

**RIO METRO REGIONAL  
TRANSIT DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2016**

# RIO METRO REGIONAL TRANSIT DISTRICT

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# RIO METRO REGIONAL TRANSIT DISTRICT

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## **INTRODUCTORY SECTION**

## **RIO METRO REGIONAL TRANSIT DISTRICT**

### **OFFICIAL ROSTER**

#### **Board Members**

City of Albuquerque	Mayor	Richard J. Berry
City of Albuquerque	Councilor	Patrick Davis
City of Albuquerque	Councilor	Don Harris
City of Albuquerque	Councilor	Isaac Benton
City of Albuquerque	Councilor	Ken Sanchez
City of Albuquerque	Councilor	Diane Gibson
City of Belen	Mayor	Jerah Cordova
Bernalillo County	Commissioner	Maggie Hart Stebbins
Bernalillo County	Commissioner	Lonnie Talbert
Bernalillo County	Commissioner	Debbic O'Malley
Town of Bernalillo	Mayor	Jack S. Torres
Village of Bosque Farm	Mayor	Wayne Ake
Village of Corrales	Councilor	Vacant
Village of Los Lunas	Mayor	Charles Griego
Los Ranchos de Albuquerque	Mayor	Larry Abraham
City of Rio Rancho	Councilor	Jim Owen
City of Rio Rancho	Councilor	Dawn Robinson
Sandoval County	Commissioner	James Dominguez
Valencia County	Commissioner	Charles Eaton

## **FINANCIAL SECTION**

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

### **Report on 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, 2016, 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 Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

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, 2016, 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, 2016 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 5-14 will be presented on supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

#### *Supplemental 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 schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the schedule of joint powers agreements and



Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

memorandums of understanding, description of non-major special revenue funds, and schedule of pledged collateral, as required by Section 2.2.2. NMAC, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the schedule of joint powers agreements and memorandums of understanding, description of non-major special revenue funds, and schedule of pledged collateral are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the schedule of expenditures of federal awards, schedule of joint powers agreements and memorandums of understanding, description of non-major special revenue funds, and schedule of pledged collateral are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Other Information*

The introductory section and schedule of vendor information required by the New Mexico State Audit Rule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued a report dated December 7, 2016, on our consideration of the Rio Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and in considering Rio Metro's internal control over financial reporting and compliance.

*Ricci & Company LLC*

Albuquerque, New Mexico  
December 7, 2016

**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2016**

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 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 a 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 analysis, 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.

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

**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2016**

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 plants that transports or conveys passengers within a region by means of 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 and Valencia 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**

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Rio Metro’s finances, in a manner similar to a private-sector business. The statement of net 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

**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2016**

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.

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 focus of governmental fund financial statements is the near-term inflows and outflows of spendable resources and 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 fourteen 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) State of Good Repair all of which are considered to be major funds.

Data from the other ten 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.

**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.

**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2016**

**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.

**FINANCE 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 \$15.3 million at the close of the most recent fiscal year. The net position increased by \$2.2 million.

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, 2016**

**NET POSITION**

Table A-1 summarizes the Rio Metro's net position for the fiscal year ended June 30, 2016. 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 6/30/16	Governmental Activities 6/30/15
Current assets	\$ 16,425,342	\$ 14,379,495
Capital assets, net of accumulated depreciation	<u>2,689,736</u>	<u>2,268,677</u>
Total assets	<u>\$ 19,115,078</u>	<u>16,648,172</u>
Total current liabilities	\$ 3,398,673	\$ 3,033,833
Long-term debt	<u>378,278</u>	<u>515,709</u>
Total liabilities	<u>3,776,951</u>	<u>3,549,542</u>
Net position		
Net investment in capital assets	2,174,027	1,620,294
Restricted	12,264,098	1,068,205
Unrestricted	<u>900,002</u>	<u>10,410,131</u>
Total net position	<u>15,338,127</u>	<u>13,098,630</u>
Total liabilities and net position	<u>\$ 19,115,078</u>	<u>\$ 16,648,172</u>

**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2016**

Changes in net position: Rio Metro's change in net position for fiscal year 2016 was an increase of \$2.2 million. The table below reflects the changes in net position:

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

	Governmental Activities 6/30/16	Governmental Activities 6/30/15
Expenses – governmental activities	\$ (43,756,153)	\$ (44,264,938)
Add: Charges for services	4,482,874	4,744,935
Operating grants	<u>16,359,976</u>	<u>15,763,327</u>
	(22,913,303)	(23,756,676)
General revenues – total	<u>25,152,800</u>	<u>24,641,185</u>
Change in net position	2,239,497	884,509
Net position, beginning of year	<u>13,098,630</u>	<u>12,214,121</u>
Net position, end of year	\$ <u><u>15,338,127</u></u>	\$ <u><u>13,098,630</u></u>

**Financial Analysis of the Government's Funds**

As noted earlier, Rio Metro 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 a 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 \$13.1 million, an increase of \$1.6 million in comparison with prior year.

