



RIO METRO REGIONAL TRANSIT DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2014

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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TABLE OF CONTENTS

RIO METRO REGIONAL TRANSIT DISTRICT

INTRODUCTORY SECTION

Official Roster	1
-----------------------	---

FINANCIAL SECTION

Report of Independent Auditors	2
--------------------------------------	---

Management's Discussion and Analysis	6
--	---

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position – Governmental Activities.....	16
--	----

Statement of Activities – Governmental Activities.....	17
--	----

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds.....	18
---	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	19
---	----

Notes to Financial Statements	20
--	-----------

SUPPLEMENTARY INFORMATION

Description of Non-major Special Revenue Funds.....	37
---	----

Non-major Governmental Funds:

Combining Balance Sheet.....	39
------------------------------	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	40
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual-Rail Program.....	41
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual-Transit Program.....	42
---	----

TABLE OF CONTENTS

RIO METRO REGIONAL TRANSIT DISTRICT

OTHER SUPPLEMENTARY INFORMATION

Schedule of Joint Powers Agreements and Memorandums of Understanding.....	43
Schedule of Pledged Collateral.....	44
Schedule of Expenditures of Federal Awards.....	45
Note to Schedule of Expenditures of Federal Awards	46

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 <i>Government Auditing Standards</i>	47
Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	49
Summary Schedule of Prior Audit Findings	52
Schedule of Findings and Questioned Costs.....	53
Exit Conference.....	55



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	Janice Arnold-Jones
City of Albuquerque	Councilor	Roxanna Meyers
City of Belen	Mayor	Rudy Jaramillo
Bernalillo County	Commissioner	Maggie Hart Stebbins
Bernalillo County	Commissioner	Lonnie Talbert
Bernalillo County	Commissioner	Debbie O'Malley
Town of Bernalillo	Mayor	Jack S. 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	Darryl Madalena
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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rio Metro Regional Transit District (Rio Metro), as of and for the year ended June 30, 2014, and the related notes to the financial statements, 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 non-major governmental funds and the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, and the aggregate remaining fund information of Rio Metro as of June 30, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund as of June 30, 2014, and the respective changes in financial position and budgetary comparisons for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15 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.

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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements and the combining and individual fund financial statements and budgetary comparisons that collectively comprise Rio Metro's basic financial statements. The accompanying *Schedule of Expenditures of Federal Awards* as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *Schedule of Joint Powers Agreements and Memorandums of Understanding and Schedule of Pledged Collated* required by Section 2.2.2. NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

The *Schedule of Expenditures of Federal Awards*, the *Schedule of Joint Powers Agreements and Memorandums of Understanding*, and *Schedule of Pledged Collateral* required by Section 2.2.2. NMAC is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards*, *Schedule of Joint Powers*

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

Agreements and Memorandums of Understanding, and Schedule of Pledged Collateral required by Section 2.2.2. NMAC are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of Rio Metro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that reports 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rio Metro's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
December 1, 2014

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2014**

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.

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, 2014**

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.

REGIONAL TRANSIT GROSS RECEIPTS TAX

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 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, 2014**

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Rio Metro, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Rio Metro are governmental funds. The governmental fund financial statements focus on near-term inflows 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 sixteen 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 Rail, Gross Receipts Tax Transit, Federal Transit Administration (FTA) 5307 Large Urban, and FTA 5337 State of Good Repair all of which are considered to be major funds.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2014**

Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statement can be found on pages 18-19 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 20-36 of this report.

Budgetary Comparisons

Rio Metro maintains a budget for informational and managerial purposes. The budget is approved by Rio Metro's Board of Directors and the State of New Mexico Department of Finance and Administration's Local Government Division, pursuant to Section 6-6-2 NMSA. As required by the Office of the State Auditor Rule, 2 NMAC 2.2, a budgetary comparison statement has been provided for the transit program and the rail program.

FINANCIAL ANALYSIS OF RIO METRO

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Rio Metro, assets exceeded liabilities by \$12.2 million at the close of the most recent fiscal year. The net position decreased by approximately \$314,000.

Rio Metro's overall financial position continues to 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, 2014**

Net Position

Table A-1 summarizes the Rio Metro's net position for the fiscal year ended June 30, 2014. Net position is presented on a consolidated basis and is reflected on a full accrual basis.

Table A-1
Rio Metro's Net Position

	Governmental Activities 6/30/14	Governmental Activities 6/30/13
Current assets	\$ 17,681,306	\$ 17,780,474
Capital assets, net of accumulated depreciation	<u>2,729,322</u>	<u>3,305,459</u>
Total assets	<u>20,410,628</u>	<u>21,085,933</u>
Total current liabilities	7,548,126	7,781,018
Long-term debt	<u>648,381</u>	<u>776,461</u>
Total liabilities	<u>8,196,507</u>	<u>8,557,479</u>
Net Position		
Net investment in capital assets	1,952,861	2,405,352
Restricted	-	10,617
Unrestricted	<u>10,261,260</u>	<u>10,112,485</u>
Total liabilities and net position	<u>\$ 20,410,628</u>	<u>\$ 21,085,933</u>

During the year, \$202,313 of regional gross receipts tax (GRT) budgeted originally in GRT Transit was transferred to NMRX operations to cover unanticipated capital expenditures on NMRX rolling stock and NMRX maintenance of railway. These expenditures were necessary to maintain NMRX service through the year, and were caused by equipment failure on locomotives and emergency track repairs necessitated by monsoon storms.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2014**

Changes in net position: Rio Metro's change in net position for fiscal year 2014 was an decrease of \$314,333. The table below reflects the changes in net position:

Table A-2

Changes in Rio Metro's Net Position

	Governmental Activities 6/30/14	Governmental Activities 6/30/13
Expenses – governmental activities	\$ (41,130,431)	\$ (40,593,513)
Add: charges for services	4,980,645	4,798,844
operating grants	<u>12,646,966</u>	<u>13,103,523</u>
Subtotal	<u>(23,502,820)</u>	<u>(22,691,146)</u>
General revenues – total	<u>23,188,487</u>	<u>22,743,780</u>
Change in net position	(314,333)	52,634
Net position – beginning of year	<u>12,528,454</u>	<u>12,475,820</u>
Net position – end of year	<u><u>\$ 12,214,121</u></u>	<u><u>12,528,454</u></u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2014**

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 \$10.3 million, an increase of \$138 thousand in comparison with prior year.

