



RIO METRO REGIONAL TRANSIT DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2012

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 (Vice-Chair)	Rey Garduño
City of Albuquerque	Councilor	Don Harris
City of Albuquerque	Councilor	Isaac Benton
City of Albuquerque	Councilor	Debbie O'Malley
City of Albuquerque	Councilor	Michael Cook
City of Belen	Mayor	Rudy Jaramillo
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 (Chair)	Larry Abraham
City of Rio Rancho	Councilor	Lonnie Clayton
City of Rio Rancho	Councilor	Tamara Gutierrez
Sandoval County	Commissioner	Donnie Leonard
Valencia County	Commissioner	Mary Andersen

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 special revenue funds of the Rio Metro Regional Transit District (Rio Metro), as of and for the year ended June 30, 2012, 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, 2012 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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the 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 audits provide 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, 2012, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the general fund and 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 budgetary comparison for the nonmajor funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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. The *Schedule of Joint Powers Agreements and Memorandums of Understanding* is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards* and *Schedule of Joint Powers Agreements and Memorandums of Understanding* 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 30, 2012

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

Rio Metro Regional Transit District (Rio Metro or RMRTD) 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.

The Rio Metro Regional Transit District operates the New Mexico Rail Runner Express (NMRX) through several agreements with the New Mexico Department of Transportation (NMDOT), which includes limited funding for capital maintenance and improvements. NMRX capital assets, such as the infrastructure and rail engines and cars, are owned by NMDOT. NMRX operations are funded primarily from Federal Transit Administration grant funds and Regional Transit Gross Receipts Tax funds, fare box proceeds and Burlington Northern Santa Fe/Amtrak gross ton mileage fees.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

Regional Transit Gross Receipts Tax was established by State Statute and individual County ballot measures. Accordingly, "revenue from the county regional transit gross receipts tax will be used by the Rio Metro Regional Transit District in equal portions for the management, operations, capital, construction or maintenance of the NMRX, and for the management, operations, capital, construction or maintenance of the Rio Metro Regional Transit District system, pursuant to the Regional Transit District Act. "Furthermore, the Regional Transit District Act defines "regional transit system" to mean "a property, improvement or system designed to be compatible with established state and local transportation plans that transports or conveys passengers within a region by means of a high-occupancy vehicle, including an automobile, truck, bus, van or railcar." As a matter of practice, RMRTD budgets only 50% of the Regional Transit Gross Receipts Tax proceeds for NMRX operations and maintenance. However, the law allows a higher percentage and leaves that discretion to the district.

RMRTD budgeting practice is to limit the GRT revenue dedicated to the NMRX to 50% of that collected in the district. However, from time to time, RMRTD may perform budget adjustments that will increase NMRX's share of the Regional Transit Gross Receipts Tax above the 50% in order to meet unexpected revenue shortfalls in other funds and when emergencies arise.

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.

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 Bernalillo, Sandoval, and Valencia Counties.

OVERVIEW OF FINANCIAL STATEMENTS

This is the third 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.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

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 15-16 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 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-seven (27) 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

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

twenty-two (22) 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 17-18 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 24-42 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 non-major special revenue funds budgetary comparisons are presented in supplementary schedules.

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 \$12.3 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.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

Net Assets

Table A-1 summarizes the Rio Metro's net assets for the fiscal year ended June 30, 2012. 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 6/30/12	Governmental Activities 6/30/11
Current assets	\$ 14,994,630	\$ 12,738,320
Capital assets, net of accumulated depreciation	<u>2,428,392</u>	<u>752,609</u>
Total assets	<u>17,423,022</u>	<u>13,490,929</u>
Total current liabilities	4,047,094	3,009,173
Long-Term Debt	<u>900,108</u>	<u>-</u>
Total liabilities	<u>4,947,202</u>	<u>3,009,173</u>
Net assets		
Invested in capital, net of related debt	1,408,918	752,609
Restricted	10,617	10,617
Unrestricted	<u>11,056,285</u>	<u>9,718,530</u>
Total liabilities and net assets	<u>\$ 17,423,022</u>	<u>\$ 13,490,929</u>

During the year, \$337,773 of regional gross receipts tax budgeted originally in Transit operations was transferred to NMRX operations to meet a revenue shortfall. Revenues from the Burlington Northern Santa Fe Railroad did not materialize as expected due to Amtrak disincentives that were incurred on portions of the track outside of Rio Metro territory. Rio Metro was not informed of these disincentives and the resulting reduction in revenue until after the end of the current fiscal year. The offsetting expenditures had already been incurred and recorded (GRT Rail funds were transferred to certain other rail funds to make up the related shortfall – thus causing the GRT Rail fund to be overspent).

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

Rio Metro Management is working with NMDOT to establish a separate agreement with Amtrak for track usage within the New Mexico Rail Runner (NMRX) territory. It is anticipated that a separate Amtrak agreement will be in place by the end of state fiscal year 2012-2013. This will eliminate fluctuations in Amtrak revenue attributable to track conditions outside of NMRX control. Under the current arrangement, Amtrak usage fees, inclusive of incentives/disincentives for on time performance, are collected by BNSF by major track segments (Los Angeles to Albuquerque ; Albuquerque to La Junta) and are passed through to NMDOT on a percentage basis (2% and 19% respectively for the aforementioned major track segments) as part of the BNSF track usage billings. Based on Amtrak’s poor on time performance on the Albuquerque to La Junta track segment, attributable to speed restriction north of the NMRX owned track, assessed disincentives effectively eliminated all anticipated Amtrak revenues for the fiscal year.

Additionally, with the anticipated increase in FTA 5307 funding available to support the NMRX, Rio Metro will begin establishing a fund balance reserve in the GRT Rail Fund over the next few years to provide a mechanism to absorb potential revenue shortfalls and fund unplanned capital emergencies.