**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2016**

Rio Metro's total Governmental Funds expenditures during the year were nearly \$44.3 million dollars for year ending June 30, 2016, compared to \$43.9 million in 2015. Thirty-four percent (34%) of those expenditures were for operating the New Mexico Rail Runner Express commuter rail system. The Rail Runner is an operating activity and the commuter rail system has been in operations for several years. Transit operations; however, is a relatively new venture for Rio Metro and expenditures will increase as Rio Metro implements the projects outlined in the Regional Transit Plan.

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

Table A-3

Changes in Rio Metro's Revenues, Expenditures and Changes in Fund Balances

	Governmental Activities 6/30/16	Governmental Activities 6/30/15
Revenues		
Federal	\$ 13,665,920	\$ 14,186,228
State	902,451	864,704
Local	25,152,800	24,641,185
Charges for service	2,390,399	2,684,092
BNSF/AMTRAK	2,092,475	2,060,842
Other	1,791,605	712,395
Total revenues	<u>45,995,650</u>	<u>45,149,446</u>
Expenditures		
Operations	43,252,385	41,688,726
Capital outlay	1,057,501	2,243,644
Total expenditures	<u>44,309,886</u>	<u>43,932,370</u>
Revenues over expenditures	1,685,764	1,217,076
Beginning fund balances	<u>11,478,336</u>	<u>10,261,260</u>
Ending fund balances	\$ <u>13,164,100</u>	\$ 11,478,336



**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2016**

**Analysis of Major Funds**

**General Fund (Fund 1000):** The General Fund is where Rio Metro records revenues such as BNSF/Amtrak, NMRX farebox, bike locker, special projects, advertising, merchandising, and permitting in rail operations. In fiscal year 2016, these revenues totaling \$5.9 million were reported in the General Fund.

**Rail Gross Receipts 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 2016, 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, 2016, the fund balance in the rail GRT fund was \$2.6 million, an increase of \$1.5 million from last year.

**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 2016, 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, 2016, the fund balance in the Transit GRT fund was \$9.6 million, a decrease of \$572,740 from last year.

**FTA Direct (Fund 2100):** 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 \$14.5 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, 2016**

**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 \$14.4 million to reflect these decreases.
- Rail Program expenditures – anticipated capital outlays for the fixed guideway and communication information systems did not materialize. The budget was adjusted downward by \$3.0 million.
- Transit Program revenues – the federal and state program revenues did not materialize as expected and the budget was adjusted by approximately \$3.7 million to reflect these decreases.
- Transit Program expenditures – the original budgets were adjusted to actual expenditures which decreased by approximately \$3.4 million due primarily to opportunities and needs not materializing for land acquisition, vehicles, and equipment.

**Fund Balances**

Fund balances as of June 30, 2016 were as follows:

- The fund balance in the General fund increased by \$736,375 leaving a fund balance of \$900,002 as of year-end.
- The fund balance in the Transit GRT decreased by \$572,740 leaving a fund balance of \$9.6 million as of year-end.
- The fund balance in the Rail GRT increase of \$1.5 million leaving a fund balance of \$2.6 million as of year-end.

**Capital Assets**

The Rio Metro's net investment in capital assets (net of debt) as of June 30, 2016 amounted to \$2.7 million. Capital assets consist of buildings, vehicles and equipment. Depreciation expense of \$772,892 was recorded in the current year. Additions of \$1.2 million were added during the year ended June 30, 2016, consisting of vehicles, equipment and software.

**RIO METRO REGIONAL TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2016**

**Debt**

As of June 30, 2016, Rio Metro had total debt outstanding of \$515,709. 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 Rio Metro is the Regional Transit Gross Receipts Tax. While this tax is dependent on the state of the economy, Rio Metro 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 2016 to 2017.

**Request for Information**

This financial report is designed to provide a general overview of Rio Metro'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 NW, Albuquerque, NM 87102.

## **BASIC FINANCIAL STATEMENTS**

**RIO METRO REGIONAL TRANIST DISTRICT**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**GOVERNMENT-WIDE**  
**June 30, 2016**

**ASSETS**

Current

Cash and cash equivalents	\$ 6,125,850
Accounts receivable	9,799,457
Related party receivables	500,035

Total current assets 16,425,342

Noncurrent

Capital assets, net of accumulated depreciation	<u>2,689,736</u>
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**Total assets** \$ 19,115,078

**LIABILITIES**

Current

Accounts payable	\$ 3,261,242
Capital lease obligation	<u>137,431</u>

Total current liabilities 3,398,673

Long-term

Capital lease obligation	<u>378,278</u>
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**Total liabilities** 3,776,951

**NET POSITION**

Net investment in capital assets	2,174,027
Restricted - special revenue funds	12,264,098
Unrestricted	<u>900,002</u>

**Total net position** 15,338,127

**Total liabilities and net position** \$ 19,115,078

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**GOVERNMENT-WIDE**  
**Year Ended June 30, 2016**