Rio Metro's total Governmental Funds expenditures during the year were nearly \$40.7 million dollars for year ending June 30, 2014, compared to \$41.7 million in 2013. Thirty-four percent (38%) 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 Funds 6/30/14	Governmental Funds 6/30/13
Revenues:		
State	\$ 160,300	\$ 603,808
Federal	12,026,971	11,949,220
Local	23,188,487	22,792,049
Charges for service	3,267,276	3,091,515
BNSF/AMTRAK	2,051,090	1,707,329
Other	121,730	551,160
Total revenues	<u>40,815,854</u>	<u>40,695,081</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2014**

	Governmental Funds 6/30/14	Governmental Funds 6/30/13
Expenditures:		
Operations	\$ 39,009,121	\$ 39,549,177
Capital outlay	<u>1,668,575</u>	<u>2,089,704</u>
Total expenditures	<u>40,677,696</u>	<u>41,638,881</u>
Change in fund balance		
Revenues over (under) expenditures	138,158	(943,800)
Beginning fund balances	<u>10,123,102</u>	<u>11,066,902</u>
Ending fund balances	<u>\$ 10,261,260</u>	<u>\$ 10,123,102</u>

Analysis of Major Funds

The following analysis does not include the discussion of prior year to current year changes. Due to the reorganization of Rio Metro's chart of accounts, current year data is not comparable to prior year at the fund level.

General Fund (Fund 1000): Beginning in fiscal year 2014 Rio Metro reorganized the chart of the accounts. Previously Rio Metro reported revenues such as BNSF/Amtrak, NMRX farebox, bike locker, special projects, advertising, merchandising, and permitting in rail operations. In fiscal year 2014 these revenues totaling \$5.4 million were reported in the General Fund.

Transit Gross Receipts Tax (Fund 1300): The Transit GRT fund is where Rio Metro includes the transit portion of Gross Receipts Tax revenue when it is received. In fiscal year 2014 Rio Metro also reported transit operations in this fund. When Rio Metro allocates revenue at the end of each month, the Transit GRT revenue is allocated to the various transit funds as needed to cover expenses. As of June 30, 2014, the fund balance in the Transit GRT fund was \$10.3 million, an increase of approximately \$153,000 from last year.

Rail Gross Receipt Tax (Fund 1200): The Rail GRT fund is where Rio Metro includes the transit portion of Gross Receipts Tax revenue when it is received. In fiscal year 2014 Rio Metro also reported rail operations in this fund. When Rio Metro allocates revenue at the end of each month, the Rail GRT revenue is allocated to the various rail funds as needed to cover expenses. As of June 30, 2014, the fund balance in the Rail GRT fund was \$0, a decrease of \$10,617 from last year.

FTA 5307 UA Formula Grants/Large Urban (Fund 2101): Federal funding received directly from FTA. Funds may be used for capital projects to finance the planning, acquisition, construction, cost-effective lease, improvement, and maintenance of equipment and facilities for use in transit. Funds may also be used to finance operating costs in urbanized areas with populations under 200,000. Expenditures approximated \$10.8 million and there is no fund balance as of the end of the year.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2014**

FTA 5337 State of Good Repair (2104) – Federal funding received directly from FTA. Funds may be used to assist in financing capital projects to maintain public transportation systems in a state of good repair and to ensure public transit operates safely, efficiently, reliably, and sustainably so that communities can offer balanced transportation choices that helps to improve mobility, reduce congestion, and encourage economic development. Expenditures approximated \$851,000 and there is no fund balance as of the end of the year.

Significant Variations between Original and Final Budget Amounts

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

- Rail Program revenues – the federal and state program revenues did not materialize as expected and the budget was adjusted by approximately \$12.0 million to reflect these decreases.
- Rail Program expenditures – anticipated capital outlays for the fixed guideway and communication information systems did not materialized. The budget was adjusted downward by \$4.7 million.
- Transit Program revenues – the federal and state program revenues did not materialize as expected and the budget was adjusted by approximately \$3.0 million to reflect these decreases.
- Transit Program expenditures - the original budgets were adjusted to actual expenditures which decreased by approximately \$3.3 million due primarily to anticipate capital outlays not materializing for land acquisition, vehicles, and equipment.

Fund Balances

The fund balances at June 30, 2014 were as follows:

- The fund balance in the General fund decreased by \$4,378 leaving a fund balance of \$0 as of year-end.
- The fund balance in the Transit GRT increased by \$153,153 leaving a fund balance of \$10.2 million as of year-end.
- The fund balance in the Rail GRT decreased of \$10,617 leaving a fund balance of \$0 as of year-end.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2014**

Capital Assets

The Rio Metro's net investment in capital assets (net of debt) as of June 30, 2014 amounted to \$2,729,322. The capital assets consist of buildings, vehicles and equipment. Depreciation expense of \$772,953 was recorded in the current year. Additions of \$196,816 were added during the year ended June 30, 2014, consisting of vehicles, equipment and software.

Debt

At the end of the fiscal year, Rio Metro RTD had total debt outstanding of \$776,461. 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 2014 to 2015.