Changes in net assets: Rio Metro’s change in net assets for fiscal year 2012 was an increase of \$1,994,064. The table below reflects the changes in net assets:

Table A-2

Changes in Rio Metro’s Net Assets

	Governmental Activities 6/30/12	Governmental Activities 6/30/11
Expenses – governmental activities	\$ (35,138,986)	\$ (34,140,225)
Add: charges for services	2,717,313	2,946,833
operating grants	<u>11,474,611</u>	<u>12,206,792</u>
Subtotal	<u>(20,947,062)</u>	<u>(18,986,600)</u>
 General revenues – total	 <u>22,941,126</u>	 <u>22,321,741</u>
Change in net assets	1,994,064	3,335,141
 Net assets – beginning of year	 <u>10,481,756</u>	 <u>7,146,615</u>
Net assets – end of year	<u>\$ 12,475,820</u>	<u>10,481,756</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

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 \$11.1 million, an increase of \$1.3 million in comparison with prior year.

Rio Metro's total Governmental Funds expenditures during the year were nearly \$35.1 million dollars for year ending June 30, 2012, compared to \$34.9 million in 2011. Fifty-five percent (55%) 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 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 Activities 6/30/12	Governmental Activities 6/30/11
Revenues:		
State	\$ 852,501	\$ 1,044,379
Federal	8,616,917	9,307,858
Local	22,940,008	22,320,164
Charges for service	2,717,313	2,946,833
BNSF/AMTRAK	1,354,744	1,696,181
Interest and other	137,336	159,951
Total revenues	<u>36,618,819</u>	<u>37,475,366</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

Expenditures:

Operations	\$ 33,087,591	\$ 33,400,156
Capital outlay	2,193,473	1,492,678
Total expenditures	<u>35,281,064</u>	<u>34,892,834</u>
Excess of revenues over		
Expenditures	1,337,755	2,582,532
Beginning fund balances	<u>9,729,147</u>	<u>7,146,615</u>
Ending fund balances	<u>\$ 11,066,902</u>	<u>\$ 9,729,147</u>

Analysis of Major Funds

General Fund (Fund 010): Revenues in the General Fund were \$1,118, 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, 2012, the fund balance in the GRT - Transit fund was \$11.0 million.

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, 2012, 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, 2012, 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, 2012, the fund balance in the GRT - Rail fund was \$10,617.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2012**

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 \$1,058,713 less than anticipated.
- Fare box revenues were \$623,915 less than anticipated.
- BNSF/AMTRAK revenues were \$645,256 less than anticipated.
- FTA 5307 NMRX revenue of \$6,028,769 was a new grant award received, which was budgeted towards the end of the fiscal year.

Fund Balances

The fund balances at June 30, 2012 were as follows:

- The fund balance in the General fund was \$3,713, which was interest income earned during the year.
- The fund balance in the GRT - Transit fund was \$11,052,572 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.

Capital Assets

The Rio Metro's investment in capital assets as of June 30, 2012 amounted to \$2,428,392. The capital assets consist of a building and vehicles. Depreciation expense of \$419,171 was recorded in the current year. Additions of \$2,094,954 were added during the year ended June 30, 2012, consisting of several vans for transit operations and the 550 Station building.

Debt

At the end of the fiscal year, Rio Metro RTD had total debt outstanding of \$1,019,474. This amount relates solely to the capital lease of the 550 Station building, located at 301 Rail Runner Ave, Bernalillo, NM.

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 fiscal year 2012 to 2013.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 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, 2012**

	Governmental Activities
ASSETS	
Current	
Cash and cash equivalents	\$ 4,706,066
Accounts receivable	2,525,228
Gross receipts taxes receivable	4,053,508
Grants receivable	3,159,300
Related entity receivable	550,528
Total current assets	<u>14,994,630</u>
Noncurrent	
Capital assets, net of accumulated depreciation	<u>2,428,392</u>
Total Assets	<u><u>\$ 17,423,022</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current	
Accounts payable	\$ 3,569,023
Related entity payable	358,705
Capital lease obligation	119,366
Total current liabilities	<u>4,047,094</u>
Long-term	
Capital lease obligation	<u>900,108</u>
Total liabilities	<u>4,947,202</u>
NET ASSETS	
Invested in capital assets, net of debt	1,408,918
Restricted	
Rail Operations	10,617
Unrestricted	11,056,285
Total net assets	<u>12,475,820</u>
Total liabilities and net assets	<u><u>\$ 17,423,022</u></u>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
(GOVERNMENT-WIDE)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012**

Functions/Programs	Expenses	Charges for Services	Program Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets for Governmental Activities
Governmental Activities				
General government				
Commuter rail activities	\$ 28,890,381	2,616,485	8,919,204	(17,354,692)
Transit activities	6,248,605	100,828	2,555,407	(3,592,370)
	<hr/>			
Total governmental activities	\$ 35,138,986	2,717,313	11,474,611	(20,947,062)
				<hr/>
General Revenues				
NM Gross Receipts Taxes				\$ 22,940,008
Interest				1,118
Total general revenues				<hr/> 22,941,126 <hr/>
Change in net assets				<hr/> 1,994,064 <hr/>
Net assets, beginning of year				<hr/> 10,481,756 <hr/>
Net assets, ending of year				<hr/> \$ 12,475,820 <hr/>

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	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	\$ 4,706,066	-	-	-	-	-	-	4,706,066
Accounts receivable	8,814	-	-	2,216,951	-	299,463	-	2,525,228
Gross receipts taxes receivable	-	1,781,094	-	-	2,272,414	-	-	4,053,508
Grant reimbursements receivable	-	-	25,096	16,669	-	3,117,535	-	3,159,300
Related entity receivable	550,528	-	-	-	-	-	-	550,528
Interfund receivables	-	9,271,478	800,453	-	-	325,031	-	10,396,962
Total assets	\$ 5,265,408	11,052,572	825,549	2,233,620	2,272,414	3,742,029		25,391,592
LIABILITIES								
Accounts payable	-	-	726,514	1,534,935	-	1,307,574	-	3,569,023
Related Entity Payable	-	-	99,035	107,523	-	152,147	-	358,705
Interfund payables	5,261,695	-	-	591,162	2,261,797	2,282,308	-	10,396,962
Total liabilities	5,261,695	-	825,549	2,233,620	2,261,797	3,742,029		14,324,690
FUND BALANCES								
Unassigned	3,713	-	-	-	-	-	-	3,713
Restricted	-	11,052,572	-	-	10,617	-	-	11,063,189
Total fund balance	3,713	11,052,572	-	-	10,617	-	-	11,066,902
Total liabilities and fund balances	\$ 5,265,408	11,052,572	825,549	2,233,620	2,272,414	3,742,029		25,391,592