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position for Governmental Activities</u>
Government Activities:				
General government				
Commuter rail activities	\$ 29,831,639	4,393,256	12,826,693	\$ (12,611,690)
Transit activities	13,924,514	89,618	3,533,283	(10,301,613)
	<u>\$ 43,756,153</u>	<u>4,482,874</u>	<u>16,359,976</u>	<u>(22,913,303)</u>
General Revenues				
New Mexico gross receipts taxes				<u>25,152,800</u>
Change in net position				2,239,497
Net position, beginning of year				<u>13,098,630</u>
<b>Net position, end of year</b>				<u><u>\$ 15,338,127</u></u>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Special Revenue Funds				
		GRT-Rail	GRT - Transit	FTA Direct		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,125,850	\$ -	\$ -	\$ -	\$ -	\$ 6,125,850
Accounts receivable	494,243	2,350,281	1,966,760	3,938,998	1,049,175	9,799,457
Related entity receivables	500,035	-	-	-	-	500,035
Due from other funds	-	2,179,153	8,058,554	-	5,006	10,242,713
<b>Total assets</b>	<b>\$ 7,120,128</b>	<b>\$ 4,529,434</b>	<b>\$ 10,025,314</b>	<b>\$ 3,938,998</b>	<b>\$ 1,054,181</b>	<b>\$ 26,668,055</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 18,893	\$ 1,939,100	\$ 351,550	\$ 448,020	\$ 503,679	\$ 3,261,242
Due to other funds	6,201,233	-	-	3,490,978	550,502	10,242,713
<b>Total liabilities</b>	<b>6,220,126</b>	<b>1,939,100</b>	<b>351,550</b>	<b>3,938,998</b>	<b>1,054,181</b>	<b>13,503,955</b>
<b>FUND BALANCES</b>						
Unassigned	900,002	-	-	-	-	900,002
Restricted	-	2,590,334	9,673,764	-	-	12,264,098
<b>Total fund balances</b>	<b>900,002</b>	<b>2,590,334</b>	<b>9,673,764</b>	<b>-</b>	<b>-</b>	<b>13,164,100</b>
<b>Total liabilities and funds balances</b>	<b>\$ 7,120,128</b>	<b>\$ 4,529,434</b>	<b>\$ 10,025,314</b>	<b>\$ 3,938,998</b>	<b>\$ 1,054,181</b>	<b>\$ 26,668,055</b>
<b>RECONCILIATION</b>						
Fund balance						\$ 13,164,100
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 in the governmental fund						2,689,736
Capital lease obligations are not recorded as liabilities in the governmental funds, but recorded as long-term liabilities in the statement of net position						(515,709)
<b>Net position of governmental activities</b>						<b>\$ 15,338,127</b>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Years ended June 30, 2016**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Special Revenue Funds				
		GRT-Rail	GRT - Transit	FTA Direct		
<b>REVENUES</b>						
Intergovernmental						
Federal	\$ -	\$ -	\$ -	\$ 11,254,194	\$ 2,411,726	\$ 13,665,920
State	-	-	-	-	902,451	902,451
New Mexico Gross Receipts Tax	-	13,696,845	11,455,955	-	-	25,152,800
Farebox	2,300,781	-	-	27,828	61,790	2,390,399
BNSF/Amtrak	2,092,475	-	-	-	-	2,092,475
Special projects and other	1,597,531	1,000	164,611	-	28,463	1,791,605
<b>Total assets</b>	<b>5,990,787</b>	<b>13,697,845</b>	<b>11,620,566</b>	<b>11,282,022</b>	<b>3,404,430</b>	<b>45,995,650</b>
<b>EXPENDITURES</b>						
Current						
Operating	594,431	15,243,088	8,785,549	14,336,925	4,292,392	43,252,385
Capital outlay	13,625	14,623	5,442	202,580	821,231	1,057,501
	608,056	15,257,711	8,790,991	14,539,505	5,113,623	44,309,886
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>						
	5,382,731	(1,559,866)	2,829,575	(3,257,483)	(1,709,193)	1,685,764
<b>OTHER FINANCING SOURCES/USES</b>						
Operating transfers in	275,291	16,732,003	8,626,379	3,257,483	1,709,193	30,600,349
Operating transfers out	(4,921,647)	(13,650,008)	(12,028,694)	-	-	(30,600,349)
Net change in fund balance	736,375	1,522,129	(572,740)	-	-	1,685,764
Fund balance, beginning of year	163,627	1,068,205	10,246,504	-	-	11,478,336
<b>Fund balance, end of year</b>	<b>\$ 900,002</b>	<b>\$ 2,590,334</b>	<b>\$ 9,673,764</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,164,100</b>
<b>RECONCILIATION</b>						
Change in fund balance-total government funds						\$ 1,685,764
Amounts reported for governmental activities in the statement of net position are different because:						
Depreciation is not recorded as a financial use						(772,892)
Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported						1,193,951
Principal payments on capital lease obligations						132,674
<b>Change in net position of governmental activities</b>						<b>\$ 2,239,497</b>

See Notes to Financial Statements.



