transit funds as needed to cover expenses. As of June 30, 2011, the fund balance in the GRT - Transit fund was \$9.7 Million.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Transit Operations (Fund 049): The Transit Operations fund includes the operation, administration, budget, utilities and other costs associated with operating and administering Rio Metro's transit activities. As of June 30, 2011, the fund balance in the Transit Operations fund was zero.

Commuter Rail Operations (Fund 089): The Rio Metro Regional Transit district is the designated operator of the New Mexico Rail Runner Express commuter rail service. Operating dollars are used to contract for the operation and maintenance of the commuter rail service, communications and dispatch, as well as marketing and oversight of the contract operator. As of June 30, 2011, the fund balance in the Commuter Rail Operations fund was zero.

GRT - Rail (Fund 099): The GRT - Rail fund is where Rio Metro includes the rail portion of Regional Transit Gross Receipts Tax Revenue when it is received. When Rio Metro allocates revenue at the end of each month, the GRT - Rail revenue is allocated to the various rail funds as needed to cover expenses. As of June 30, 2011, the fund balance in the GRT - Rail fund was \$10,617.

Significant Variations between Original and Final Budget Amounts

The difference between the original Budget and final Budget is primarily a result of the following:

- Regional Transit Gross Receipts Taxes were \$3.3 million more than anticipated.
- Farebox revenues were approximately \$90,000 less than anticipated.

Fund Balances

The fund balances at June 30, 2011 were as follows:

- The fund balance in the General fund was \$2,595, which was interest earned during the year.
- The fund balance in the GRT - Transit fund was \$9,715,935, which was gross receipts taxes collected but not used to cover transit expenses during the year.
- The fund balance in the GRT - Rail fund was \$10,617, which was gross receipts taxes collected but not used to cover rail expenses during the year.

Capital Assets

The Rio Metro's investment in capital assets as of June 30, 2011 amounted to \$752,609. The capital assets consist of vehicles. Depreciation expense of \$222,731 was recorded in the current year. Additions of \$975,340 were purchased during the year ended June 30, 2011, consisting of several vans for transit operations.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Debt

The Rio Metro RTD had no debt, either current or long term, at June 30, 2011, or at any time during the year.

Economic Factors and Next Year's Budgets

The primary source of funding for the Rio Metro RTD is the Regional Transit Gross Receipts Tax. While this tax is dependent on the state of the economy, the Rio Metro RTD is confident that there will be sufficient funding available to operate the New Mexico Rail Runner Express and provide transit services in the region. Federal programs remain relatively consistent from 2011 to 2012, and ridership has increased in 2012. In addition, Rio Metro RTD has approved a fee increase in the Commuter Rail program, which will take effect in January 2012.

Request for Information

This financial report is designed to provide a general overview of the Rio Metro RTD's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Executive Director, MRCOG/Rio Metro RTD, 809 Copper Avenue N.W., Albuquerque, NM 87102.

**RIO METRO REGIONAL TRANSIT DISTRICT
(GOVERNMENT-WIDE)
STATEMENT OF NET ASSETS
June 30, 2011**

	Governmental Activities
ASSETS	
Current	
Cash and cash equivalents	\$ 6,629,069
Accounts receivable	886,783
Gross receipts taxes receivable	4,060,111
Grants receivable	999,995
Related entity receivable	162,362
Total current assets	<u>12,738,320</u>
Noncurrent	
Capital assets, net of accumulated depreciation	<u>752,609</u>
Total noncurrent assets	<u>752,609</u>
Total Assets	<u><u>\$ 13,490,929</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current	
Accounts payable	\$ 2,677,166
Related entity payable	332,007
Total liabilities	<u>3,009,173</u>
NET ASSETS	
Invested in capital assets, net of debt	752,609
Unrestricted	<u>9,729,147</u>
Total net assets	<u>10,481,756</u>
Total liabilities and net assets	<u><u>\$ 13,490,929</u></u>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
(GOVERNMENT-WIDE)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

Functions/Programs Governmental Activities	Expenses	Charges for Services	Program Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets for Governmental Activities
General government				
Commuter rail activities	\$ 25,662,560	2,856,263	10,259,477	(12,546,820)
Transit activities	8,477,665	90,570	1,947,315	(6,439,780)
Total governmental activities	\$ 34,140,225	2,946,833	12,206,792	(18,986,600)
General Revenues				
NM Gross Receipts Taxes				\$ 22,320,164
Interest				1,577
Total general revenues				<u>22,321,741</u>
Change in net assets				<u>3,335,141</u>
Net assets, beginning of year				<u>7,146,615</u>
Net assets, ending of year				<u><u>\$ 10,481,756</u></u>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011**

	Major Funds							Total Governmental Funds
	Special Revenue Funds							
	General #10	GRT - Transit #48	Transit Operations #49	Commuter Rail Oper. #89	GRT - Rail #99	Other Governmental Funds		
ASSETS								
Cash and cash equivalents	\$ 6,629,069	-	-	-	-	-	-	6,629,069
Accounts receivable	8,944	-	-	849,739	-	28,100	-	886,783
Gross receipts taxes receivable	-	1,781,031	-	-	2,279,080	-	-	4,060,111
Grant reimbursements receivable	-	-	-	766,667	-	233,328	-	999,995
Related entity receivable	-	-	-	-	-	162,362	-	162,362
Interfund receivables	-	7,934,904	743,018	154,930	-	210,085	-	9,042,937
Prepaid expenses	-	-	-	-	-	-	-	-
Total assets	\$ 6,638,013	9,715,935	743,018	1,771,336	2,279,080	633,875		21,781,257
LIABILITIES								
Accounts payable	\$ -	-	645,444	1,673,983	-	357,739	-	2,677,166
Related Entity Payable	-	-	97,574	97,353	-	137,080	-	332,007
Interfund payables	6,635,418	-	-	-	2,268,463	139,056	-	9,042,937
Total liabilities	6,635,418	-	743,018	1,771,336	2,268,463	633,875		12,052,110
FUND BALANCES								
Unassigned	2,595	9,715,935	-	-	10,617	-	-	9,729,147
Total fund balance	2,595	9,715,935	-	-	10,617	-	-	9,729,147
Total liabilities and fund balances	\$ 6,638,013	9,715,935	743,018	1,771,336	2,279,080	633,875		21,781,257

Reconciliation

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported	752,609
Net assets of governmental activities	\$ 10,481,756

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS
Year Ended June 30, 2011**