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	2,428,392
Capital lease obligations are not recorded as liabilities in the governmental funds, but recorded as long-term liabilities in the statement of net assets	(1,019,474)
Net assets of governmental activities	\$ 12,475,820

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, 2012

	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	
REVENUES							
Intergovernmental							
Federal	\$ -	-	100,079	3,586,096	-	4,930,742	8,616,917
State	-	-	-	200,000	-	652,501	852,501
NM Gross Receipts Tax	-	1,336,637	6,148,526	11,727,621	-	3,727,224	22,940,008
Farebox	-	-	-	2,616,485	-	100,828	2,717,313
BNSF/Amtrak	-	-	-	1,354,744	-	-	1,354,744
Special projects and other	1,118	-	-	47,974	-	88,244	137,336
Total revenues	1,118	1,336,637	6,248,605	19,532,920	-	9,499,539	36,618,819
EXPENDITURES							
Current							
Operating	-	-	6,171,660	19,278,112	-	7,637,819	33,087,591
Capital outlay	-	-	76,945	254,808	-	1,861,720	2,193,473
Total expenditures	-	-	6,248,605	19,532,920	-	9,499,539	35,281,064
Excess of revenue over expenditures	1,118	1,336,637	-	-	-	-	1,337,755
OTHER FINANCING SOURCES/USES							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
Net change in fund balance	1,118	1,336,637	-	-	-	-	1,337,755
Fund balance, beginning of year	2,595	9,715,935	-	-	10,617	-	9,729,147
Fund balance, end of year	\$ 3,713	11,052,572	-	-	10,617	-	11,066,902

Reconciliation

Change in fund balance-total government funds
 Amounts reported for governmental activities in the statement of activities
 are different because:

Depreciation is not recorded as a financial use	1,337,755
Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported	(419,171)
Proceeds from capital lease	2,094,954
Principal payments on capital lease obligations	(1,262,300)
Change in net assets of governmental activities	242,826

\$ 1,994,064

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2012

	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	-	-	1,118	1,118
Total revenues	-	-	1,118	1,118
EXPENDITURES				
Current:				
Operating	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Other financing uses				-
Operating transfer out				-
Change in fund balance	\$ -	-	1,118	1,118

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, 2012

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ -	-	-	-
State	-	-	-	-
NM Gross Receipts Tax	-	-	1,336,637	1,336,637
Farebox	-	-	-	-
BNSF/AMTRAK	-	-	-	-
Special projects and other	-	-	-	-
	<hr/>			
Total revenues	-	-	1,336,637	1,336,637
	<hr/>			
EXPENDITURES				
Current:				
Operating	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>			
Total expenditures	-	-	-	-
	<hr/>			
Other financing uses				-
Operating transfer out				-
	<hr/>			
Change in fund balance	\$ -	-	1,336,637	1,336,637
	<hr/> <hr/>			

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, 2012

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 174,708	100,079	100,079	-
State	-	-	-	-
NM Gross Receipts Tax	6,020,584	6,148,526	6,148,526	-
Farebox	-	-	-	-
Special projects and other	-	-	-	-
Total revenues	6,195,292	6,248,605	6,248,605	-
EXPENDITURES				
Current:				
Operating	5,195,292	6,171,660	6,171,660	-
Capital outlay	1,000,000	76,945	76,945	-
Total expenditures	6,195,292	6,248,605	6,248,605	-
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 - COMMUTER RAIL OPERATIONS #89
Year Ended June 30, 2012

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 5,440,000	3,586,096	3,586,096	-
State	200,000	200,000	200,000	-
NM Gross Receipts Tax	12,676,220	11,727,621	11,727,621	-
BNSF/AMTRAK	2,000,000	1,354,744	1,354,744	-
Farebox	3,240,401	2,616,485	2,616,485	-
Special projects and other	240,000	47,974	47,974	-
Total revenues	23,796,621	19,532,920	19,532,920	-
EXPENDITURES				
Current:				
Operating	23,796,621	19,278,112	19,278,112	-
Capital outlay	-	254,808	254,808	-
Total expenditures	23,796,621	19,532,920	19,532,920	-
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, 2012**

	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	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Operating	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Other financing uses	-	-	-	-
Operating transfer out	-	-	-	-
Change in fund balance	\$ -	-	-	-

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012.

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 Rio Metro Regional Transit District operates the New Mexico Rail Runner Express (NMRX) through several agreements with the New Mexico Department of Transportation (NMDOT), which includes limited funding for capital maintenance and improvements. NMRX capital assets, such as the infrastructure and rail engines and cars, are owned by NMDOT. NMRX operations are funded primarily from Federal Transit Administration grant funds and Regional Transit Gross Receipts Tax funds, fare box proceeds and Burlington Northern Santa Fe/Amtrak gross ton mileage fees.

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:

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2012.