**RIO METRO REGIONAL TRANSIT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the entity**

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

Rio Metro provides a variety of transportation services to residents of Bernalillo, Sandoval and Valencia counties. Rio Metro 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 and Mid-Region Council of Governments of New Mexico (MRCOG), a related governmental entity, have entered into a Professional Services Agreement, through which MRCOG is the administrative entity provides personnel, insurance, documentation, administration, monitoring, oversight and other fiscal services until such time as Rio Metro has the organizational and financial capability to assume these responsibilities. Rio Metro contracts with Herzog Companies, Inc. to manage and operate the Rail Runner. Rio Metro has no employees.

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

**Reporting Entity**

In accordance with GAAP criteria, Rio Metro is considered as stand alone government and as such is the reporting entity and has no component units.

**Basic Financial Statements**

The basic financial statements include both government-wide (based on Rio Metro as a whole) and fund financial statements. The reporting model focus is on either Rio Metro as a whole or major individual funds (within the fund financial statements. In the government-wide Statements are reflected on an economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

*Special Revenue Funds* - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The major special revenue funds presented in the fund financial statements include the following:

- 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. The use of the revenue in this fund is restricted by the ordinances in the counties where the GRT revenue is collected. 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. The use of the revenue in this fund is restricted by the ordinances in the counties where the GRT revenue is collected. 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 Direct (2100) - Federal funding received directly from the Federal Transit Administration (FTA) for various projects. The use of the revenue in this fund is restricted by the related grant agreements and federal regulations.

**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.

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The governmental 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 and 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.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GAAP 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.

Derived tax revenue, the New Mexico regional transit gross receipts tax revenue (GRT), 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. 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.

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.

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

**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, the dollar value above

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (continued)**

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, 2016.

**Budgets and Budgetary Accounting**

Rio Metro's Executive Director approves 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 concurrence. 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 and Transit Program.

Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis consistent with GAAP. 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 Board of Directors. The legally permissible methods for amending the initially approved budget require approval of the Board of Directors and concurrence of DFA-LGD.

**Due To and From Other Funds**

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

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Fund Balance**

In the fund level financial statements, fund balance categories represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance with GAAP fund balance reporting and governmental fund type definitions, Rio Metro classifies governmental fund balances as follows:

- Non-spendable - fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - 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 - 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 – fund balance amounts that are intended to be used for the specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the management.
- Unassigned – 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.

**Net Position**

Net position includes the following components:

**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.

**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.

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Rio Metro has evaluated subsequent events through December 7, 2016, the date the financial statements were available to be issued.

**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.

Securities pledged as collateral 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, in accordance with state statutes, is to collateralize one half of the uninsured public money in each deposit account. Amounts invested in overnight repurchase or sweep accounts are collateralized at 102% of the balance.

As of June 30, 2016, the amount of Rio Metro's bank balance of \$5,200,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,644,148
Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name	3,305,852
Covered by FDIC insurance	<u>250,000</u>
	\$ <u>5,200,000</u>

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)**

Following are the descriptions of the Rio Metro cash and certificates of deposit held as of June 30, 2016:

Bank balance	
Sweep account – Wells Fargo Bank	\$ 1,081,157
Demand deposit – Wells Fargo Bank	5,200,000
Outstanding checks	<u>(155,307)</u>
<b>Cash and equivalents per financial statements</b>	<b>\$ <u>6,125,850</u></b>

**NOTE 3. ACCOUNTS RECEIVABLE**

The accounts receivable balance as of June 30, 2016 consisted of the following:

State and federal grant receivables	\$ 4,988,173
GRT receivable	4,317,041
Other receivables	<u>494,243</u>
<b>Total</b>	<b>\$ <u>9,799,457</u></b>

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 4. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS**

Interfund accounts were as follows at June 30, 2016:

	Due To	Due From
General Fund #1000	\$ 6,201,233	\$ -
GRT Rail Fund #1200	-	2,179,153
GRT Transit Fund #1300	-	8,058,554
FTA Direct Fund #2100	3,490,978	-
FTA 5307 Large Urban Fund #2101	1,858	-
FTA 5337 State of Good Repair Fund #2104	89,158	-
FTA Through NMDOT Fund #2500	-	5,006
FHWA Highway Safety Improvement Fund #3105	388,351	-
State Fund #4100	<u>71,135</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>10,242,713</u></b>	<b>\$ <u>10,242,713</u></b>

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 to be repaid within one year.