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
STATEMENT OF NET POSITION
June 30, 2014**

	Governmental Activities
ASSETS	
Current	
Cash and cash equivalents	\$ 5,916,096
Accounts receivable	7,114,119
Related party receivables	4,651,091
Total current assets	<u>17,681,306</u>
Noncurrent	
Capital assets, net of accumulated depreciation	<u>2,729,322</u>
Total Assets	<u>\$ 20,410,628</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current	
Accounts payable	\$ 2,024,458
Related party payables	5,395,588
Capital lease obligation	128,080
Total current liabilities	<u>7,548,126</u>
Long-term	
Capital lease obligation	<u>648,381</u>
Total liabilities	<u>8,196,507</u>
NET POSITION	
Net investment in capital assets	1,952,861
Unrestricted	10,261,260
Total net position	<u>12,214,121</u>
Total liabilities and net position	<u>\$ 20,410,628</u>

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Functions/Programs	Expenses	Charges for Services	Program Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position for Governmental Activities
Governmental Activities				
General government				
Commuter rail activities	\$ 28,294,861	4,892,705	10,667,784	(12,734,372)
Transit activities	12,835,570	87,940	1,979,182	(10,768,448)
	<hr/>			
Total governmental activities	\$ 41,130,431	4,980,645	12,646,966	(23,502,820)
	<hr/>			
General Revenues				
New Mexico Gross Receipts Taxes				\$ 23,188,487
Total general revenues				<u>23,188,487</u>
Change in net position				(314,333)
Net position, beginning of year				<u>12,528,454</u>
Net position, ending of year				<u><u>\$ 12,214,121</u></u>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014**

	Major Funds						Total Governmental Funds
	Special Revenue Funds					Other Governmental Funds	
	General #1000	GRT - RAIL #1200	GRT - TRANSIT #1300	FTA 5307 LARGE URBAN #2101	FTA 5337 GOOD REPAIR #2104		
ASSETS							
Cash and cash equivalents	\$ 5,916,096	-	-	-	-	-	5,916,096
Accounts receivable	1,524,231	346,342	-	3,454,614	681,114	1,107,818	7,114,119
Related entity receivable	500,036	2,339,189	1,811,866	-	-	-	4,651,091
Interfund receivables	-	-	13,597,029	-	170,279	32,198	13,799,506
Total assets	\$ 7,940,363	2,685,531	15,408,895	3,454,614	851,393	1,140,016	31,480,812
LIABILITIES							
Accounts payable	\$ 187,832	557,154	159,922	90,647	851,393	177,510	2,024,458
Related entity payable	-	194,297	4,987,713	72,974	-	140,604	5,395,588
Interfund payables	7,752,531	1,934,080	-	3,290,993	-	821,902	13,799,506
Total liabilities	7,940,363	2,685,531	5,147,635	3,454,614	851,393	1,140,016	21,219,552
FUND BALANCES							
Unassigned	-	-	10,261,260	-	-	-	10,261,260
Restricted	-	-	-	-	-	-	-
Total fund balance	-	-	10,261,260	-	-	-	10,261,260
Total liabilities and fund balances	\$ 7,940,363	2,685,531	15,408,895	3,454,614	851,393	1,140,016	31,480,812

Reconciliation

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported	2,729,322
Capital lease obligations are not recorded as liabilities in the governmental funds, but recorded as long-term liabilities in the statement of net position	(776,461)
Net position of governmental activities	\$ 12,214,121

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, 2014

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General #1000	GRT - RAIL #1200	GRT - TRANSIT #1300	FTA 5307 LARGE URBAN #2101	FTA 5337 GOOD REPAIR #2104		
REVENUES							
Intergovernmental							
Federal	\$ -	-	-	8,552,386	681,114	2,793,469	12,026,969
State	-	-	-	-	-	160,300	160,300
New Mexico Gross Receipts Tax	-	12,645,332	10,543,155	-	-	-	23,188,487
Farebox	-	-	-	-	-	53,440	53,440
BNSF/Amtrak	2,051,090	-	-	-	-	-	2,051,090
Special projects and other	3,335,566	-	-	-	-	-	3,335,566
Total revenues	5,386,656	12,645,332	10,543,155	8,552,386	681,114	3,007,209	40,815,852
EXPENDITURES							
Current							
Operating	-	15,236,866	8,879,721	10,800,066	851,393	3,241,073	39,009,119
Capital outlay	-	346,593	18,684	-	-	1,303,298	1,668,575
Total expenditures	-	15,583,459	8,898,405	10,800,066	851,393	4,544,371	40,677,694
Excess of revenue over expenditures	5,386,656	(2,938,127)	1,644,750	(2,247,680)	(170,279)	(1,537,162)	138,158
OTHER FINANCING SOURCES/USES							
Operating transfers in	-	2,927,510	-	2,247,680	170,279	1,537,162	6,882,631
Operating transfers out	(5,391,034)	-	(1,491,597)	-	-	-	(6,882,631)
Net change in fund balance	(4,378)	(10,617)	153,153	-	-	-	138,158
Fund balance, beginning of year	4,378	10,617	10,108,107	-	-	-	10,123,102
Fund balance, end of year	\$ -	-	10,261,260	-	-	-	10,261,260
Reconciliation							
Change in fund balance-total government funds							138,158
Amounts reported for governmental activities in the statement of activities are different because:							
Depreciation is not recorded as a financial use							(772,953)
Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported							196,816
Loss on disposal of capital assets							-
Principal payments on capital lease obligations							123,646
Change in net position of governmental activities							\$ (314,333)

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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.

New Accounting Pronouncements:

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Management has analyzed the effects of this statement and determined there to be no reclassifications or adjustments of the financial statements necessary to implement this Statement.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. This Statement is effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

Special Revenue Funds - Major Funds:

- **Rail Gross Receipts Tax (1200)** – Rail fund where Rio Metro includes the rail portion of the New Mexico Regional Transit Gross Receipts Tax (GRT) revenue when it is received. Rail operations are also reported in this fund. When Rio Metro allocates revenue at the end of the month, the Rail GRT revenue is allocated to the various rail funds as needed to cover expenses.
- **Transit Gross Receipts Tax (1300)** – Transit fund where Rio Metro includes the transit portion of New Mexico Regional Transit Gross Receipts Tax (GRT) revenue when it is received. Transit operations are also reported in this fund. When Rio Metro allocates revenue at the end of the month, the Transit GRT revenue is allocated to the various transit funds as needed to cover expenses.
- **FTA 5307 UA Formula Grants/Large Urban (2101)** – Federal funding received directly from FTA. Funds may be used for capital projects to finance the planning, acquisition, construction, cost-effective lease, improvement, and maintenance of equipment and facilities for use in transit. Funds may also be used to finance operating costs in urbanized areas with populations under 200,000.
- **FTA 5337 State of Good Repair (2104)** – Federal funding received directly from FTA. Funds may be used to assist in financing capital projects to maintain public transportation systems in a state of good repair and to ensure public transit operates safely, efficiently, reliably, and sustainably so that communities can offer balanced transportation choices that helps to improve mobility, reduce congestion, and encourage economic development.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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, 2014**

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. New Mexico 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 NMRX for which DOT 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, 2014.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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. Rio Metro is required to prepare budgets for each program for submission directly to that program's funding source. In addition, it submits the budgets to the Department of Finance and Administration Local Government Division (DFA-LGD) for approval. Each funding's 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 program. Rio Metro has two programs: Rail Program; Transit Program.