	Major Funds						Total Governmental Funds
	General #10	GRT - Transit #48	Transit Operations #49	Commuter Rail Oper. #89, 94	GRT - Rail #99	Other Governmental Funds	
REVENUES							
Intergovernmental							
Federal	\$ -	-	-	6,800,000	-	2,507,858	9,307,858
State	-	-	-	200,000	-	844,379	1,044,379
NM Gross Receipts Tax	-	2,968,397	5,156,480	12,379,853	(387,442)	2,202,876	22,320,164
Farebox	-	-	-	2,856,263	-	90,570	2,946,833
BNSF/AMTRAK	-	-	-	1,696,181	-	-	1,696,181
Special projects and other	1,577	-	-	51,350	-	107,024	159,951
Total revenues	1,577	2,968,397	5,156,480	23,983,647	(387,442)	5,752,707	37,475,366
EXPENDITURES							
Current							
Operating	-	-	5,134,991	23,983,647	-	4,281,518	33,400,156
Capital outlay	-	-	21,489	-	-	1,471,189	1,492,678
Total expenditures	-	-	5,156,480	23,983,647	-	5,752,707	34,892,834
Excess of revenue over expenditures	1,577	2,968,397	-	-	(387,442)	-	2,582,532
OTHER FINANCING SOURCES/USES							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
Net change in fund balance	1,577	2,968,397	-	-	(387,442)	-	2,582,532
Fund balance, beginning of year, as restated	1,018	6,747,538	-	-	398,059	-	7,146,615
Fund balance, end of year	\$ 2,595	9,715,935	-	-	10,617	-	9,729,147
Reconciliation							
Change in fund balance-total government funds							2,582,532
Amounts reported for governmental activities in the statement of activities are different because:							
Depreciation is not recorded as a financial use							(222,731)
Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported							975,340
Change in net assets of governmental activities							\$ 3,335,141

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2011**

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ -	-	-	-
State	-	-	-	-
NM Gross Receipts Tax	-	-	-	-
Farebox	-	-	-	-
BNSF/AMTRAK	-	-	-	-
Special projects and other	-	-	1,577	1,577
Total revenues	-	-	1,577	1,577
EXPENDITURES				
Current:				
Operating	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Other financing uses				
Operating transfer out	-	-	-	-
Change in fund balance	\$ -	-	1,577	1,577

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
MAJOR FUND - GRT - TRANSIT #48
Year Ended June 30, 2011**

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ -	-	-	-
State	-	-	-	-
NM Gross Receipts Tax	-	-	2,968,397	2,968,397
Farebox	-	-	-	-
BNSF/AMTRAK	-	-	-	-
Special projects and other	-	-	-	-
Total revenues	-	-	2,968,397	2,968,397
EXPENDITURES				
Current:				
Operating	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Other financing uses				-
Operating transfer out				-
Change in fund balance	\$ -	-	2,968,397	2,968,397

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
MAJOR FUND - TRANSIT OPERATIONS #49
Year Ended June 30, 2011**

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ -	-	-	-
State	-	-	-	-
NM Gross Receipts Tax	6,890,000	5,156,480	5,156,480	-
Farebox	-	-	-	-
Special projects and other	-	-	-	-
	<hr/>			
Total revenues	6,890,000	5,156,480	5,156,480	-
	<hr/>			
EXPENDITURES				
Current:				
Operating	5,890,000	5,134,991	5,134,991	-
Capital outlay	1,000,000	21,489	21,489	-
	<hr/>			
Total expenditures	6,890,000	5,156,480	5,156,480	-
	<hr/>			
Other financing uses	-	-	-	-
Operating transfer out	-	-	-	-
	<hr/>			
Change in fund balance	\$ -	-	-	-
	<hr/> <hr/>			

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
MAJOR FUND - COMMUTER RAIL OPERATIONS #89, #94
Year Ended June 30, 2011

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 6,800,000	6,800,000	6,800,000	-
State	200,000	200,000	200,000	-
NM Gross Receipts Tax	11,963,828	12,379,853	12,379,853	-
Farebox	3,089,264	2,856,263	2,856,263	-
BNSF/AMTRAK	2,100,000	1,696,181	1,696,181	-
Special projects and other	240,000	51,350	51,350	-
Total revenues	24,393,092	23,983,647	23,983,647	-
EXPENDITURES				
Current:				
Operating	24,393,092	23,983,647	23,983,647	-
Capital outlay	-	-	-	-
Total expenditures	24,393,092	23,983,647	23,983,647	-
Other financing uses	-	-	-	-
Operating transfer out	-	-	-	-
Change in fund balance	\$ -	-	-	-

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
MAJOR FUND - GRT - RAIL #99
Year Ended June 30, 2011

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$			
Federal	-	-	-	-
State	-	-	-	-
NM Gross Receipts Tax	-	-	(387,442)	(387,442)
Farebox	-	-	-	-
BNSF/AMTRAK	-	-	-	-
Special projects and other	-	-	-	-
Total revenues	-	-	(387,442)	(387,442)
EXPENDITURES				
Current:				
Operating	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Other financing uses	-	-	-	-
Operating transfer out	-	-	-	-
Change in fund balance	\$ -	-	(387,442)	(387,442)

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity. The Rio Metro Regional Transit District (Rio Metro) is a multijurisdictional public transportation system, established under the authority of the Regional Transit District Act (Chapter 23, Article 25 NMSA 1978). Rio Metro provides economical transportation alternatives for the residents of Bernalillo, Sandoval and Valencia counties. Rio Metro was originally formed and certified by the New Mexico State Transportation Commission on March 29, 2005, using the name Mid Region Transit District. For the first few years, the transit district operated under a Federal Transit Administration planning grant awarded to the Mid-Region Council of Governments. The transit district's name was changed to Rio Metro Regional Transit District on June 25, 2008, and Rio Metro received its own federal tax identification number on October 2, 2008. Rio Metro began, as a separate legal entity, keeping its financial records independent of the Mid-Region Council of Governments beginning July 1, 2009.

Rio Metro provides a variety of transportation services to residents of Bernalillo, Sandoval and Valencia counties and is funded through a combination of participation fees, gross receipts taxes, advertising, interest income and federal grants. Rio Metro is the primary government and is not a component unit of any other entity. It is the financial reporting entity, and it did not have any component units during the fiscal year ended June 30, 2011.

Rio Metro and Mid-Region Council of Governments of New Mexico (MRCOG), a related governmental entity, have entered into a Professional Services Agreement, through which MRCOG is the administrative entity and provides personnel, insurance, documentation, administration, monitoring, oversight and other fiscal services until such time as Rio Metro has the organizational and financial capability to assume these responsibilities. Rio Metro does not have employees and relies on MRCOG's financial system and control structure. Rio Metro contracts Herzog Companies, Inc. to manage and operate the Rail Runner.

The accounting policies of Rio Metro conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity. GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Rio Metro is the primary government and the reporting entity. There are no component units.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – The basic financial statements include both government-wide (based on Rio Metro as a whole) and fund financial statements. The new reporting model focus is on either Rio Metro as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on an 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. Rio Metro did not have any business-type activities during the year ended June 30, 2011.

Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements and Rio Metro does not have these types of activities to report.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, charges for services, operating and capital grants. Rio Metro reports several functions as reflected in the Statement of Activities. The program revenues consist of grants received for specific projects. The net cost is normally covered by general revenues. Rio Metro does not currently employ indirect cost allocation systems.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function. Program revenues derive directly from the program itself or from parties outside the reporting governments citizenry or funding sources as a whole include 1) charges for services from Rio Metro's contracts with others 2) grants that are restricted to meeting the operations or capital requirements of a particular function such as administration and planning functions for Commuter rail projects and other smaller programs.