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

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 government-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, 2012**

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. 048)** – 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 the month, the GRT - Transit revenue is allocated to the various transit funds as needed to cover expenses.
- **Transit Operations (No. 049)** – The Transit Operations fund includes the operation, administration, budget, utilities, and other costs associated with operating and administering Rio Metro transit activities. Rio Metro was created by the NM Regional Transit District Act (Chapter 73, Article 25, NMSA 1978).
- **Commuter Rail Operations (No. 089)** – 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).
- **Gross Receipts Taxes – Rail (No. 099)** – Rail fund is where Rio Metro includes the rail portion of NM Regional Transit Gross Receipts Tax (GRT) revenue when it is received. When Rio Metro allocates revenue at the end of the 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, 2012**

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 Fund Balance Reporting and Governmental Fund Type Definitions 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, 2012**

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:

Vehicles	5-10 years
Building	40 years

Rio Metro did not own any infrastructure assets as of June 30, 2012.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

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, 2012**

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, 2012**

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. Restricted net assets at June 30, 2012 consists of restricted net assets for Rail Operations of \$10,617 which consists of GRT collected for NMRX operations in excess of expenditures carried over from 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, 2012**

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, 2012, the amount of Rio Metro's bank balance of \$4,784,402 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name		134,402

Rio Metro's bank balances were collateralized in compliance with the State of New Mexico's state statutes.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

Wells Fargo Bank

Account Name	Type	Bank Balance
Rio Metro Checking	Demand Deposits	\$ 4,400,000
Rio Metro Sweep	Sweep Account	<u>384,402</u>
		4,478,402
FDIC coverage (all accounts) *		<u>(4,650,000)</u>
Uninsured balance		<u>\$ 134,402</u>
Total collateral required on Sweep at 102%		<u>\$ 137,090</u>
Pledged collateral held in the bank's name held CUSIP #3128PSZ91 maturing 11/1/2025, market value to be used		<u>\$ 371,563</u>
<u>Collateral Allocated:</u>		
Rio Metro's Sweep collateral		<u>\$ 371,563</u>
Total over collateralized		<u>\$ 234,473</u>

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

* Rio Metro account gets \$250,000 FDIC coverage as its Sweep Account is interest bearing and not subject to Section 343 of the Dodd-Frank Act. Rio Metro is fully insured on its non-interest bearing checking account pursuant to Section 343 of the Dodd-Frank Act expiring December 31, 2012.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

Following are the descriptions of the Rio Metro cash and certificates of deposit held as of June 30, 2012:

	Book Balance	Bank Balance
Sweep Account – Wells Fargo Bank	\$ -	384,402
Demand deposit – Wells Fargo Bank, Albuquerque, New Mexico	<u>4,706,066</u>	<u>4,400,000</u>
Total	<u>\$ 4,706,066</u>	
Demand deposits per bank		4,784,402
Less outstanding checks		<u>(78,336)</u>
Cash and equivalents per financial statements		<u>\$ 4,706,066</u>

NOTE 3. ACCOUNTS RECEIVABLES

The accounts receivables balance as of June 30, 2012 consisted of:

Burlington Northern Santa Fe Railway	\$ 2,203,487
Other receivables	<u>321,741</u>
Total accounts receivable	<u>\$ 2,525,228</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 4. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund accounts were as follows at June 30, 2012:

	To	From
	(Interfund Pay)	(Interfund Rec)
Due to major and non major funds from		
General Fund	\$ 5,261,695	-
Due to General fund from GRT-Rail fund #99	2,261,797	-
Due to General Fund from Rail Operations		
funds #89, 94	-	800,453
General fund due to GRT-Transit fund #48	591,162	-
General fund due to Transit Operations fund #49	-	9,271,478
Subtotal	<u>8,114,654</u>	<u>10,071,931</u>
Due to General fund from nonmajor funds	2,282,308	-
Due from General fund to nonmajor funds	-	325,031
Subtotal	<u>2,282,308</u>	<u>325,031</u>
Total	<u>\$10,396,962</u>	<u>10,396,962</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, 2012 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, 2012**

NOTE 5. CAPITAL ASSETS

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

	June 30, 2011	Additions	Deletions	June 30, 2012
Building	\$ -	1,262,300	-	1,262,300
Vehicles	975,340	832,654	-	1,807,994
Total assets	<u>975,340</u>	<u>2,094,954</u>	<u>-</u>	<u>3,070,294</u>
Accumulated depreciation				
Building	-	(78,894)	-	(78,894)
Vehicles	<u>(222,731)</u>	<u>(340,277)</u>	<u>-</u>	<u>(563,008)</u>
Total accumulated depreciation	<u>(222,731)</u>	<u>(419,171)</u>	<u>-</u>	<u>(641,902)</u>
Net capital assets	<u>\$ 752,609</u>	<u>1,675,783</u>	<u>-</u>	<u>2,428,392</u>

Depreciation expense for the year ended June 30, 2012 was \$419,171. 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, 2012:

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, 2012**

NOTE 6. INSURANCE COVERAGE (CONTINUED)

Insurer and Policy Type	Term	Coverage
Alliant Insurance Services, Inc.		
Commercial general liability	9/29/11 - 9/29/12	\$1,000,000 each occurrence, No general aggregate limit
Auto liability – Owned and non-owned vehicles	9/29/11 - 9/29/12	Combined single limit \$1,000,000
Special Property Insurance Program	7/1/11 - 7/1/12	Boiler and machining property \$25,000,000 aggregate other limitation apply
Employee Dishonesty Bond	7/1/11 – 7/1/12	\$1,000,000 faithful performance/employee honesty
City of Albuquerque Risk Management Fund		Covered under limits of the Tort Claims Act of NM
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	11/10/11 – 11/10/12	\$4,000,000 – Aggregate
National Indemnity Company		
Commercial Automobile	11/10/11 - 11/10/12	\$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	11/10/11 - 11/10/12	\$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	11/10/11- 11/10/12	\$4,000,000 – Annual Aggregate \$4,000,000- Each Occurrence

**RIO METRO REGIONAL TRANSIT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012**

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, 2011 through June 30, 2012.

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. CAPITAL LEASE

Rio Metro has entered into a lease purchase agreement with Sandoval County for the purchase of land and building in the amount of \$1,262,300. Rio Metro has an option to purchase the property for the outstanding balance anytime during the term of the lease. The term of the agreement is 10 years and the interest rate is 3.5285%.

The following amounts are outstanding as of June 30:

2013	\$ 153,420
2014	157,349
2015	161,431
2016	165,672
2017	170,075
Thereafter	474,072
Less amount representing interest	<u>(262,545)</u>
	1,019,474
Less current	<u>(119,366)</u>
Long-term	<u>\$ 900,108</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 9. OPERATING LEASES

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

Year ending June 30,	
2013	<u>\$ 76,164</u>

Rent expenditures were \$260,734 for the year ended June 30, 2012.