**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

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

Interfund transfers were as follows for the year:

	Transfers	
	In	Out
General Fund #1000	\$ 275,291	\$ 4,921,647
GRT Rail Fund #1200	16,732,003	13,650,008
GRT Transit Fund #1300	8,626,379	12,028,694
FTA Direct Fund #2100	3,257,483	-
FTA 5307 Large Urban Fund #2101	472,089	-
FTA 5307 Small Urban Fund #2102	237,000	-
FTA 5337 State of Good Repair Fund #2104	141,538	-
FTA Thru MRCOG Fund #2300	15,000	-
FTA 5317 New Freedom MRCOG #2304	3,253	-
FTA Thru NMDOT Fund #2500	840,298	-
FHWA Congestion Air Quality #3101	<u>15</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>30,600,349</u></b>	<b>\$ <u>30,600,349</u></b>

These transfers made to utilize funds for transit and rail operations during the year ended June 30, 2016.

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 5. CAPITAL ASSETS**

A summary of changes in capital assets follow:

	June 30, 2015	Additions	Disposals	June, 30 2016
Assets not depreciated				
Land-El Pueblo	\$ 98,375	-	-	98,375
Assets being depreciated				
Building	1,262,300	-	-	1,262,300
Building – El Pueblo Purchase	279,986	-	-	279,986
Software	484,493	78,749	-	563,242
Vehicles and equipment	2,851,592	1,115,202	(852,173)	3,114,621
Total assets	4,878,371	1,193,951	(852,173)	5,220,149
Accumulated depreciation				
Building	(173,566)	(31,557)	-	(205,123)
Building – El Pueblo Purchase	(28,931)	(11,199)	-	(40,130)
Software	(224,367)	(152,869)	-	(377,236)
Vehicles and equipment	(2,281,205)	(577,267)	852,173	(2,006,299)
Total accumulated depreciation	(2,708,069)	(772,892)	852,173	(2,628,788)
Net capital assets being depreciated	2,170,302	421,059	-	2,591,361
Net capital assets	\$ 2,268,677	421,059	-	2,689,736

Depreciation expense for the year ended June 30, 2016 was \$772,892 and was expensed to the transit activities function in the statement of activities.

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**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:

<u>Insurer and Policy Type</u>	<u>Term</u>	<u>Coverage</u>
<b>New Mexico Mutual</b> (worker's compensation)	2/12/16 -- 2/12/17	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)
<b>Scottsdale Insurance Co.</b> General liability	9/29/15 – 9/29/16	\$1,000,000 each occurrence. No general Aggregate limit
<b>Alliant Insurance Services, Inc.</b> Commercial general liability	9/29/14 – 9/29/15	\$1,000,000 each occurrence, \$1,000,000 general aggregate limit
Risk Placement Service	7/1/15 – 7/1/16	Boiler and machining property \$1,000,000 aggregate other limitation apply
Government Crime Policy	7/1/15 – 7/1/16	\$1,000,000 faithful performance/employee honesty
<b>City of Albuquerque Risk Management Fund</b>		Covered under limits of the Tort Claims Act of NM
Auto vehicles liability - MRCOG owned	Continuous policy	\$1,000,000 property damage \$1,000,000 - per person for single occurrence
<b>Scottsdale Insurance Co.</b>		
Excess Auto	11/10/15 - 11/10/16	\$4,000,000 – Aggregate
<b>Scottsdale Insurance Co.</b>		
Commercial Automobile	11/10/15 - 11/10/16	\$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

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 6. INSURANCE COVERAGE (CONTINUED)**

<u>Insurer and Policy Type</u>	<u>Term</u>	<u>Coverage</u>
<b>Scottsdale Insurance Co.</b>		
Commercial General Liability	11/10/15 – 11/10/16	\$2,000,000 – General Aggregate \$1,000,000 – Property Damage/ Each Occurrence \$1,000,000 – Personal & Advertising Injury \$5,000 – Medical Payments/Any one person \$500,000 – Damage to Premises
<b>Scottsdale Insurance Co.</b>		
Excess Liability	11/10/15- 11/10/16	\$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, 2015 through June 30, 2016.

**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.

In the normal course of business, passengers file claims against NMDOT and Rio Metro related to the operation of its rail and transit activities. In the opinion of Rio Metro's management, such claims will not have a material adverse financial impact on Rio Metro as they are covered by insurance. The ultimate outcome of these claims, however, cannot be determined with certainty.

**RIO METRO REGIONAL TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**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:

2017	\$	153,420
2018		153,420
2019		153,420
2020		84,495
Amount representing interest		<u>(34,046)</u>
		510,709
Current		<u>(137,431)</u>
Long-term	\$	<u>373,278</u>

A summary of changes in the capital lease obligation is as follows:

June 30, <u>2015</u>	Principal <u>Payments</u>	June 30, <u>2016</u>
\$ 648,383	\$ 132,674	\$ 515,709

**NOTE 9. OPERATING LEASES**

Rio Metro is committed under various operating leases, primarily on a month to month basis. Rent expenditures were \$279,285 for the year ended June 30, 2016.