This government-wide focus is more on the sustainability of Rio Metro as an entity and in aggregate financial position resulting from the activities of the current fiscal period. The government-wide financial statements are prepared in accordance with generally accepted accounting principles generally accepted in the United States of America (GAAP). The Rio Metro Regional Transit District applies Financial Accounting Standards Board (FASB) pronouncements and accounting principles board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund activity is eliminated in the government-wide financial statements. There was no internal service fund activity which needed to be eliminated.

Basis of Presentation – Fund Financials: The fund financial statements' emphasis is on the major funds in the governmental category only, since there are no business-type categories. Non-major funds are summarized into a single column. The governmental fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how Rio Metro's actual experience conforms to the budget of fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page of each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

The financial transactions of Rio Metro are recorded in individual funds, each of which is considered a separate accounting entity. The various fund types are reported in the fund financial statements, as follows:

Governmental Fund Types - Governmental funds are used to account for Rio Metro's expendable financial resources and related liabilities. The measurement focus is based upon determination of changes in financial position. The following are Rio Metro's governmental fund types:

General Fund - The General Fund is the general operating fund of Rio Metro. It is used to account for all financial resources except those required to be accounted for in another fund.

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.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of capital facilities.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the requirements of GASB #34, Rio Metro is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

General Fund - The primary operating fund of Rio Metro accounts for all financial resources, except those required to be accounted for in other funds, and is always a major fund.

Special Revenue Funds - Major Funds:

GRT - Transit (No. 48) - The GRT - Transit fund is where Rio Metro includes the transit portion of NM Regional Transit Gross Receipts Tax (GRT) Revenue when it is received. When Rio Metro allocates revenue at the end of each month, the GRT - Transit revenue is allocated to the various transit funds as needed to cover expenses.

Transit Operations (No. 49) - The Transit Operations fund includes the operation, administration, budget, utilities and other costs associated with operating and administering Rio Metro's transit activities. Rio Metro was created by the NM Regional Transit District Act (Chapter 73, Article 25, NMSA 1978).

Commuter Rail-Operations (No. 89/94) - Provides for the operations of the Commuter Rail between Belen and Bernalillo. These funds are also authorized by the U.S. Department of Transportation, Public Law 109-59 Safe, Accountable, Flexible Efficient Transportation Equity Act. Funding paid to Rio Metro on a cost reimbursement basis. Rio Metro was created by the NM Regional Transit District Act (Chapter 73, Article 25, NMSA 1978).

GRT - Rail (No. 99) - The GRT - Rail fund is where Rio Metro includes the rail portion of NM Regional Transit Gross Receipts Tax Revenue when it is received. When Rio Metro allocates revenue at the end of each month, the GRT - Rail revenue is allocated to the various rail funds as needed to cover expenses.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance. In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), RMRTD classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (RMRTD’s Board of Directors) and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the management.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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.

The Government-wide Financial Statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented using the current financial resources measurement focus and 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 (generally, 60 days). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement #33 the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient. Grant revenues are not recognized until eligibility requirements are met. NM Gross Receipts Taxes (GRT) received after 60 days as a result of delinquent accounts is not known or able to be estimated, or measured and, therefore, is not recorded.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

Capital Assets

Capital assets acquired are recorded as expenditures in the funds which finance the acquisitions and are capitalized at cost (except for those related to the NM Rail Runner for which NM Department of Transportation holds title) and depreciated over their estimated useful lives (no salvage value) in the government wide financial statements. Contributed capital assets are recorded at their estimated fair market value at the time received. Additions, including software, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and interest is not capitalized in regards to the Rio Metro’s capital assets. Rio Metro’s capitalization policy, i.e., the dollar value above which asset acquisitions are added to the capital assets, is \$5,000 per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Furniture, machinery, and equipment	3-10 years
Building	40 years

Rio Metro did not own any infrastructure assets as of June 30, 2011.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Rio Metro's Executive Director prepares an overall budget by project fund for Rio Metro which is adopted by the Board. This Budget includes expected receipts and expenditures of the General Fund. Rio Metro is required to prepare budgets for each program for submission directly to that program's funding source. Each funding source has its own requirements as to the timing of budget preparation and interim reports, line items and categories to be used and amounts to be included. Some require a report of grantor expenditures only, while others require a report of total program expenditures. The budgets, used by Rio Metro to monitor each program, are also used for comparisons in the accompanying financial statements. Therefore, Rio Metro approves its budget by total expenditures by fund.

Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. There are no differences between the GAAP basis and the budgetary basis because both are modified accrual.

The time at which appropriations lapse depends on the funding source and related legal requirements. Unexpended appropriations funded by all grants do not lapse at the fiscal year-end and may be carried forward. The level of classification detail at which expenditures may not legally exceed appropriations varies depending on the funding source. The legally permissible methods for amending the initially approved budget vary depending on the funding source. Applications for additional funds must be submitted to the funding source. The presented budgetary information has been properly amended during the year.

Due To and From Other Funds

Interfund receivables represent project costs paid by the General Fund in anticipation of reimbursements from grants in the Special Revenue Funds. When the reimbursements from grants are received, the Interfund receivables are repaid. Interfund activities are eliminated in determining government-wide financial statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Receivables

Grant reimbursements receivable represent qualified expenditures made under grant agreements for which reimbursements are due but not yet received. Rio Metro also records receivables for the NM Gross Receipts Taxes owed by taxpayers as of year-end and received within 60 days of year-end. An allowance for doubtful accounts is not provided for, since most receivables are from the federal, state, or local governments and are deemed to be fully collectible. All other receivables are expected to be collected and, therefore, no allowance has been deemed necessary.

Revenues

Revenues are recognized as follows:

- 1) Special and capital outlay appropriations require project and draw down approval from NM Department of Finance and Administration (DFA) Board of Finance. Rio Metro considers this part of the eligibility requirements and does not recognize the revenues and receivables until the approval is obtained.
- 2) Federal and other grants revenues are recognized when the applicable eligibility criteria, including time requirements, are met and the resources are available. Resources received for which applicable eligibility criteria have not been met are reflected as deferred revenues in the accompanying financial statements.
- 3) Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded, as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.
- 4) Derived tax revenue, the NM Regional Transit Gross Receipts Tax Revenue, is recognized net of estimated refunds and uncollectible amounts, in the period when the exchange transaction occurred or when the resources were received, whichever occurs first.

Expenditures are recorded as liabilities when incurred. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements are met. Resources transmitted before the eligibility requirement are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

Unearned Grant Advances

Unearned grant advances represent cash received under agreements which have not yet been expended for their intended purposes and are, therefore, unearned.

Net Assets

Net assets on the Statement of Net Assets include the following:

Invested in Capital Assets, net of debt - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted - the component of net assets that reports the difference between assets and liabilities of Rio Metro that consists of assets with constraints placed on their use that are legally enforceable by legislation and the like to be used only for the purposes specified. Rio Metro had no restricted net assets as of June 30, 2011.

Unrestricted - the difference between the assets and liabilities that is not reported in net assets invested in capital assets or restricted net assets.

It is the Rio Metro's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS

Rio Metro invests its funds in accordance with state statutes which require that financial institutions pledge collateral of federal or state securities whose market value is equal to at least 50 percent of the deposits in excess of FDIC insurance coverage made by Rio Metro with a financial institution. Also, Rio Metro, in accordance with state statutes may only have deposits in financial institutions, or invest in federal direct obligations or the New Mexico State Treasurer's Local Government Pooled Investments.