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 is at the end of the fiscal year. The level of classification detail at which expenditures may not legally exceed appropriations is at the program level as approved by the DFA-LGD. The legally permissible methods for amending the initially approved budget require approval of the Board of Directors and DFA-LGD.

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.

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 New Mexico 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.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

Revenues are recognized as follows:

- 1) Special and capital outlay appropriations require project and draw down approval from the New Mexico 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 New Mexico 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.

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.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets - the component of net position 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 position that reports the difference between assets and liabilities of Rio Metro that consists of assets with constraints placed on their use that are legally enforceable by legislation and the like to be used only for the purposes specified. Rio Metro had no restricted net position at June 30, 2014.

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

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 resources are available.

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% 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.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

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, 2014, the amount of Rio Metro's bank balance of \$5,200,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,426,682
Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name	3,501,439

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

Following are the descriptions of the Rio Metro cash and certificates of deposit held as of June 30, 2014:

Bank balance	
Sweep Account – Wells Fargo Bank	\$ 1,698,358
Demand deposit – Wells Fargo Bank, Albuquerque, New Mexico	5,200,000
Deposits in transit	66,519
Outstanding checks	<u>(1,048,781)</u>
Cash and equivalents per financial statements	<u>\$ 5,916,096</u>

NOTE 3. ACCOUNTS RECEIVABLES

No allowance for uncollectible amounts has been made since these amounts are expected to be fully collected. The accounts receivables balance as of June 30, 2014 consisted of:

Billed accounts receivable	\$ 7,114,119
Related party receivables (Note 12)	<u>4,651,091</u>
Total accounts receivable	<u>\$11,765,210</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund receivables and payables were as follows at June 30, 2014:

	To (Interfund Pay)	From (Interfund Rec)
General Fund #1000	\$ 7,752,531	-
GRT Rail Fund #1200	1,934,080	-
GRT Transit Fund #1300	-	13,597,029
FTA Direct Fund #2100	-	32,198
FTA 5307 Large Urban Fund #2101	3,290,993	-
FTA 5307 Small Urban Fund #2102	223,731	-
FTA 5337 State of Good Repair Fund #2104	-	170,279
FTA 5316 JARC (MRCOG) Fund #2303	5,742	-
FTA 5317 New Freedom (MRCOG) Fund # 2304	3,669	-
FTA 5311 Formula Rural Areas Fund #2502	225,024	-
FTA 5316 JARC (NMDOT) Fund #2503	50,222	-
FHWA Congestion Mitigation Fund #3101	103,836	-
FHWA Surface Transportation Fund #3102	178,684	-
FHWA Highway Safety Improvement Fund # 3105	6,751	-
NMDOT Fund # 4101	24,243	-
Total	<u>\$13,799,506</u>	<u>13,799,506</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, 2014 to be repaid within one year.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

**NOTE 4. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS
(CONTINUED)**

Interfund transfers were as follows for the year ended June 30, 2014:

	Transfers	
	In	Out
General #1000	\$ -	5,391,034
GRT – Rail #1200	2,927,510	-
GRT Transit	-	1,491,597
FTA 5307 Large Urban #2101	2,247,680	-
FTA 5337 Good Repair #2104	170,279	-
FTA 5307 UA Small Urban	296,708	-
FTA 5307 Capital Improvements #3103	5,149	-
FTA 5316 JARC MRCOG #2303	106,435	-
FTA 5317 New Freedom MRCOG #2304	41,580	-
FTA 5311 Formula Grants Rural Areas #2502	659,872	-
FTA 5316 JARC NMDOT #2503	216,874	-
FHWA Congestion Air Quality #3101	62,596	-
FHWA Surface Transportation #3102	147,948	-
	<u>\$ 6,882,631</u>	<u>6,882,631</u>
Total	<u>\$ 6,882,631</u>	<u>6,882,631</u>

These transfers made to utilize funds for transit and rail operations in 2014.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5. CAPITAL ASSETS

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

	June 30, 2013	Additions	Deletions	June 30, 2014
Assets not depreciated:				
Land-El Pueblo	\$ 98,373	-	-	98,373
Assets being depreciated:				
Building	1,262,300	-	-	1,262,300
Building-El Pueblo Purchase	279,986	-	-	279,986
Software	388,614	(193)	-	388,421
Vehicles & Equipment	2,574,564	197,009	-	2,771,573
Total assets	<u>4,505,464</u>	<u>196,816</u>	-	<u>4,702,280</u>
Accumulated depreciation				
Building	(110,452)	(31,557)	-	(142,009)
Building-El Pueblo Purchase	(6,533)	(11,199)	-	(17,732)
Software	(63,563)	(72,243)	-	(135,806)
Vehicles & Equipment	<u>(1,117,830)</u>	<u>(657,954)</u>	-	<u>(1,775,784)</u>
Total accumulated depreciation	<u>(1,298,378)</u>	<u>(772,953)</u>	-	<u>(2,071,331)</u>
Net capital assets being depreciated	<u>3,207,086</u>	<u>(576,137)</u>	-	<u>(2,630,949)</u>
Net capital assets	<u>\$ 3,305,459</u>	<u>(576,137)</u>	-	<u>2,729,322</u>

Depreciation expense for the year ended June 30, 2014 was \$772,953. It was charged to the transit activities function in the Statement of Activities.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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, 2014:

Insurer and Policy Type	Term	Coverage
New Mexico Mutual (worker’s compensation)	2/12/14 – 2/12/15	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	9/29/13 - 9/29/14	\$1,000,000 each occurrence, No general aggregate limit
Alliant Insurance Services, Inc. Commercial general liability	9/29/13 - 9/29/14	\$1,000,000 each occurrence, No general aggregate limit
Auto liability – Owned and non-owned vehicles	9/29/13 - 9/29/14	Combined single limit \$1,000,000
Special Property Insurance Program	7/1/13 - 7/1/14	Boiler and machining property \$25,000,000 aggregate other limitation apply
Employee Dishonesty Bond	7/1/13 – 7/1/14	\$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 –	Continuous policy	\$1,000,000 - property damage

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6. INSURANCE COVERAGE (CONTINUED)

Insurer and Policy Type	Term	Coverage
MRCOG owned		\$1,000,000 - per person for single occurrence
General Star Indemnity Company		
Excess Auto	11/10/13 - 11/10/14	\$4,000,000 - Aggregate
National Indemnity Company		
Commercial Automobile	11/10/13 - 11/10/14	\$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	11/10/13 - 11/10/14	\$2,000,000 - General Aggregate \$1,000,000- Each Occurrence \$1,000,000- Personal & Advertising Injury \$5,000-Medical Payments / Any one person
Evanston Insurance Company		
Excess Liability	11/10/13- 11/10/14	\$4,000,000 - Annual Aggregate \$4,000,000- Each Occurrence

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, 2013 through June 30, 2014.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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:

2015	\$	153,420
2016		153,420
2017		153,420
2018		153,420
2019		153,420
Thereafter		89,494
Amount representing interest		<u>(80,131)</u>
		776,431
Current		<u>(128,080)</u>
Long-term	\$	<u>648,383</u>

A summary of changes in the capital lease obligations are as follows:

June 30, 2013	Payments	June 30, 2014
\$900,107	123,646	776,461

NOTE 9. OPERATING LEASES

Rio Metro is committed under various operating leases, primarily on a month to month basis. Rent expenditures were \$242,425 for the year ended June 30, 2014.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

**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 \$5,450,868 during the year ended June 30, 2014.

Herzog Transit Services, Inc. is the major service provider contracted through September 21, 2014 with Rio Metro's administrative entity, Mid Region Council of Governments, to operate and maintain the New Mexico 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, 2014 was \$18,255,593 (Operations: \$11,679,796, Maintenance: \$5,977,264, Management Fee: \$598,533).

NOTE 11. RIO METRO REIMBURSEMENTS/INCURRED COSTS

The MRCOG pays for several expenses on behalf of Rio Metro. The MRCOG then invoices Rio Metro for these expenditures. The following is a break out of what these expenditures consists of:

Reimbursement to MRCOG	
Rio Metro RTD Revenue	<u>\$ 5,511,951</u>
Incurred on behalf of Rio Metro	
Operating Expenses	<u>5,511,951</u>
Total Expenditures	<u>5,511,951</u>
Excess revenues over	
Expenditures	<u>\$ -</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12. RELATED ENTITY RECEIVABLES AND PAYABLES

Mid Region Council of Governments of New Mexico (MRCOG). Rio Metro's accounts receivable balance from MRCOG was \$480,833 at June 30, 2014. Rio Metro's accounts payable balance to MRCOG was \$614,412 at June 30, 2014. Rio Metro had revenues of \$503,781 and expenditures of \$5,521,004 relating to MRCOG.

Regional Transit Gross Receipts Taxes. The taxes receivable balance of \$4,170,258 is comprised of taxes receivables from Bernalillo, Sandoval, Santa Fe, and Valencia Counties, members of Rio Metro at June 30, 2014. Rio Metro had revenues of \$21,646,638 and expenditures of \$140,635 relating to Gross Receipts Taxes at June 30, 2014.

City of Albuquerque. Rio Metro's accounts payable balance to the City of Albuquerque was \$4,755,000 at June 30, 2014. Rio Metro had expenditures of \$4,759,000 relating to the City of Albuquerque at June 30, 2014.

City of Belen. Rio Metro's accounts payable balance to the City of Belen was \$675 at June 30, 2014. Rio Metro had expenditures of \$7,839 relating to the City of Belen at June 30, 2014.

City of Rio Rancho. Rio Metro's accounts payable balance to the City of Rio Rancho was \$6,589 at June 30, 2014. Rio Metro had expenditures of \$79,876 relating to the City of Rio Rancho at June 30, 2014.

Village of Los Lunas. Rio Metro's accounts payable balance to the Village of Los Lunas was \$18,912 at June 30, 2014. Rio Metro had expenditures of \$223,723 relating to the Village of Los Lunas at June 30, 2014.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 13. RECONCILIATION OF BUDGETARY COMPARISONS

The budgetary comparisons are prepared on at the program level. The following schedule reconciles the program budget amount to the fund financial statements.

	<u>Per Budget Schedules</u>			Total Per
	Rail Program	Transit Program	Reclassifications Eliminations	Financial Statements
Revenues	\$ 28,205,577	12,610,276	1	40,815,854
Expenditures	(28,418,507)	(12,259,433)	244	(40,677,696)
Transfers in	202,313	4,376	6,675,942	6,882,631
Transfers out	-	(206,444)	(6,676,187)	(6,882,631)
Change in fund balance	<u>\$ (10,617)</u>	<u>148,775</u>	<u>-</u>	<u>138,158</u>

SUPPLEMENTARY INFORMATION

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

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.