**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 was paid \$6,080,965 during the year ended June 30, 2016.

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 10. OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES**  
**AGREEMENT (CONTINUED)**

Herzog Transit Services, Inc. is the major service provider contracted through September 20, 2018 with Rio Metro's administrative entity, MRCOG, 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, 2016 was \$23,053,456.

**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. These expenditures were \$6,011,471 for the year.

**NOTE 12. RELATED ENTITY RECEIVABLES AND PAYABLES**

The following entities are members or have representation on the Board of Directors of Rio Metro

*Mid Region Council of Governments of New Mexico (MRCOG).* Rio Metro's accounts receivable balance from MRCOG was \$506,748 at June 30, 2016. Rio Metro's accounts payable balance to MRCOG was \$469,166 at June 30, 2016. Rio Metro had revenues of \$727,738 and expenditures of \$6,037,095 relating to MRCOG for the year then ended.

*Regional Transit Gross Receipts Taxes.* The taxes receivable balance of \$4,317,041 is comprised of taxes receivables from Bernalillo, Sandoval, Santa Fe, and Valencia Counties, members of Rio Metro at June 30, 2015. Rio Metro had revenues of \$25,152,800 relating to Gross Receipts Taxes for the year ended June 30, 2016

*City of Albuquerque.* Rio Metro had expenditures of \$4,755,000 relating to the City of Albuquerque for the year ended June 30, 2016.

*City of Belen.* Rio Metro had expenditures of \$328 relating to the City of Belen for the year ending June 30, 2016.

*City of Rio Rancho.* Rio Metro's accounts payable balance to the City of Rio Rancho was \$2,241 at June 30, 2016. Rio Metro had expenditures of \$48,931 relating to the City of Rio Rancho for the year ended June 30, 2016.

*Village of Los Lunas.* Rio Metro's accounts payable balance to the Village of Los Lunas was \$23,790 at June 30, 2016. Rio Metro had expenditures of \$202,930 relating to the Village of Los Lunas for the year ended June 30, 2016.

*Town of Bernalillo.* Rio Metro had expenditures of \$2,529 relating to the Town of Bernalillo for the year ended June 30, 2016.

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016**

**NOTE 13. RECONCILIATION OF BUDGETARY COMPARISONS**

The budgetary comparisons are prepared at the program level. The following schedule reconciles the program budget amount to the fund financial statements for the year ended June 30, 2016.

		Per Budget Schedules			Total Per
		Rail	Transit	Reclassifications	Financial
		Program	Program	Eliminations	Statements
Revenues	\$	30,916,795	15,078,855	-	45,995,650
Expenditures		(30,608,290)	(13,701,596)	-	(44,309,886)
Transfers in		1,200,000	-	29,400,349	30,600,349
Transfers out		-	(1,200,000)	(29,400,349)	(30,600,349)
Change in fund balance	\$	1,508,505	177,259	-	1,685,764

## **SUPPLEMENTARY INFORMATION**



**RIO METRO REGIONAL TRANSIT DISTRICT**  
**DESCRIPTION OF NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2016**

**SPECIAL REVENUE FUNDS**

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.

*FTA 5307 UA Formula Grants/Large Urban (No. 2101)* – Federal funding received directly from FTA. Provides funding for the Large Urbanized Area for operating and administrative expenditures related to bus and rail transit

*FTA 5307 UA Formula Grants/Small Urban (No. 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

*State of Good Repair (No. 2104)* - Federal funding received directly from FTA. Funds may be used to maintain the rail system in good repair.

*FTA through MRCOG (No. 2300)* – Federal funding received from FTA passed through MRCOG.

*FTA 5317 New Freedom through MRCOG (No. 2304)* – Federal 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 through NMDOT (No. 2500)* – Federal funding received from the New Mexico Department of Transportation (NMDOT). Provides funding for various FTA grants.

*FTA 5307 Flex Funds (No. 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

*FHWA Highway Safety Improvement Program (No. 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 (No. 4101)* – State funding from NMDOT for various projects.

*Other (No. 6100)* – Local funding for various projects.

**RIO METRO REGIONAL TRANSIT DISTRICT  
COMBINING BALANCE SHEET  
ALL NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2016**

	Special Revenue Funds										
	FTA 5307 Large Urban #2101	FTA 5307 UA Small Urban #2102	State of Good Repair #2104	FTA thru MRCOG #2300	ITA 5317 New Freedom MRCOG #2304	FTA thru NMDOT #2500	FHWA Congestion Air Quality #3101	FHWA Safety Improvement #3105	State #4100	Other #6100	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-
Accounts receivable	6,713	-	89,158	-	-	109,867	-	388,351	450,975	4,111	1,049,175
Due from other funds	-	-	-	-	-	5,006	-	-	-	-	5,006
<b>Total assets</b>	<b>\$ 6,713</b>	<b>-</b>	<b>89,158</b>	<b>-</b>	<b>-</b>	<b>114,873</b>	<b>-</b>	<b>388,351</b>	<b>450,975</b>	<b>4,111</b>	<b>1,054,181</b>
<b>LIABILITIES</b>											
Accounts payable	\$ 4,855	-	-	-	-	114,873	-	-	379,840	4,111	503,679
Due from other funds	1,858	-	89,158	-	-	-	-	388,351	71,135	-	550,502
<b>Total liabilities</b>	<b>6,713</b>	<b>-</b>	<b>89,158</b>	<b>-</b>	<b>-</b>	<b>114,873</b>	<b>-</b>	<b>388,351</b>	<b>450,975</b>	<b>4,111</b>	<b>1,054,181</b>
<b>FUND BALANCES</b>											
Restricted	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities and funds balances</b>	<b>\$ 6,713</b>	<b>-</b>	<b>89,158</b>	<b>-</b>	<b>-</b>	<b>114,873</b>	<b>-</b>	<b>388,351</b>	<b>450,975</b>	<b>4,111</b>	<b>1,054,181</b>