Securities which are obligations of the State of New Mexico, its agencies, institutions, counties or municipalities or other subdivisions are accepted at par value; all other securities are accepted at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration.

Custodial credit risk is the risk that in the event of a bank failure, Rio Metro's deposits may not be returned to it. Rio Metro's deposit policy is to collateralize one half of the uninsured public money in each account. As of June 30, 2011, the amount of Rio Metro's bank balance of \$9,184,874 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,467,437
Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name	4,467,437

Rio Metro's bank balances were collateralized in compliance with the State of New Mexico's state statutes. Rio Metro and the Mid-Region Council of Governments of New Mexico (MRCOG) are collateralized together as follows:

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

Wells Fargo Bank

Account Name	Type	Bank Balance
Rio Metro Checking (82%)	Demand Deposits	\$ 9,184,874
MRCOG Checking (18%)	Demand Deposits	<u>1,182,699</u>
FDIC coverage (both accounts) *		<u>(1,687,338)</u>
Uninsured balance		<u>9,360,235</u>
Total 50% collateral required		<u>\$ 4,680,117</u>
Rio Metro's 50% collateral required		<u>\$ 4,467,437</u>
MRCOG's 50% collateral required		<u>\$ 212,680</u>
Pledged collateral held in the bank's name held		
FNMA Pool #256800, Cusip #31371NGH2		
maturing 7/1/37, market value to be used		\$ 30,659
FNMA Pool #988987, Cusip #31415TUL2		
maturing 9/1/38, market value to be used		81,407
FNMA Pool#831472, Cusip #31407HW93		
maturing 5/1/36, market value to be used		366,253
FNMA Pool#963560, Cusip #31414D5V4		
maturing 6/1/38, market value to be used		9,229
FNMA Pool#889579, Cusip #21410KJY1		
maturing 5/1/38, market value to be used		711,889
FNMA Pool#AH8825, Cusip #3138AAYX3		
maturing 3/1/41, market value to be used		129,105
FNMA Pool#872775, Cusip #31409JT83		
maturing 6/1/36, market value to be used		951,605
FNMA Pool#AA0888, Cusip #31416H7A7		
maturing 12/1/38, market value to be used		487,159
FNMA Pool#AD3841, Cusip #31418RHT1		
maturing 4/1/40, market value to be used		24,407
FNMA Pool#985011, Cusip #31415PGU6		
maturing 8/1/38, market value to be used		22,291
FNMA Pool #849021, Cusip #31408EG63		
maturing 1/1/36, market value to be used		1,732,622
FNMA Pool #255934, Cusip #31371MHK6		
maturing 11/1/35, market value to be used		254,042
FNMA Pool #923865, Cusip #31412FMN0		
maturing 4/1/37, market value to be used		17,603

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

Wells Fargo Bank (Continued)

Account Name	Type	Bank Balance
FNMA Pool #H00812, Cusip #3128MS3V0 maturing 5/1/37, market value to be used		\$ 1,573
Total collateral		<u>\$ 4,819,844</u>
<u>Collateral Allocated:</u>		
Rio Metro's 95% collateral		<u>\$ 4,578,852</u>
MRCOG's 5% collateral		<u>\$ 240,992</u>
Total over collateralized		\$ 139,726
<u>Collateral Allocated:</u>		
Rio Metro over collateralized		\$ 111,415
MRCOG over collateralized		\$ 28,312

All collateral is located at Wells Fargo Bank in San Francisco, California.

* Rio Metro account gets \$250,000 FDIC coverage as it is interest bearing and not subject to Section 343 of the Dodd-Frank Act. MRCOG is fully insured pursuant to Section 343 of the Dodd-Frank Act expiring July 21, 2011. Rio Metro and MRCOG are separate legal entities for the purpose of FDIC Insurance.

Following are the descriptions of the Rio Metro cash and certificates of deposit held as of June 30, 2011:

	Book Balance	Bank Balance
Demand deposit – Wells Fargo Bank, Albuquerque, New Mexico	<u>\$ 6,629,069</u>	<u>9,184,874</u>
Total	<u>\$ 6,629,069</u>	
Demand deposits per bank		9,184,874
Less outstanding checks		<u>(2,555,805)</u>
Cash and equivalents per financial statements		<u>\$ 6,629,069</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 3. ACCOUNTS RECEIVABLES

The accounts receivables balance as of June 30, 2011 consisted of:

Burlington Northern Santa Fe Railway	\$ 841,060
Other receivables	<u>45,723</u>
Total accounts receivable	<u>\$ 886,783</u>

NOTE 4. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund accounts were as follows at June 30, 2011:

	To (Interfund Pay)	From (Interfund Rec)
Due to major and non major funds from General Fund	\$ 6,635,418	-
Due to General fund from GRT-Rail fund #99	2,268,463	-
General fund due to GRT-Transit fund #48	-	7,934,904
General fund due to Transit Operations fund #49	-	743,018
General fund due to Rail Operations funds #89, 94	-	<u>154,930</u>
Subtotal	<u>8,903,881</u>	<u>8,832,852</u>
	To	From
Due to General fund from nonmajor funds	\$ 139,056	-
Due from General fund to nonmajor funds	-	<u>210,085</u>
Subtotal	<u>139,056</u>	<u>210,085</u>
Total	<u>\$ 9,042,937</u>	<u>9,042,937</u>

Interfund accounts occur because expenditures are paid for by the General Fund because the Special Revenue Funds are on a reimbursement basis. When the Special Revenue Funds receive the reimbursements from the grantors, the General Fund is repaid. Management expects all of interfund balances at June 30, 2011 to be repaid within one year.

Matching funds transfers are made by the General Fund as required to meet the matching requirements of grants.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets follows at June 30:

	June 30, 2010	Additions	Deletions	Adjustments/ Transfers	June 30, 2011
Furniture, fixtures and machinery	-	975,340	-	-	975,340
Total assets	-	975,340	-	-	975,340
Accumulated depreciation					
Furniture, fixtures and machinery	\$ -	(222,731)	-	-	(222,731)
Total accumulated depreciation	-	(222,731)	-	-	(222,731)
Net capital assets	\$ -	752,609	-	-	752,609

Depreciation expense for the year ended June 30, 2011 was \$222,731. It was charged to the transit activities function in the Statement of Activities.