- **FTA Direct (2100)** – Federal funding received directly from the Federal Transit Administration (FTA) for various projects.
- **FTA 5307 UA Formula Grants/Small Urban (2102)** – Federal funding received directly from FTA. Provides funding for the Small Urbanized Area of Los Lunas, New Mexico for operating and administrative expenditures related to bus and rail transit services.
- **FTA 5309 Capital Investment Grants (2103)** – Federal funding received directly from FTA. Funds may be used to assist in financing the acquisition, construction, reconstruction, and improvement of facilities, rolling stock and equipment for use in public transportation service.
- **FTA 5316 Job Access/Reverse Commute through MRCOG (2303)** – FTA funding received as a pass-thru from MRCOG. Provides funding to develop transportation services to connect welfare recipients and low-income persons to employment and support services. Job Access grants will be to finance planning, capital and operating costs of projects.
- **FTA 5317 New Freedom through MRCOG (2304)** – FTA funding received as a pass-thru from MRCOG. Provides funding for new capital and operating projects aimed at reducing, beyond the requirements of the Americans with Disabilities Act of 1990, transportation barriers faced by individuals with disabilities to assist with transportation, including transportation to and from jobs and employment support services.
- **FTA 5311 Formula Grants for Rural Area thru NMDOT (2502)** – FTA funding received from the New Mexico Department of Transportation (NMDOT). Provides funding to improve, initiate, or continue public transportation service in non-urbanized areas and to provide technical assistance for rural transportation providers.

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2014**

- **FTA 5316 Job Access/Reverse Commute through NMDOT (2503)** – FTA funding received from the NMDOT. Provides funding to develop transportation services to connect welfare recipients and low-income persons to employment and support services. Job Access grants will be to finance planning, capital and operating costs of projects.
- **FTA 5307 Flex Funds (3101)** – Federal funding transferred from the Federal Highway Administration (FHWA) to FTA where Rio Metro is the primary recipient of these funds. Provides funding for the acquisition of facility signage and equipment that will enhance the safety, security and accessibility of Rio Metro commuter rail stations and bus stops. Funding will also be used for the ongoing work effort that provides public education, outreach, and a system to respond to inquiries regarding bus and rail services.
- **FTA 5307 Flex Funds (3102)** – Federal funding transferred from the Federal Highway Administration (FHWA) to FTA where Rio Metro is the primary recipient of these funds. Provides funding for the New Mexico Rail Runner preventative maintenance track improvements on the commuter rail line.
- **FHWA Highway Safety Improvement Program (3105)** – FHWA funding received from the NMDOT. Provides funding in the planning and development of an integrated, interconnected transportation system.
- **NM State Department of Transportation (4101)** – State funding from NMDOT for various projects.

**RIO METRO REGIONAL TRANSIT DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2014**

	Special Revenue Funds											TOTAL
	FTA DIRECT #2100	FTA 5307 UA SMALL URBAN #2102	FTA 5309 Capital Investments #2103	FTA 5316 JARC MRCOG #2303	FTA 5317 NEW FREEDOM MRCOG #2304	FTA 5311 FORMULA GRANTS RURAL AREAS #2502	FTA 5316 JARC NMDOT #2503	FHWA CONGESTION AIR QUALITY #3101	FHWA SURFACE TRANSPORTATION #3102	FHWA SAFETY IMPROVEMENT #3105	NMDOT #4101	
ASSETS												
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	296,706	-	5,742	18,045	307,432	95,878	139,267	196,678	6,751	41,319	1,107,818
Due from other funds	32,198	-	-	-	-	-	-	-	-	-	-	32,198
Related entity receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 32,198	296,706	-	5,742	18,045	307,432	95,878	139,267	196,678	6,751	41,319	1,140,016
LIABILITIES												
Accounts payable	\$ -	-	-	-	14,376	82,408	45,656	-	17,994	-	17,076	177,510
Related entity payable	32,198	72,975	-	-	-	-	-	35,431	-	-	-	140,604
Due to other funds	-	223,731	-	5,742	3,669	225,024	50,222	103,836	178,684	6,751	24,243	821,902
Total liabilities	32,198	296,706	-	5,742	18,045	307,432	95,878	139,267	196,678	6,751	41,319	1,140,016
FUND BALANCES												
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 32,198	296,706	-	5,742	18,045	307,432	95,878	139,267	196,678	6,751	41,319	1,140,016

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, 2014

	Special Revenue Funds										TOTAL	
	FTA DIRECT #2100	FTA 5307 UA SMALL URBAN #2102	FTA 5307 Capital Investments #2103	FTA 5316 JARC MRCOG #2303	FTA 5317 NEW FREEDOM MRCOG #2304	FTA 5311 FORMULA GRANTS RURAL AREAS #2502	FTA 5316 JARC NMDOT #2503	FHWA CONGESTION AIR QUALITY #3101	FHWA SURFACE TRANSPORTATION #3102	FHWA SAFETY IMPROVEMENT #3105		NMDOT #4101
REVENUES												
Intergovernmental												
Federal	\$ -	296,705	20,594	106,435	136,319	774,296	216,874	367,321	868,174	6,751	-	2,793,469
State	-	-	-	-	-	-	-	-	-	-	160,300	160,300
NM Gross Receipts Tax	-	-	-	-	-	-	-	-	-	-	-	-
Farebox	-	-	-	-	-	53,440	-	-	-	-	-	53,440
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ -	296,705	20,594	106,435	136,319	827,736	216,874	367,321	868,174	6,751	160,300	3,007,209
EXPENDITURES												
Current:												
Operating	\$ -	593,413	25,743	212,870	44,783	1,487,608	433,748	421,953	-	-	20,955	3,241,073
Capital outlay	-	-	-	-	133,116	-	-	7,964	1,016,122	6,751	139,345	1,303,298
Total expenditures	-	593,413	25,743	212,870	177,899	1,487,608	433,748	429,917	1,016,122	6,751	160,300	4,544,371
Excess of revenue over expenditures	-	(296,708)	(5,149)	(106,435)	(41,580)	(659,872)	(216,874)	(62,596)	(147,948)	-	-	(1,537,162)
OTHER FINANCING SOURCES/USES												
Operating transfers in	-	296,708	5,149	106,435	41,580	659,872	216,874	62,596	147,948	-	-	1,537,162
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-
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
RAIL PROGRAM
Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Variations Favorable (unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 19,282,000	10,097,576	10,097,576	-
New Mexico Gross Receipts Tax	12,590,400	12,645,332	12,645,332	-
Farebox	3,148,700	2,841,371	2,841,371	-
BNSF/AMTRAK	1,800,000	2,051,090	2,051,090	-
State and other	3,399,600	570,208	570,208	-
Total revenues	\$ 40,220,700	28,205,577	28,205,577	-
EXPENDITURES				
Current:				
Operating	\$ 25,281,600	26,768,616	26,768,616	-
Noncurrent:				
Capital outlay	6,341,400	1,649,891	1,649,891	-
Total expenditures	31,623,000	28,418,507	28,418,507	-
Excess of revenues and other financing sources over expenditures	8,597,700	(212,930)	(212,930)	-
Other financing sources (uses)				
Transfers in	-	202,313	202,313	-
Transfers out	-	-	-	-
	-	202,313	202,313	-
Change in fund balance	8,597,700	(10,617)	(10,617)	-
Fund Balance, beginning of year	10,617	10,617	10,617	-
Fund Balance, end of year	\$ 8,608,317	-	-	-