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, 2016

	FTA 5307 Large Urban #2101	FTA 5307 UA Small Urban #2102	State of Good Repair #2104	FTA thru MRCOG #2300	FTA 5317 New Freedom MRCOG #2304	FTA thru NMDOT #2500	FITWA Congestion Air Quality #3101	FHWA Safety Improvement #3105	State #4100	Other #6100	Total
<b>REVENUES</b>											
Intergovernmental											
Federal	\$ 510,875	237,001	566,155	60,000	13,013	797,761	89	226,832	-	-	2,411,726
State	-	-	-	-	-	-	-	-	902,451	-	902,451
Farebox	25,531	11,620	-	-	-	24,639	-	-	-	-	61,790
Special projects and other	-	-	-	-	-	-	-	-	-	28,463	28,463
<b>Total revenues</b>	<b>536,406</b>	<b>248,621</b>	<b>566,155</b>	<b>60,000</b>	<b>13,013</b>	<b>822,400</b>	<b>89</b>	<b>226,832</b>	<b>902,451</b>	<b>28,463</b>	<b>3,404,430</b>
<b>EXPENDITURES</b>											
Current											
Operating	1,008,495	485,621	575,120	75,000	16,266	1,245,798	104	-	857,925	28,463	4,292,392
Capital outlay	-	-	132,573	-	-	417,300	-	226,832	44,526	-	821,231
<b>Total expenditures</b>	<b>1,008,495</b>	<b>485,621</b>	<b>707,693</b>	<b>75,000</b>	<b>16,266</b>	<b>1,662,698</b>	<b>104</b>	<b>226,832</b>	<b>902,451</b>	<b>28,463</b>	<b>5,113,623</b>
Excess of revenue over expenditures	(472,089)	(237,000)	(141,538)	(15,000)	(3,253)	(840,298)	(15)	-	-	-	(1,709,193)
<b>OTHER FINANCING SOURCES/USES</b>											
Operating transfers in	472,089	237,000	141,538	15,000	3,253	840,298	15	-	-	-	1,709,193
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-
Change in fund balance	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See Notes to Financial Statements

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**RAIL PROGRAM**  
**Year Ended June 30,2016**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ 25,957,703	\$ 11,114,140	\$ 11,114,140	\$ -
New Mexico gross receipts tax	14,000,000	13,696,845	13,696,845	-
Farebox	3,000,000	2,300,781	2,300,781	-
BNSF/AMTRAK	2,100,000	2,092,475	2,092,475	-
State and other	345,600	1,712,554	1,712,554	-
<b>Total revenues</b>	<b>45,403,303</b>	<b>30,916,795</b>	<b>30,916,795</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
Operating	26,761,854	25,857,988	25,857,988	-
Noncurrent:				
Capital outlay	7,774,524	4,750,302	4,750,302	-
<b>Total expenditures</b>	<b>34,536,378</b>	<b>30,608,290</b>	<b>30,608,290</b>	<b>-</b>
Excess of revenues and other financing sources over expenditures	10,866,925	308,505	308,505	-
Other financing sources (uses)				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers out	-	-	-	-
	1,200,000	1,200,000	1,200,000	-
Change in fund balance	12,066,925	1,508,505	1,508,505	-
Fund Balance, beginning of year	1,081,830	1,081,830	1,081,830	-
<b>Fund Balance, end of year</b>	<b>\$ 13,148,755</b>	<b>\$ 2,590,335</b>	<b>\$ 2,590,335</b>	<b>\$ -</b>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET TO ACTUAL**  
**TRANSIT PROGRAM**  
**Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ 7,004,538	\$ 2,551,780	\$ 2,551,780	\$ -
New Mexico gross receipts tax	11,100,000	11,455,954	11,455,954	-
Farebox	96,000	89,618	89,618	-
State and other	580,000	981,503	981,503	-
<b>Total revenues</b>	<u>18,780,538</u>	<u>15,078,855</u>	<u>15,078,855</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Operating	16,176,773	13,284,296	13,284,296	-
Noncurrent:				
Capital outlay	898,000	417,300	417,300	-
<b>Total expenditures</b>	<u>17,074,773</u>	<u>13,701,596</u>	<u>13,701,596</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	<u>1,705,765</u>	<u>1,377,259</u>	<u>1,377,259</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(1,200,000)	(1,200,000)	(1,200,000)	-
	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Change in fund balance	505,765	177,259	177,259	-
Fund Balance, beginning of year	10,396,509	10,396,509	10,396,509	-
<b>Fund Balance, end of year</b>	<u>\$ 10,902,274</u>	<u>\$ 10,573,768</u>	<u>\$ 10,573,768</u>	<u>\$ -</u>