NOTE 6. INSURANCE COVERAGE

Rio Metro is subject to various risks of loss, which are covered through the purchase of commercial insurance and participation in the City of Albuquerque's Risk Management Pool. Since Rio Metro employees are covered under the Mid-Region Council of Governments of New Mexico (MRCOG), they are covered by MRCOG's insurance. The following insurance coverage was in effect at June 30, 2011:

Insurer and Policy Type	Term	Coverage
New Mexico Mutual (worker's compensation)	2/12/11 - 2/12/12	Injury by accident (\$1,000,000 each accident) Bodily injury by disease (\$1,000,000) each employee) Bodily injury by disease(\$1,000,000 policy limit)
Allied World Assurance Co. Commercial general liability	9/29/10 - 9/29/11	\$1,000,000 each occurrence, No general aggregate limit

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 6. INSURANCE COVERAGE (CONTINUED)

Insurer and Policy Type	Term	Coverage
Allied World Assurance Co.		
Auto liability – Employee’s car for company business	9/29/10 - 9/29/11	Combined single limit \$1,000,000
Special Property Insurance Program	7/1/10 - 7/1/11	Boiler and machining property \$25,000,000 aggregate other limitation apply
Employee Dishonesty Bond	7/1/10 - 7/1/11	\$1,000,000 faithful performance/employee honesty
City of Albuquerque Risk Management Fund		
Auto vehicles liability – MRCOG owned	Continuous policy	\$1,000,000 - property damage \$1,000,000 - per person for single occurrence
General Star Indemnity Company		
Excess Auto	11/10/10 - 11/10/11	\$4,000,000 – Aggregate
National Indemnity Company		
Commercial Automobile	11/10/10 - 11/10/11	\$1,000,000 – Single Limit \$5,000–Medical Payments Any one person \$1,000,000 –Uninsured Motorist CSL \$1,272,069 – Collision \$1,272,069 – Comprehensive
Essex Insurance Company		
Commercial General Liability	11/10/10 - 11/10/11	\$2,000,000 – General Aggregate \$1,000,000- Each Occurrence \$1,000,000- Personal &Advertising Injury \$5,000-MedicalPayments / Any one person \$100,000- Damage to Premises
Evanston Insurance Company		
Excess Liability	11/10/10	Included with limits

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 6. INSURANCE COVERAGE (CONTINUED)

According to the Memorandum of Agreement between Rio Metro, NMDOT, and MRCOG, Rio Metro and NMDOT have the joint duty of paying for all premiums for all property insurance and commercial liability insurance policies secured by the NMDOT to cover the New Mexico Rail Runner Express (NMRX), including liability insurance policies to fully insure Rio Metro and MRCOG from all risks and liability arising from, or on account of, Rio Metro's operation, maintenance, and administration of the NMRX or any other activity performed by Rio Metro with respect to the NMRX, including the selection, procurement, and oversight of the service of an operator and manager of the daily operations of the NMRX and NMDOT's participation in the NMRX. To satisfy these requirements, NMDOT obtained coverage through Risk Management Division of the State of New Mexico General Services Department and paid the premiums for the period July 1, 2010 through June 30, 2011.

NOTE 7. CONTINGENCIES

Amounts received or receivable from the grantors are subject to audit and adjustment by those grantors. Any disallowed claims, including amounts already collected, may constitute a liability of Rio Metro. The amount, if any, of expenditures which may be disallowed by those grantors cannot be determined at this time, although Rio Metro's management expects such amounts, if any, to be immaterial.

NOTE 8. OPERATING LEASES

Rio Metro is committed under various operating leases, primarily for buildings. Future minimum operating lease commitments are as follows:

Year ending June 30,	
2012	\$ 240,646
2013	239,296
2014	176,792
2015	153,420
2016	153,420
2017-2021	<u>536,970</u>
Total	<u>\$ 1,500,544</u>

Rent expenditures were \$248,073 for the year ended June 30, 2011.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

**NOTE 9. OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES
AGREEMENT**

Rio Metro has entered into an agreement with the MRCOG for operating services. MRCOG handles all payroll processing for Rio Metro and then invoices them for their share. Therefore, there is no payroll on Rio Metro's books. MRCOG also provides operational and administrative support, such as office space, computer equipment and technical support, vehicles and vehicle maintenance, human resources, legal services, insurance, and other fiscal services. MRCOG provided operating services in the amount of \$4,011,358 during the year ended June 30, 2011.

Herzog Transit Services, Inc. is the major service provider contracted through September 21, 2012 with Rio Metro's administrative entity, Mid Region Council of Governments, to operate and maintain the NM Rail Runner Express. This vendor contract may be terminated by MRCOG for cause by giving written notice to Herzog ten days prior to the effective date of termination. MRCOG may also terminate the contract for convenience at any time by giving at least twenty days notice in writing to Herzog. The amount paid from the Commuter Rail Operations fund during the year ended June 30, 2011 was \$17,757,488 (Operations: \$11,388,453, Maintenance: \$5,786,651, Management Fee: \$582,384).

NOTE 10. RIO METRO REIMBURSEMENTS/INCURRED COSTS

The MRCOG has several funds that pay expenditures for Rio Metro. The MRCOG then invoices Rio Metro for these expenditures. The following is a break out of what these expenditures consists of:

	Transit Operations 049	Travel Demand Management 411	Commuter Rail Operations 089,091	ARRA Photovoltaic 214
Reimbursement to MRCOG				
Rio Metro RTD Revenue	<u>\$1,211,867</u>	<u>118,297</u>	<u>1,267,712</u>	<u>22,125</u>
Incurred on behalf of Rio Metro				
Operating Expenses	1,169,803	115,761	1,264,599	21,574
Building Lease Expense	25,795	2,533	-	495
Contractual	13,317	3	-	8
Capital Outlay	<u>2,952</u>	<u>-</u>	<u>3,113</u>	<u>48</u>
Total Expenditures	<u>1,211,867</u>	<u>118,297</u>	<u>1,267,712</u>	<u>22,125</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 10. RIO METRO REIMBURSEMENTS/INCURRED COSTS (CONTINUED)

	JARC 451	Rio Rancho Transit 425	Valencia Transit 430	Rio Metro Service Schedule 410
Reimbursement of Rio Metro Costs to MRCOG				
Rio Metro RTD Revenue	\$ 55,480	436,160	650,645	43,906
Incurred on behalf of Rio Metro				
Operating Expenses	54,206	425,168	634,423	42,638
Building Lease Expense	1,197	9,709	14,408	1,005
Contractual	23	185	266	37
Capital Outlay	54	1,098	1,548	226
Total Expenditures	55,480	436,160	650,645	43,906
Excess revenues over expenditures	\$ -	-	-	-

	Sandoval Easy Express 435	Total
Reimbursement of Rio Metro Costs to MRCOG		
Rio Metro RTD Revenue	\$ 205,166	4,011,358
Incurred on behalf of Rio Metro		
Operating Expenses	199,916	3,928,088
Building Lease Expense	4,582	59,724
Contractual	95	13,934
Capital Outlay	573	9,612
Total expenditures	205,166	4,011,358
Excess revenues over expenditures	\$ -	-

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 11. RELATED ENTITY BALANCES

Mid Region Council of Governments of New Mexico (MRCOG). Rio Metro's accounts payable balance to MRCOG was \$332,007 at June 30, 2011.

Regional Transit Gross Receipts Taxes Receivable. Taxes receivable balance of \$4,060,111 is comprised of taxes receivables from Bernalillo, Sandoval, Santa Fe, and Valencia Counties, members of Rio Metro at June 30, 2011.

NOTE 12. RESTATEMENT OF FUND BALANCE/GASB 54

GASB Statement No. 54 clarifies the existing governmental fund type definitions and provides clearer fund balance categories and classifications. The new hierarchical fund balance classifications are based primarily on the extent to which a government is bound to follow constraints on resources in governmental funds and includes terms: nonspendable, restricted, committed, assigned, and unassigned. GASB 54 was implemented in the current fiscal year. Details of Rio Metro's fund balance classifications and policies are reflected in Note 1.