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSIT PROGRAM
Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 2,978,000	1,929,393	1,929,393	-
New Mexico Gross Receipts Tax	10,531,000	10,543,154	10,543,154	-
Farebox	96,000	87,940	87,940	-
State and other	2,006,000	49,789	49,789	-
Total revenues	\$ 15,611,000	12,610,276	12,610,276	-
EXPENDITURES				
Current:				
Operating	\$ 13,789,000	12,240,749	12,259,433	(18,684)
Noncurrent:				
Capital outlay	1,822,000	18,684	-	18,684
Total expenditures	15,611,000	12,259,433	12,259,433	-
Excess of revenues and other financing sources over expenditures	-	350,843	350,843	-
Other financing sources (uses)				
Transfers in	-	4,376	4,376	-
Transfers out	-	(10,261,016)	(206,444)	10,054,572
	-	(10,256,640)	(202,068)	10,054,572
Change in fund balance	-	(9,905,797)	148,775	10,054,572
Fund Balance, beginning of year	10,112,485	10,112,485	10,112,485	-
Fund Balance, end of year	\$ 10,112,485	206,688	10,261,260	10,054,572

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, 2014**

	Participants	Party Responsible for Operations	Reference #	Program Description	Date of Agreement		FY14 Project Amount	Audit Responsibility	Agency Where Revenues/Expenditures Reported
					Begin	End			
A1	Sandoval County/RMRTD	RMRTD	MOA	Transfer Rural, TANF, JARC Programs to RMRTD	9/1/2008	In perpetuity	-	RMRTD	N/A
A2	Sandoval County/RMRTD	RMRTD	P-100	Building Lease/Purchase Option	1/19/2010	1/31/2020	-	RMRTD	RMRTD
A3	Town of Bernalillo/RMRTD	RMRTD	MOA	Sandoval Easy Express	10/1/2008	In perpetuity	-	RMRTD	N/A
A4	Bosque Farms/RMRTD	RMRTD	IGA	Park & Ride location scoping	2/20/2009	In perpetuity	-	RMRTD	N/A
A5	North Central RTD/RMRTD	RMRTD	IGA	GRT distribution	4/29/2009	In perpetuity	-	RMRTD	N/A
A6	NMDOT/MRCOG/RMRTD	RMRTD	M01245	Commuter rail service rights & responsibilities	8/12/2013	In perpetuity	-	RMRTD	N/A
A7	MRCOG/RMRTD	RMRTD	MOA	MRCOG administrative agent for RMRTD	12/15/2009	In perpetuity	-	RMRTD	N/A
A8	Rio Rancho/RMRTD	RMRTD	MOU	Transfer Rio Rancho operations to RMRTD	1/1/2010	In perpetuity	-	RMRTD	N/A
A9	Los Lunas/RMRTD	RMRTD	MOU	Transfer Los Lunas operations to RMRTD	9/24/2010	In perpetuity	-	RMRTD	N/A
A10	MRMPO/MRCOG/RMRTD/Co/	RMRTD	MOA	Cooperative regional planning	1/21/2011	In perpetuity	-	RMRTD	N/A
A11	Admin Office Courts/RMRTD	RMRTD	P - 2	VDWI client transportation	10/1/2012	6/30/2014	-	RMRTD	RMRTD
A12	City Belen/RMRTD	RMRTD	P - 15	Vehicle storage	7/1/2013	6/30/2014	-	RMRTD	RMRTD
A13	Village Los Lunas/RMRTD	RMRTD	P - 63	Vehicle maintenance	7/1/2013	6/30/2014	-	RMRTD	RMRTD
A14	Village Los Lunas/RMRTD	RMRTD	P - 62	Facility Lease	7/1/2010	Month to Month	-	RMRTD	RMRTD
A15	Village Los Lunas/RMRTD	RMRTD	2014-203	Snow Removal	2/24/2014	2/23/2016	-	RMRTD	RMRTD
A16	City Rio Rancho/RMRTD	RMRTD	P - 91	Facility Lease	1/1/2013	12/31/2014	-	RMRTD	RMRTD
A17	City Rio Rancho/RMRTD	RMRTD	P-228	Transit Service	12/17/2009	In perpetuity	-	RMRTD	RMRTD
A18	Santo Domingo	RMRTD	P-149	Rail Easement/Parking Lease	11/24/2008	In perpetuity		RMRTD	N/A
A19	Sandia Pueblo	RMRTD	P-98	Rail Station Lease	11/18/2010	8/2/2034	-	RMRTD	RMRTD
A20	Workforce Connection Central New Mexico/RMRTD	WCCNM/RMRTD	2013-147	WIA/Job Access Service Integration	9/7/2012	6/30/2014	-	WCCNM/ RMRTD	N/A
A21	Workforce Connection Central New Mexico/RMRTD	WCCNM/RMRTD	2014-213	550 Station Lease	7/10/2013	6/30/2018		WCCNM/ RMRTD	WCCNM/RMRTD
	NMDOT/RMRTD	RMRTD	M01236	Bus Purple Route	7/1/2013	6/30/2014	-	RMRTD	RMRTD

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2014**

<u>Account</u>	<u>Description of Pledged Collateral</u>	<u>Type of Pledged Collateral</u>	<u>CUSIP Number</u>	<u>Sweep Collateral Value at June 30, 2014</u>	<u>Safe keeper</u>
Rio Metro Sweep	Repurchase Agreement	Shares	31418AQ35	\$ 1,727,398	Wells Fargo
	Accrued Interest	Interest	31418AQ35	4,928	Wells Fargo
	Total Collateral			<u>1,732,326</u>	
	Bank balance			<u>1,698,359</u>	
	Collateral required at 102%			<u>1,732,326</u>	
	Excess Collateral			<u>\$ -</u>	