**NOTE 10. 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 \$4,556,285 during the year ended June 30, 2012.

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, 2012 was \$16,666,969 (Operations: \$10,084,877, Maintenance: \$5,984,547, Management Fee: \$597,545).

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 11. 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	ARRA Photovoltaic 214
Reimbursement to MRCOG				
Rio Metro RTD Revenue	<u>\$1,322,282</u>	<u>306,377</u>	<u>1,583,596</u>	<u>8,643</u>
Incurred on behalf of Rio Metro				
Operating Expenses	1,281,693	299,616	1,364,845	8,438
Building Lease Expense	28,794	6,669	-	200
Contractual	11,795	92	10,470	5
Capital Outlay	-	-	208,281	-
Total Expenditures	<u>1,322,282</u>	<u>306,377</u>	<u>1,583,596</u>	<u>8,643</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
	JARC 451	Rio Rancho Transit 425	Valencia Transit 430	Rio Metro Service Plan 445
Reimbursement of Rio Metro				
Costs to MRCOG				
Rio Metro RTD Revenue	<u>\$ 80,680</u>	<u>449,284</u>	<u>837,382</u>	<u>21,473</u>
Incurred on behalf of Rio Metro				
Operating Expenses	78,897	439,928	818,865	20,998
Building Lease Expense	1,761	9,729	18,217	475
Contractual	22	127	300	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>80,680</u>	<u>449,784</u>	<u>837,382</u>	<u>21,473</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 11. RIO METRO REIMBURSEMENTS/INCURRED COSTS (CONTINUED)

	Rio BRT NW Study FTA 467	Sandoval Easy Express 435	Total
Reimbursement of Rio Metro			
Costs to MRCOG			
Rio Metro RTD Revenue	\$ 39,166	138,918	4,788,301
Incurred on behalf of Rio Metro			
Operating Expenses	38,237	135,845	4,487,363
Building Lease Expense	929	3,052	69,825
Contractual	-	21	22,832
Capital Outlay	-	-	208,281
Total expenditures	39,166	138,918	4,788,301
Excess revenues over expenditures	\$ -	-	-

NOTE 12. RELATED ENTITY BALANCES

Mid Region Council of Governments of New Mexico (MRCOG). Rio Metro's accounts payable balance to MRCOG was \$358,705 at June 30, 2012.

Regional Transit Gross Receipts Taxes Receivable. Taxes receivable balance of \$4,053,507 is comprised of taxes receivables from Bernalillo, Sandoval, Santa Fe, and Valencia Counties, members of Rio Metro at June 30, 2012.

SUPPLEMENTARY INFORMATION

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2012**

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. 050) (Separate fund required by grantor)** – Provides public education, outreach efforts and responds to inquiries regarding urban area transit and rail services.
- **JARC-AMPA (No. 054) (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).
- **Sandoval Easy Express (No. 057) (Separate fund required by grantor)** – Provides rural, public transit service within Sandoval County, the Town of Bernalillo and communities located along N.M. 4, N.M. 22 and U.S. 550. Also provides service to and from the Sandoval County/U.S. 550 Rail Runner station and the Kewa Rail Runner station.
- **Rio Transit (No. 058) (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. 059) (Separate fund required by grantor)** – Provides rural, public transit service within the County of Valencia. Also provides service to and from the Belen Rail Runner station.
- **Turquoise Route (No. 065) (Separate fund required by grantor)** – Provides rural, public transit service with two morning bus trips westbound from Moriarty to Albuquerque and two afternoon bus trips eastbound from Albuquerque to Moriarty.

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2012**

- **Purple Route (No. 067) (Separate fund required by grantor)** – Provides public transit service to the New Mexico Rail Runner Express passenger train with stops at the Alvarado Transit Center, Los Ranchos/Journal Center Rail Runner Station, the Sandoval/US 550 Rail Runner Station, and the Santa Fe/NM 599 Rail Runner Station with connecting service to Los Alamos.
- **FTA 5311 ARRA (No. 079) (Separate fund required by grantor)** – Federal 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. 083) (Separate fund required by grantor)** – Provides for services funded by private organization such as flagging services and private use of the Rail Runner by the film industry.
- **Commuter Rail Capital (No. 090) (Separate fund required by grantor)** – Provides for track maintenance and repairs.
- **ARRA – Photovoltaic (No. 214) (Separate fund required by grantor)** – Provides for the installation of solar photovoltaic cells at the Belen and Sandoval County 550 rail stations to offset utility costs.
- **FTA 5307 NMRX (No. 307) (Separate fund required by grantor)** – Federal funding provided for preventative maintenance items including, but not limited to Maintenance of Equipment and Maintenance of Way related to the NM Rail Runner Express train.
- **New Freedom – Video Monitors 1st Award (No. 320) (Separate fund required by grantor)** – Federal 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.

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2012**

- **New Freedom – Video Monitors 2nd Award (No. 321) (Separate fund required by grantor)** – Federal 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.
- **New Freedom – Trapeze Software (No. 325) (Separate fund required by grantor)** – Federal funding for the acquisition and installation of software, hardware and related items for bus dispatch, scheduling and monitoring of operations.
- **5316 JARC – Trapeze Software (No. 345) (Separate fund required by grantor)** – Federal funding for the acquisition and installation of software, hardware and related items for bus dispatch, scheduling and monitoring of operations.
- **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.
- **No. Sandoval Transit Study (No. 360) (Separate fund required by grantor)** – Assessing markets, corridors and routes for transit improvements in Sandoval County.
- **FTA 5309 Earmark (No. 365) (Separate fund required by grantor)** – Federal funding for the purchase of five (5) replacement buses for Rio Metro Sandoval and related preventative maintenance and miscellaneous equipment.