The governmental fund types used by Rio Metro were evaluated based on the provisions of GASB 54 and there were no changes from prior years. The fund balance classifications were also examined by management, and the board has not committed any fund balances, as all fund balances are unassigned as presented on the balance sheet.

SUPPLEMENTARY INFORMATION

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2011**

SPECIAL REVENUE FUNDS are used to account for various grants from Federal, State, and Local agencies and other sources which are restricted by the granting agency to use for expenditures for specified purposes. The following is a description of the purpose of the Non-major Special Revenue Funds. Although there is no specific authority establishing these funds, Rio Metro tracks state and federal programs in separate funds for internal and external compliance and reporting purposes.

Travel Demand Management (No. 50) (Separate fund required by grantor) - Provides public education, outreach efforts and responds to inquiries regarding urban area transit and rail services.

JARC-AMPA (No. 54) (Separate fund required by grantor) - The Bernalillo County Job Access and Reverse Commute (JARC) program focuses its efforts on regional; transportation, transportation planning, coordination and management within the Albuquerque Metropolitan Planning Area (AMPA).

Transit Service Schedules (No. 55) (Separate fund required by grantor) - Provides for the development of the transit service routes and time schedules. The routes and time schedules are established to coordinate with the Rail Runner schedule, connecting bus schedules, and the start and ending times of major employers.

Sandoval County Easy Express (No. 57) (Separate fund required by grantor) - Provides rural, public transit service within Sandoval County, the Town of Bernalillo and communities located along New Mexico 4, New Mexico 22 and U.S. 550. Also provides service to and from the Sandoval County/U.S. 550 Rail Runner station and the Town of Bernalillo Rail Runner station.

Rio Transit (No. 58) (Separate fund required by grantor) - Operates primarily within the City of Rio Rancho, NM. Provides door-to-door paratransit service for residents 55 years of age or older, or those with a mobility impairment.

Valencia Transit (No. 59) (Separate fund required by grantor) - Provides rural, public transit service within the City of Belen. Also provides service to and from the Belen Rail Runner station.

Turquoise Route (No. 65) (Separate fund required by grantor) - Provides rural, public transit service within the City of Belen. Also provides service to and from the Belen Rail Runner station.

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2011**

FTA 5311 ARRA (No. 79) (Separate fund required by grantor) - Capital funding for the purchase of seven (7) 20-passenger Glavin buses with lift and farebox and installation of five (5) bus shelters in Belen, New Mexico.

Commuter Rail Permitting (No. 83) (Separate fund required by grantor) - Provides services funded by private organizations such as flagging services and private use of the Rail Runner by the film industry.

ARRA Photovoltaic System (No. 214) (Separate fund required by grantor) - Provides for installation of solar photovoltaic cells at the Belen and Sandoval County 550 rail stations to offset utility costs.

New Freedom-Video Monitors (No. 320) (Separate fund required by grantor) - Capital funding to purchase and install two 32-inch video monitors in ten (10) rail cars. The primary purpose for these monitors is to provide a communication to the hearing impaired. Station stop and other general and safety related passenger information can be scrolled on a continuous basis via the video monitors.

FTA BRT-NW Study (No. 350) (Separate fund required by grantor) - The purpose of this study is to investigate the possibility over the short and long term to implement Bus Rapid Transit or other high capacity modes of transport in the study area. The study area will encompass a large part of the northwest side of Albuquerque and Rio Rancho, Paseo del Norte, and the Journal Center area to the East.

BRT-Network Development (No. 355) (Separate fund required by grantor) - Project scoping, travel demand and ridership forecast for Paseo del Norte proposed BRT alignment.

No Sandoval Transit Study (No. 360) (Separate fund required by grantor) - Assessing markets, corridors and routes for transit improvements in Sandoval County.

**RIO METRO REGIONAL TRANSIT DISTRICT
CAPITAL PROJECT FUND
June 30, 2011**

Commuter Rail Crossings State (No. 95) (Separate fund required by grantor) – State funding to provide capital improvements to rail crossings.

**RIO METRO REGIONAL TRANSIT DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2011**

	Special Revenue Funds							
	TDM FTA #50	JARC AMPA #54	Transit Service Schedules #55	Sandoval Easy Express #57	Rio Transit #58	Valencia Transit #59	Turquoise Route #65	ARRA FTA #79
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Due from other funds	4,787	3,654	-	48,724	-	68,069	37,500	-
Related entity receivable	-	16,723	-	-	68,303	5,451	-	-
Grant reimbursements receivable	19,154	-	-	72,644	-	15,289	-	-
Total assets	\$ 23,941	20,377	-	121,368	68,303	88,809	37,500	-
LIABILITIES								
Accounts payable	\$ -	14,868	-	107,705	24,459	30,760	37,500	-
Related entity payable	23,941	5,509	-	13,663	35,434	58,049	-	-
Due to other funds	-	-	-	-	8,410	-	-	-
Total liabilities	23,941	20,377	-	121,368	68,303	88,809	37,500	-
FUND BALANCES								
Unassigned	-	-	-	-	-	-	-	-
Total liabilities and fund balance:	\$ 23,941	20,377	-	121,368	68,303	88,809	37,500	-

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2011**

	Special Revenue Funds, continued							Capital Projects
	Commuter Rail Permitting #83	ARRA Photovoltaic #214	NF Video Monitors #320	BRT NW Study FTA #350	BRT Network Development #355	Sandoval Transit Study #360	Commuter Rail Crossings - State #95	
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Accounts receivable	28,100	-	-	-	-	-	-	28,100
Due from other funds	-	-	16,328	-	10,222	20,801	-	210,085
Related entity receivable	-	-	65,309	-	-	-	6,576	162,362
Grant reimbursements receivable	-	90,000	-	-	-	-	36,241	233,328
Total assets	\$ 28,100	90,000	81,637	-	10,222	20,801	42,817	633,875
LIABILITIES								
Accounts payable	\$ 9,342	10,787	81,637	-	10,222	20,801	9,658	357,739
Related entity payable	-	484	-	-	-	-	-	137,080
Due to other funds	18,758	78,729	-	-	-	-	33,159	139,056
Total liabilities	28,100	90,000	81,637	-	10,222	20,801	42,817	633,875
FUND BALANCES								
Unassigned	-	-	-	-	-	-	-	-
Total liabilities and fund balance	\$ 28,100	90,000	81,637	-	10,222	20,801	42,817	633,875

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2011**

	Special Revenue Funds							
	TDM FTA #50	JARC AMPA #54	Transit Service Schedules #55	Sandoval Easy Express #57	Rio Transit #58	Valencia Transit #59	Turquoise Route #65	ARRA FTA #79
REVENUES								
Intergovernmental								
Federal	\$ 94,637	92,126	35,125	753,570	103,697	360,210	-	494,076
State	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	23,659	113,653	8,781	680,181	467,386	525,858	187,500	-
Farebox	-	-	-	25,901	33,778	30,891	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	13,874	-	-	-
Total revenues	\$ 118,296	205,779	43,906	1,459,652	618,735	916,959	187,500	494,076
EXPENDITURES								
Current:								
Operating	\$ 118,296	205,779	43,906	1,459,652	543,740	857,109	187,500	-
Capital outlay	-	-	-	-	74,995	59,850	-	494,076
Total expenditures	118,296	205,779	43,906	1,459,652	618,735	916,959	187,500	494,076
Change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year, as restated	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-	-	-