Bank Accounts

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Type of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2014</u>	<u>Location of Safekeeper</u>
Wells Fargo	FN	Bonds	7/1/2043	3138W9AZ3	\$ 3,501,439	Bank of New York Mellon
	Total Pledged Collateral				<u>\$ 3,501,439</u>	
	Bank Account Balances					
	Rio Metro Checking				<u>5,200,000</u>	
	Total Bank Balances				<u>5,200,000</u>	
	FDIC Coverage				<u>(250,000)</u>	
	Uninsured Amount				4,928,121	
	Collateral required at 50%				2,464,061	
	Pledged Collateral				<u>(3,501,439)</u>	
	Excess Collateral				<u>\$ (1,037,378)</u>	

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

<u>U.S. Department of Transportation</u>	Federal CFDA Number	Award Number	Fund Number	Activity Number	Federal Expenditures
Federal Transit Administration (FTA) - Federal Transit Cluster					
Federal Transit Formula Grants (5309 Transit Asset Mgmt System)	20.500	NM-04-0029	2103	1001	\$ 20,594
Federal Transit Formula Grants (5307 BRT Study Phase II)	20.507	NM-90-X097	2101	6020	127,153
Federal Transit Formula Grants (5307 Rail Runner PM)	20.507	NM-90-X111	2101	1002	152,586
Federal Transit Formula Grants (5307 Rail Runner PM)	20.507	NM-90-X116	2101	1024	8,038,585
Federal Transit Formula Grants (5307 SU Rail Operations)	20.507	NM-90-X122	2101	2025	16,099
Federal Transit Formula Grants (5307 LU Rail Runner PM)	20.507	NM-90-X123	2101	2020	44,419
Federal Transit Formula Grants (5307 Community Services)	20.507	NM-90-X117	2101	1028	95,276
Federal Transit Formula Grants (5307 SU Transit)	20.507	NM-90-X118	2102	1025, 2027	296,706
Federal Transit Formula Grants (5307 LU Operating)	20.507	NM-90-X124	2101	4061	38,905
Federal Transit Formula Grants (5307 Transit Amenities)	20.507	NM-95-X012	2101	1010,1011	39,363
Federal Transit Formula Grants (Transit Facility Equip & Signage)	20.507	NM-95-X015	3101	1006	12,761
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X016	3101	1003	216,990
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X018	3101	1043	137,570
Federal Transit Formula Grants (Rail PM Track Improvement)	20.507	NM-95-X017	3102	1012	868,174
State of Good Repair	20.525	NM-54-0001	2104	2023	681,114
Total U.S. Department of Transportation Direct					<u>10,786,295</u>
<u>U.S. Department of Transportation</u>	Federal CFDA Number	Award Number	Fund Number	Activity Number	Federal Expenditures
Passed through Mid-Region Council of Governments: Transit Services Program Cluster					
		MOA w/COG			
Job Access/Reverse Commute Program (Section 5316)	20.516	5316	2303	1042	\$ 106,434
New Freedom Program (5317)	20.521	IOA w/COG 531	2304	1045	10,000
New Freedom Program (5317 Rail Mini-Hi)	20.521	IOA w/COG 531	2304	1000	106,492
New Freedom Program (5317 Trapeze)	20.521	IOA w/COG 531	2304	1018	19,827
Passed through State of New Mexico Department of Transportation					
Job Access/Reverse Commute Program (Section 5316)	20.516	M01163	2503	1034	58,858
Total U.S. Department of Transportation Pass-Through					<u>301,611</u>
<u>U.S. Department of Transportation</u>	Federal CFDA Number	Award Number	Fund Number	Activity Number	Federal Expenditures
Passed through State of New Mexico Department of Transportation					
Federal Highway Planning and Construction (Federal Highway Administration/Highway Safety Improvement Program)	20.205	D13744	3105	1005	\$ 6,751
Formula Grants Cluster					
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01162	2502	1033	165,849
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01254	2502	1040	608,447
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01254	2503	1041	158,016
Total U.S. Department of Transportation Pass-through Awards					<u>939,063</u>
Total Expenditures of Federal Awards					<u>\$ 12,026,969</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rio Metro under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of Rio Metro, it is not intended to and does not present the financial position, changes in net position or cash flows of Rio Metro.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. OUTSTANDING LOANS AND SUBRECIPIENTS

Rio Metro does not receive non-cash assistance, have outstanding loans, nor provides federal awards to subrecipients.

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rio Metro Regional Transit District (Rio Metro) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Rio Metro Regional Transit District's basic financial statements, and the combining and individual funds and related budgetary comparisons of Rio Metro presented as supplementary information, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

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

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

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

material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
December 1, 2014

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Rio Metro Regional Transit District's (Rio Metro), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rio Metro's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rio Metro's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Rio Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, Rio Metro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Rio Metro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rio Metro's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
December 1, 2014

**RIO METRO REGIONAL TRANSIT DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014**

None

**RIO METRO REGIONAL TRANSIT DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2014**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

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 Federal Programs:

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

Type of auditor's report issued on compliance for Major Federal Programs: Unmodified

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 Federal Program

CFDA Number	Name of Federal Program or Cluster
20.500 / 20.507/20.525	Federal Transit Cluster
20.516/20.521	Transit Services Cluster
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between type A and type B programs \$ 360,809

Auditee qualified as low-risk auditee? Yes No

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2014**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD

None

**RIO METRO REGIONAL TRANSIT DISTRICT
EXIT CONFERENCE
Year Ended June 30, 2014**

An exit conference was held on November 21, 2014 in a closed session. The contents of this report were discussed. Present at the exit conference were:

Representing Rio Metro Regional Transit District:

Dewey Cave	Executive Director
Connie Vigil	Chief Financial Officer
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:

Jeff Bridgens, CPA	Senior Manager
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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.