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR CAPITAL PROJECT FUND
June 30, 2012**

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, 2012**

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	Purple Route #67	ARRA FTA #79
ASSETS									
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Due from other funds	3,518	11,030	-	47,987	-	77,389	100,000	50,000	-
Related entity receivable	-	-	-	-	-	-	-	-	-
Grant reimbursements receivable	20,645	35,086	-	69,340	115,190	16,416	-	-	-
Total assets	\$ 24,163	46,116	-	117,327	115,190	93,805	100,000	50,000	-
LIABILITIES									
Accounts payable	\$ -	38,788	-	113,168	22,319	31,737	100,000	50,000	-
Related entity payable	24,163	7,328	-	4,159	33,817	62,068	-	-	-
Due to other funds	-	-	-	-	59,054	-	-	-	-
Total liabilities	24,163	46,116	-	117,327	115,190	93,805	100,000	50,000	-
FUND BALANCES									
Unassigned	-	-	-	-	-	-	-	-	-
Total liabilities and fund balance	\$ 24,163	46,116	-	117,327	115,190	93,805	100,000	50,000	-

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue Funds, continued										Capital Projects		
	Commuter Rail Permitting #83	Commuter Rail Capital #90	ARRA Photovoltaic #214	FTA 5307 NMRX #307	Video Monitors #320	Video Monitors 2nd Award #321	5316 JARC Trapeze Software #325	5316 JARC Trapeze Software #345	BRT NW Study FTA #350	BRT Network Development #355	Sandoval Transit Study #360	FTA 5309 Earmark #365	Commuter Rail Crossings - State #95
ASSETS													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	32,950	266,513	-	-	-	-	-	-	-	-	-	-	299,463
Due from other funds	-	-	3,527	-	-	-	17,795	13,785	-	-	-	-	325,031
Related entity receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Grant reimbursements receivable	-	-	-	2,222,109	-	-	-	13,750	-	-	1,745	623,254	3,117,535
Total assets	\$ 32,950	266,513	3,527	2,222,109	-	-	17,795	27,535	-	-	1,745	623,254	3,742,029
LIABILITIES													
Accounts payable	12,495	121,979	3,527	502,167	-	-	7,530	17,188	-	-	-	286,676	1,307,574
Related entity payable	-	-	-	-	-	-	10,265	10,347	-	-	-	-	152,147
Due to other funds	20,455	144,534	-	1,719,942	-	-	-	-	-	-	1,745	336,578	2,282,308
Total liabilities	32,950	266,513	3,527	2,222,109	-	-	17,795	27,535	-	-	1,745	623,254	3,742,029
FUND BALANCES													
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 32,950	266,513	3,527	2,222,109	-	-	17,795	27,535	-	-	1,745	623,254	3,742,029

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, 2012**

	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	Purple Route #67	ARRA FTA #79	
REVENUES										
Intergovernmental										
Federal	\$ 250,723	138,416	-	884,092	158,892	497,765	-	-	-	129,005
State	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	55,654	162,896	-	504,188	471,923	712,725	212,500	99,000	-	-
Farebox	-	-	-	32,471	43,686	24,671	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	14,997	-	-	-	-	-
Total revenues	\$ 306,377	301,312	-	1,420,751	689,498	1,235,161	212,500	99,000	129,005	
EXPENDITURES										
Current:										
Operating	\$ 306,377	301,312	-	1,420,751	545,509	1,064,288	212,500	99,000	-	-
Capital outlay	-	-	-	-	143,989	170,873	-	-	-	129,005
Total expenditures	306,377	301,312	-	1,420,751	689,498	1,235,161	212,500	99,000	129,005	
Change in fund balance	-	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-
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, 2012**

	Special Revenue Funds, continued											Capital Projects		
	Commuter Rail Permitting #83	Commuter Rail Capital #90	ARRA Photovoltaic #214	FTA 5307 NMRX #307	Video Monitors #320	Video Monitors 2nd Award #321	5316 JARC Trapeze Software #325	5316 JARC Trapeze Software #345	BRT NW Study FTA #350	BRT Network Development #355	Sandoval Transit Study #360	FTA 5309 Earmark #365	Commuter Rail Crossings - State #95	TOTAL
REVENUES														
Intergovernmental														
Federal														
State														
NM Gross Receipts Tax														
Farebox														
BNSF/AMTRAK														
Special projects and other														
Total revenues	\$ 28,072	763,423	21,103	2,777,637	24,303	210,000	35,343	52,955	179,440	-	22,781	391,875	599,003	9,499,539
EXPENDITURES														
Current:														
Operating	\$ 28,072	-	21,103	-	-	-	-	52,955	179,440	-	22,781	7,090	-	4,261,178
Capital outlay	-	763,423	-	2,777,637	24,303	210,000	35,343	-	-	-	-	384,785	599,003	5,238,361
Total expenditures	28,072	763,423	21,103	2,777,637	24,303	210,000	35,343	52,955	179,440	-	22,781	391,875	599,003	9,499,539
Change in fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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, 2012**

	Special Revenue Funds											
	TDM FTA #50				JARC - AMPA #54				Sandoval Easy Express #57			
	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	\$ 407,050	521,764	250,723	(271,041)	200,000	218,772	138,416	(80,356)	941,548	941,548	884,092	(57,456)
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	101,763	109,374	55,654	(53,720)	200,000	218,772	162,896	(55,876)	558,452	558,452	504,188	(54,264)
Farebox	-	-	-	-	-	-	-	-	-	-	32,471	32,471
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 508,813	631,138	306,377	(324,761)	400,000	437,544	301,312	(136,232)	1,500,000	1,500,000	1,420,751	(79,249)
EXPENDITURES												
Current:												
Operating	\$ 508,813	631,138	306,377	324,761	400,000	437,544	301,312	136,232	1,500,000	1,500,000	1,420,751	79,249
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	508,813	631,138	306,377	324,761	400,000	437,544	301,312	136,232	1,500,000	1,500,000	1,420,751	79,249
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, 2012