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011**

	Special Revenue Funds, continued						Capital Projects	
	Commuter Rail Permitting #83	ARRA Photovoltaic #214	NF Video Monitors #320	BRT NW Study FTA #350	BRT Network Development #355	Sandoval Transit Study #360	Commuter Rail Crossings - State #95	TOTAL
REVENUES								
Intergovernmental								
Federal	\$ -	463,970	110,447	-	-	-	-	2,507,858
State	-	90,000	-	-	-	-	754,379	844,379
NM Gross Receipts Tax	-	129,133	27,612	290	10,222	28,601	-	2,202,876
Farebox	-	-	-	-	-	-	-	90,570
BNSF/AMTRAK	-	-	-	-	-	-	-	-
Special projects and other	93,150	-	-	-	-	-	-	107,024
Total revenues	\$ 93,150	683,103	138,059	290	10,222	28,601	754,379	5,752,707
EXPENDITURES								
Current:								
Operating	\$ 93,150	683,103	-	290	10,222	28,601	50,170	4,281,518
Capital outlay	-	-	138,059	-	-	-	704,209	1,471,189
Total expenditures	93,150	683,103	138,059	290	10,222	28,601	754,379	5,752,707
Change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year, as restated	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-	-	-

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR FUNDS
Year Ended June 30, 2011**

	Special Revenue Funds											Variances Favorable (unfavorable)
	TDM FTA #50				JARC - AMPA #54				Transit Service Schedules #55			
	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Original Budget	Final Budget	Actual	
REVENUES												
Intergovernmental												
Federal	\$ 257,050	257,050	94,637	(162,413)	203,250	220,829	92,126	(128,703)	35,125	35,125	35,125	-
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	43,804	64,263	23,659	(40,604)	203,250	220,829	113,653	(107,176)	8,781	8,781	8,781	-
Farebox	-	-	-	-	-	-	-	-	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 300,854	321,313	118,296	(203,017)	406,500	441,658	205,779	(235,879)	43,906	43,906	43,906	-
EXPENDITURES												
Current:												
Operating	\$ 300,854	321,313	118,296	203,017	406,500	441,658	205,779	235,879	43,906	43,906	43,906	-
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	300,854	321,313	118,296	203,017	406,500	441,658	205,779	235,879	43,906	43,906	43,906	-
Excess of revenues and other financing sources over expenditure:	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Change in fund balance \$	-	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR FUNDS
Year Ended June 30, 2011**

	Special Revenue Funds, continued											
	Sandoval Easy Express #57				Rio Transit #58				Valencia Transit #59			
	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)
REVENUES												
Intergovernmental												
Federal	\$ 877,600	1,404,569	753,570	(650,999)	302,932	45,101	103,697	58,596	692,325	730,436	360,210	(370,226)
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	427,400	933,356	680,181	(253,175)	302,933	545,164	467,386	(77,778)	782,907	741,248	525,858	(215,390)
Farebox	-	-	25,901	25,901	-	33,778	33,778	-	-	30,891	30,891	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	13,874	13,874	-	-	-	-	-
Total revenues	\$ 1,305,000	2,337,925	1,459,652	(878,273)	605,865	637,917	618,735	(19,182)	1,475,232	1,502,575	916,959	(585,616)
EXPENDITURES												
Current:												
Operating	\$ 1,305,000	2,337,925	1,459,652	878,273	605,865	562,922	543,740	19,182	1,475,232	1,442,725	857,109	585,616
Noncurrent:												
Capital outlay	-	-	-	-	-	74,995	74,995	-	-	59,850	59,850	-
Total expenditures	1,305,000	2,337,925	1,459,652	878,273	605,865	637,917	618,735	19,182	1,475,232	1,502,575	916,959	585,616
Excess of revenues and other financing sources over expenditure.	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Change in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR FUNDS
Year Ended June 30, 2011**

	Special Revenue Funds, continued											
	Turquoise Route #65				ARRA - FTA #79				Commuter Rail Permitting #83			
	Original Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variations Favorable (unfavorable)
REVENUES												
Intergovernmental												
Federal	\$ -	-	-	-	623,081	623,081	494,076	(129,005)	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	200,000	200,000	187,500	(12,500)	-	-	-	-	-	-	-	-
Farebox	-	-	-	-	-	-	-	-	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	93,150	93,150	-
Total revenues	\$ 200,000	200,000	187,500	(12,500)	623,081	623,081	494,076	(129,005)	-	93,150	93,150	-
EXPENDITURES												
Current:												
Operating	\$ 200,000	200,000	187,500	12,500	-	-	-	-	-	93,150	93,150	-
Noncurrent:												
Capital outlay	-	-	-	-	623,081	623,081	494,076	129,005	-	-	-	-
Total expenditures	200,000	200,000	187,500	12,500	623,081	623,081	494,076	129,005	-	93,150	93,150	-
Excess of revenues and other financing sources over expenditure:	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Change in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR FUNDS
Year Ended June 30, 2011**

	Special Revenue Funds, continued											
	ARRA - Photovoltaic #214				NF - Video Monitors 1st Award #320				BRT - NW Study FTA #350			
	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)
REVENUES												
Intergovernmental												
Federal	\$ 586,600	586,600	463,970	(122,630)	132,741	140,000	110,447	(29,553)	450,000	450,000	-	(450,000)
State	-	-	90,000	90,000	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	167,000	167,000	129,133	(37,867)	80,000	70,000	27,612	(42,388)	62,500	62,500	290	(62,210)
Farebox	-	-	-	-	-	-	-	-	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 753,600	753,600	683,103	(70,497)	212,741	210,000	138,059	(71,941)	512,500	512,500	290	(512,210)
EXPENDITURES												
Current:												
Operating	\$ 753,600	753,600	683,103	70,497	-	-	-	-	512,500	512,500	290	512,210
Noncurrent:												
Capital outlay	-	-	-	-	212,741	210,000	138,059	71,941	-	-	-	-
Total expenditures	753,600	753,600	683,103	70,497	212,741	210,000	138,059	71,941	512,500	512,500	290	512,210
Excess of revenues and other financing sources over expenditure:	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Change in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 NON-MAJOR FUNDS
 June 30, 2011

	Special Revenue Funds, continued										Capital Projects Fund		
	BRT - Network Dev (GRT) #355			No Sandoval Transit Study (GRT) #360			Commuter Rail Crossings - State #95						
	Original Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Original Budget	Final Budget	Actual	Variations Favorable (unfavorable)	
REVENUES													
Intergovernmental													
Federal	-	-	-	-	-	-	-	-	-	-	-	-	
State	-	-	-	-	-	-	-	-	-	-	-	-	
NM Gross Receipts Tax	100,000	100,000	10,222	(89,778)	75,000	75,000	28,601	(46,399)	-	754,379	754,379	-	
Farebox	-	-	-	-	-	-	-	-	-	-	-	-	
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-	
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues	\$ 100,000	100,000	10,222	(89,778)	75,000	75,000	28,601	(46,399)	-	754,379	754,379	-	
EXPENDITURES													
Current:													
Operating	100,000	100,000	10,222	89,778	75,000	75,000	28,601	46,399	-	50,170	50,170	-	
Noncurrent:													
Capital outlay	-	-	-	-	-	-	-	-	-	704,209	704,209	-	
Total expenditures	100,000	100,000	10,222	89,778	75,000	75,000	28,601	46,399	-	754,379	754,379	-	
Excess of revenues and other financing sources over expenditures:	-	-	-	-	-	-	-	-	-	-	-	-	
Other financing sources (uses)													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	
Change in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-	

See Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF JOINT POWERS AGREEMENTS AND
MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2011**

	Participants	Party Responsible for Operations	Reference #	Program Description	Date of Agreement		Applicable to the Agency	FY11 Project Amount	Audit Responsibility	Agency Where Revenues/Expenditures Reported
					Begin	End				
A1	Sandoval County/RMRTD	Rio Metro	MOA	Transfer Rural, TANF, JARC Programs to RMRTD	9/1/2008	In perpetuity	\$ -	-	RMRTD	Rio Metro
A2	Town of Bernalillo/RMRTD	Rio Metro	MOA	Sandoval Easy Express Route 1	10/1/2008	In perpetuity	-	-	RMRTD	Rio Metro
A3	City of Belen/RMRTD	Rio Metro	MOA	Storage of 15 vehicles, driver access	7/1/2010	6/30/2011	8,213	6,570	RMRTD	Rio Metro
A4	NMDOT/MRCOG/RMRTD	Rio Metro	M00940	Commuter rail service rights & responsibilities	10/20/2009	In perpetuity	-	-	RMRTD	Rio Metro
A5	MRCOG/RMRTD	Rio Metro	MOA	MRCOG administrative agent for RMRTD	12/15/2009	In perpetuity	-	-	RMRTD	Rio Metro
A6	Los Lunas/RMRTD	Rio Metro	MOU	Transfer Los Lunas operations to RMRTD	9/24/2010	In perpetuity	-	-	RMRTD	Rio Metro
A7	Rio Rancho/RMRTD	Rio Metro	MOU	Transfer Rio Rancho operations to RMRTD	1/1/2010	In perpetuity	-	-	RMRTD	Rio Metro

COMPLIANCE SECTION

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Number	Fund #	Federal Expenditures
U.S. Department of Energy				
Passed through State of New Mexico Energy, Minerals & Natural Resources Department				
State Energy Program Special Projects - ARRA	81.041	10-521-R1DOE00001-0171	214	\$ 463,970
Total U.S. Department of Energy				<u>463,970</u>
U.S. Department of Health & Human Services				
Passed through Mid-Region Council of Governments				
TANF Transportation Broker Program	93.558	GSA 11-630-9000-0032	057	1,400
Total U.S. Department of Health & Human Services				<u>1,400</u>
U.S. Department of Transportation				
Federal Transit Administration (FTA)				
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X011-00	050	94,637
Total U.S. Department of Transportation Direct				<u>94,637</u>
U.S. Department of Transportation				
Passed through Mid-Region Council of Governments:				
Transit Services Program Cluster:				
Job Access/Reverse Commute Program (Section 5316)	20.516	NM-37-X018-00	054/058/059	241,818
New Freedom Program (Section 5317)	20.521	NM-57-X003-00	320	110,447
New Freedom Program (Section 5317)	20.521	NM-57-X006-00	058	43,701
Total U.S. Department of Transportation Pass-Through				<u>395,966</u>
U.S. Department of Transportation				
Passed through State of New Mexico Department of Transportation				
Job Access/Reverse Commute Program (Section 5316)	20.516	M00905	057/059	137,755
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M00997	057/059	886,329
Formula Grants for Other Than Urbanized Areas (Section 5311) - ARRA	20.509	M00885	079	494,076
State Planning and Research (Transit Service Schedules)	20.515	M00831	055	35,125
Highway Planning and Construction	20.205	M00940/M00463	089	6,800,000
Total U.S. Department of Transportation Pass-through Awards				<u>8,353,285</u>
Total Expenditures of Federal Awards				<u>\$ 9,309,258</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rio Metro Regional Transit District (Rio Metro) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. Non-cash Assistance

Rio Metro received no non-cash federal assistance for the year.

**Report of Independent Auditors 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
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund, and the combining and the individual funds and related budgetary comparisons presented as supplemental information of the Rio Metro Regional Transit District (Rio Metro) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. 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.

Internal Control Over Financial Reporting

Management of Rio Metro is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Rio Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rio Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Rio Metro's internal control over financial reporting.

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.

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rio Metro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Rio Metro's Board of Directors, others within Rio Metro, the State of New Mexico Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
November 29, 2011

**Report of Independent Auditors on Compliance With Requirements
That Could Have a Direct and Material Effect on
Each Major Program And on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance

We have audited the compliance of the Rio Metro Regional Transit District (Rio Metro), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Rio Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Rio Metro's management. Our responsibility is to express an opinion on the Rio Metro's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Rio Metro'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. Our audit does not provide a legal determination on Rio Metro's compliance with those requirements.

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

In our opinion, Rio Metro complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of Rio Metro is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Rio Metro's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rio Metro's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Rio Metro's Board of Directors, others within Rio Metro, the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
November 29, 2011

**RIO METRO REGIONAL TRANSIT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2011**

10-1	Segregation of Duties	Cleared
10-2	Year-End Accruals and Year-End Cut-Off	Cleared
10-3	Compliance over Reporting	Cleared
10-4	Travel and Per Diem	Cleared

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified Yes None Reported
- Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? Yes No
- Significant deficiency(s) identified? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
81.041	State Energy Program Special Projects - ARRA
20.205	Highway Planning and Construction
20.509	Formula Grants for Other than Urbanized Areas -ARRA and Non-ARRA
20.516/20.521	Transit Services Program Cluster: Job Access - Reverse Commute Program/New Freedom Program

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD

None

D. FINDINGS - COMPLIANCE AND OTHER MATTERS

None

**RIO METRO REGIONAL TRANSIT DISTRICT
EXIT CONFERENCE
Year Ended June 30, 2011**

An exit conference was held on November 29, 2011 in a closed session. The contents of this report were discussed. Present at the exit conference were:

Representing Rio Metro Regional Transit District:

Steve Shaw	Board Chair
Dewey Cave	Executive Director
Thaddeus Lucero	Director of Planning and General Services
Josi Vigil	Rio Metro Finance Manager
Amy Myer, CPA	MRCOG Finance Manager

Representing Moss Adams LLP:

Wayne Brown	Southwest Region Partner
Audrey J. Jaramillo, CPA, CFE	Assurance Senior Manager
Julie Knight, CPA	Manager

PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of the Rio Metro Regional Transit District. The financial statements and related footnotes remain the responsibility of management.