	Special Revenue Funds, continued											
	Rio Transit #58				Valencia Transit #59				Turquoise Route #65			
	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	\$ 100,000	143,701	158,892	15,191	660,792	780,178	497,765	(282,413)	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	500,000	556,300	471,923	(84,377)	539,208	454,983	712,725	257,742	200,000	212,500	212,500	-
Farebox	-	-	43,686	43,686	-	-	24,671	24,671	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	14,997	14,997	-	-	-	-	-	-	-	-
Total revenues	\$ 600,000	700,001	689,498	(10,503)	1,200,000	1,235,161	1,235,161	1,235,161	200,000	212,500	212,500	-
EXPENDITURES												
Current:												
Operating	\$ 456,012	556,012	545,509	10,503	1,029,127	1,064,288	1,064,288	1,064,288	200,000	212,500	212,500	-
Noncurrent:												
Capital outlay	143,988	143,989	143,989	-	170,873	170,873	170,873	170,873	-	-	-	-
Total expenditures	600,000	700,001	689,498	10,503	1,200,000	1,235,161	1,235,161	1,235,161	200,000	212,500	212,500	-
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, 2012

	Special Revenue Funds, continued											
	Purple Route #67				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	\$ -	-	-	-	129,005	129,005	129,005	-	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	82,000	99,000	99,000	-	-	-	-	-	-	-	-	-
Farebox	-	-	-	-	-	-	-	-	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	28,072	28,072	-
Total revenues	\$ 82,000	99,000	99,000	-	129,005	129,005	129,005	-	-	28,072	28,072	-
EXPENDITURES												
Current:												
Operating	\$ 82,000	99,000	99,000	-	-	-	-	-	-	28,072	28,072	-
Noncurrent:												
Capital outlay	-	-	-	-	129,005	129,005	129,005	-	-	-	-	-
Total expenditures	82,000	99,000	99,000	-	129,005	129,005	129,005	-	-	28,072	28,072	-
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, 2012

	Special Revenue Funds, continued											
	ARRA - Photovoltaic #214				FTA 5307 NMRX #307				NF - Video Monitors 1st Award #320			
	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	\$ -	21,103	21,103	-	-	4,823,015	2,222,109	(2,600,906)	-	19,443	19,443	-
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	-	-	-	-	-	1,205,754	555,528	(650,226)	-	4,860	4,860	-
Farebox	-	-	-	-	-	-	-	-	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ -	21,103	21,103	-	-	6,028,769	2,777,637	(3,251,132)	-	24,303	24,303	-
EXPENDITURES												
Current:												
Operating	\$ -	21,103	21,103	-	-	-	-	-	-	-	-	-
Noncurrent:												
Capital outlay	-	-	-	-	-	6,028,769	2,777,637	3,251,132	-	24,303	24,303	-
Total expenditures	-	21,103	21,103	-	-	6,028,769	2,777,637	3,251,132	-	24,303	24,303	-
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, 2012**

	Special Revenue Funds, continued													
	NF - Video Monitors 2nd Award #321						NF - 5317 Trapeze Software #325						Rio Metro Service Plan #345	
	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	\$ 140,000	140,000	140,000	-	-	-	28,274	28,274	-	-	-	-		
State	-	-	-	-	-	-	-	-	-	-	-	-		
NM Gross Receipts Tax	70,000	70,000	70,000	-	100,000	100,000	7,069	(92,931)	300,000	500,000	52,955	(447,045)		
Farebox	-	-	-	-	-	-	-	-	-	-	-	-		
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-		
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-		
Total revenues	\$ 210,000	210,000	210,000	-	100,000	100,000	35,343	(64,657)	300,000	500,000	52,955	(447,045)		
EXPENDITURES														
Current:														
Operating	\$ -	-	-	-	-	-	-	-	300,000	500,000	52,955	447,045		
Noncurrent:														
Capital outlay	210,000	210,000	210,000	-	100,000	100,000	35,343	64,657	-	-	-	-		
Total expenditures	210,000	210,000	210,000	-	100,000	100,000	35,343	64,657	300,000	500,000	52,955	447,045		
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.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
Year Ended June 30, 2012**

	Special Revenue Funds, continued											
	BRT - NW Study FTA #350					No Sandoval Transit Study (GRT) #360					FTA 5309 Earmark #365	
	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	\$ 450,000	450,000	123,290	(326,710)	-	-	-	-	308,000	313,500	313,500	-
State	-	-	-	-	-	-	-	-	-	-	-	-
NM Gross Receipts Tax	212,500	212,500	56,150	(156,350)	25,000	22,781	22,781	-	77,000	78,375	78,375	-
Farebox	-	-	-	-	-	-	-	-	-	-	-	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 662,500	662,500	179,440	(483,060)	25,000	22,781	22,781	-	385,000	391,875	391,875	-
EXPENDITURES												
Current:												
Operating	\$ 662,500	662,500	179,440	483,060	25,000	22,781	22,781	-	-	-	-	-
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	385,000	391,875	391,875	-
Total expenditures	662,500	662,500	179,440	483,060	25,000	22,781	22,781	-	385,000	391,875	391,875	-
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.

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR FUNDS
Year Ended June 30, 2012

	Special Revenue Funds, continued												
	Commuter Rail Capital #90					Commuter Rail Crossings (Capital) - State #95							
	Original Budget	Final Budget	Actual	Favorable (unfavorable)	Original Budget	Final Budget	Actual	Favorable (unfavorable)	Original Budget	Final Budget	Actual	Favorable (unfavorable)	
REVENUES													
Intergovernmental													
Federal	\$ -	-	-	-	-	-	-	-	-	-	-	-	-
State	-	53,498	53,498	-	-	599,003	599,003	-	-	-	599,003	-	-
NM Gross Receipts Tax	-	364,182	364,182	-	-	-	-	-	-	-	-	-	-
Farebox	-	-	-	-	-	-	-	-	-	-	-	-	-
BNSF/AMTRAK	-	300,568	300,568	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	45,175	45,175	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ -	763,423	763,423	-	-	599,003	599,003	-	-	-	599,003	-	-
EXPENDITURES													
Current:													
Operating	\$ -	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent:													
Capital outlay	-	763,423	763,423	-	-	599,003	599,003	-	-	-	599,003	-	-
Total expenditures	-	763,423	763,423	-	-	599,003	599,003	-	-	-	599,003	-	-
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, 2012**

	Participants	Party Responsible for Operations	Reference #	Program Description	Date of Agreement		Total Estimated Amount of Project and Portion Applicable to the Agency	FY12 Project Amount	Audit Responsibility	Agency Where Revenues/Expenses Reported
					Begin	End				
A1	Sandoval County/RMRTD	RMRTD	MOA	Transfer Rural, TANF, JARC Programs to RMRTD	9/1/2008	In perpetuity	\$ -	-	RMRTD	Rio Metro
A2	Town of Bernalillo/RMRTD	RMRTD	MOA	Sandoval Easy Express Route 1	10/1/2008	In perpetuity	-	-	RMRTD	Rio Metro
A3	Bosque Farms/RMRTD	RMRTD	IGA	Park & Ride location scoping	2/20/2009	In perpetuity	-	-	RMRTD	Rio Metro
A4	North Central RTD/RMRTD	RMRTD	IGA	GRT distribution	4/29/2009	In perpetuity	-	-	RMRTD	Rio Metro
A5	NMDOT/MRCOG/RMRTD	RMRTD	M00940	Commuter rail service rights & responsibilities	10/20/2009	In perpetuity	-	-	RMRTD	Rio Metro
A6	MRCOG/RMRTD	RMRTD	MOA	MRCOG administrative agent for RMRTD	12/15/2009	In perpetuity	-	-	RMRTD	Rio Metro
A7	Rio Rancho/RMRTD	RMRTD	MOU	Transfer Rio Rancho operations to RMRTD	1/1/2010	In perpetuity	-	-	RMRTD	Rio Metro
A8	Los Lunas/RMRTD	RMRTD	MOU	Transfer Los Lunas operations to RMRTD	9/24/2010	In perpetuity	-	-	RMRTD	Rio Metro
A9	MRMPO/MRCOG/RMRTD	RMRTD	MOA	Cooperative regional planning	1/21/2011	In perpetuity	-	-	RMRTD	Rio Metro
A10	Admin Office Courts/RMRTD	RMRTD	MOU	VDWI client transportation	10/1/2011	9/30/2012	-	-	RMRTD	Rio Metro
A11	City of Albuquerque Transit/RMRTD	RMRTD	Bus Pass Distributor Agreement		3/28/2011	3/27/2012	-	-	RMRTD	Rio Metro
A12	City Belen/RMRTD	RMRTD	MOA	Vehicle storage	7/1/2011	6/30/2012	-	-	RMRTD	Rio Metro
A13	Village Los Lunas/RMRTD	RMRTD	MOA	Vehicle maintenance	7/1/2011	6/30/2012	-	-	RMRTD	Rio Metro
A14	Minnesota/RMRTD	RMRTD	Cooperative Purchase Agreement	Purchase revenue vehicles	6/22/2012	In perpetuity	-	-	RMRTD	Rio Metro

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

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	\$ 21,103
Total U.S. Department of Energy				<u>21,103</u>
U.S. Department of Transportation				
Federal Transit Administration (FTA)				
Federal Transit Cluster				
Federal Transit Capital Investment Grants (5309 Earmark)	20.500	NM-04-0024-00	365	313,500
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X011-01	050	250,723
Federal Transit Formula Grants (FTA 5307 NMRX)	20.507	NM-90-X106-00	307	2,222,109
Federal Transit Formula Grants (5307 BRT)	20.507	NM-95-X009-00	350	123,290
Total Federal Transit Cluster				<u>2,909,622</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-X026-00	054/059	168,504
New Freedom Program (Section 5317)	20.521	NM-57-X003-00	320	19,442
New Freedom Program (Section 5317)	20.521	NM-57-X006-00	321	140,000
New Freedom Program (Section 5317)	20.521	NM-57-X012-00	058/325	71,975
Total Transit Services Program Cluster				<u>399,921</u>
U.S. Department of Transportation				
Passed through State of New Mexico Department of Transportation				
Highway Planning and Construction	20.205	M00940/M00463	089	3,586,091
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M00997	049/057/059	1,260,487
Formula Grants for Other Than Urbanized Areas (Section 5311) - ARRA	20.509	M00885	079	129,003
Capital Assistance Program (Section 5310)	20.513	M01095	058	115,190
Job Access/Reverse Commute Program (Section 5316)	20.516	M00905	057/059	195,500
Total U.S. Department of Transportation Pass-through Awards				<u>5,286,271</u>
Total Expenditures of Federal Awards				<u>\$ 8,616,917</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.

Rio Metro did not provide any federal awards to subrecipients during the year.

See Notes to Financial Statements.

COMPLIANCE SECTION

**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 supplementary information of the Rio Metro Regional Transit District (Rio Metro) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 30, 2012. 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 30, 2012

**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, 2012. 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, 2012.

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.

The purpose of this report is solely to 1) describe the scope of our testing of internal control over compliance and the results of that testing; and 2) express an opinion on compliance based on our audit. This report is an integral part of an audit performed in accordance with OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
November 30, 2012

**RIO METRO REGIONAL TRANSIT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2012**

None

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

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

20.500 20.507

Federal Transit Cluster

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, 2012**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD

None

**D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE,
SECTION 12-6-5, NMSA 1978**

None

**RIO METRO REGIONAL TRANSIT DISTRICT
EXIT CONFERENCE
Year Ended June 30, 2012**

An exit conference was held on November 26, 2012 in a closed session. The contents of this report were discussed. Present at the exit conference were:

Representing Rio Metro Regional Transit District:

Larry Abraham	Board Chair
Terry Doyle	Director of Rio Metro Regional Transportation District
Thaddeus Lucero	Director of Planning and General Services
Josephine Vigil	Rio Metro Finance Manager
Amy Myer, CPA	MRCOG Finance Manager

Representing Moss Adams LLP:

Scott Eliason	Southwest Region Partner
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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.