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT  
 SCHEDULE OF JOINT POWERS AGREEMENTS AND  
 MEMORANDUMS OF UNDERSTANDINGS  
 Year Ended June 30, 2014

Participants	Party Responsible for Operations	Reference #	Program Description	Begin	Date of Agreement	End	Audit Responsibility	Agency Where Revenues/Expenditures Reported
AB International/Balboa Plaza/RMRTD	RMRTD	MOA	Combiere Balboa Plaza Shuttle/Rail Runner Pass	7/16/2005		7/16/2006	RMRTD	RMRTD
Bernalillo County/RMRTD	RMRTD	BC-CCN-2016-0105	Prosperity & Zed Quiet Crossing	4/12/2016		In perpetuity	RMRTD	RMRTD
City of Albuquerque/ABQ Rider/RMRTD	RMRTD	MCDU	Bus Bridge	7/17/2015		6/30/2016	RMRTD	ABQ Rider/RMRTD
City of Albuquerque/ABQ Rider/RMRTD	RMRTD	201800814	ABQ Ride Mechanike III Position	6/30/2016		6/30/2018	RMRTD	ABQ Rider/RMRTD
City of Albuquerque/RMRTD	RMRTD	2014-214	Job Access/ Bike shop coordination	6/30/2014		6/30/2017	RMRTD	N/A
City of Albuquerque/RMRTD	RMRTD	2015-250	Travel Demand Management	10/12/2015		9/30/2017	RMRTD	RMRTD
City Rio Rancho/RMRTD	RMRTD	P-228	Transit Service	12/17/2009		In perpetuity	RMRTD	RMRTD
MRCOG/RMRTD	RMRTD	MOA	MRCOG Administrative Agent for RMRTD	12/15/2009		In perpetuity	RMRTD	RMRTD
MEMPO/MRCOG/RMRTD/CSA	RMRTD	MOA	Coordinate Regional Planning	1/21/2011		In perpetuity	RMRTD	N/A
MMDOT/RMRTD	RMRTD	MOJ245	Commuter rail service rights & responsibilities	8/12/2013		In perpetuity	RMRTD	N/A
MMDOT/RMRTD	RMRTD	Master Agreement	MMRX Capital Improvements	6/10/2013		In perpetuity	RMRTD	N/A
MMDOT/RMRTD	RMRTD	Master Agreement	MMRX Crossings & Signals	10/31/2010		In perpetuity	RMRTD	N/A
North Central RTD/RMRTD	RMRTD	IGA	GRE distribution	4/29/2009		In perpetuity	RMRTD	RMRTD
Sandia Pueblo/MRCOG	RMRTD	P-58	Rail Station Lease	11/18/2010		8/2/2034	RMRTD	RMRTD
Sandoval County/RMRTD	RMRTD	P-100	Building Lease/Purchase Option	1/19/2010		1/31/2020	RMRTD	RMRTD
Santa Domingo/RMDDOT	RMRTD	P-149	Rail Equipment/Parking Lease	11/24/2008		In perpetuity	RMRTD	N/A
Town of Bernalillo/RMRTD	RMRTD	2014-22X	MMRX Pedestrian Improvements	8/13/2014		6/30/2020	RMRTD	RMRTD
UNM/CM/Coal/Bernco/MRCOG/RMRTD	RMRTD	MOA	UNM/CM/Support Project	7/16/2015		In perpetuity	RMRTD	RMRTD
Village of Bosque Farms/RMRTD	RMRTD	IGA	Park & Ride location scoping	2/20/2009		In perpetuity	RMRTD	N/A
Village Los Lunas/RMRTD	RMRTD	P-63	Vehicle maintenance	7/12/2013		6/30/2017	RMRTD	RMRTD
Village Los Lunas/RMRTD	RMRTD	2015-242	Facility Lease	1/1/2015		12/31/2024	RMRTD	RMRTD
Village Los Lunas/RMRTD	RMRTD	2014-203	Snow Removal	2/24/2014		2/24/2017	RMRTD	RMRTD
Workforce Connection Center NM/RMRTD	WCCNM/RMRTD	2013-147	WMA/Job Access Service Integration	9/7/2012		6/30/2017	WCCNM/ RMRTD	N/A
Workforce Connection Center NM/RMRTD	WCCNM/RMRTD	2014-189	550 Station Lease	7/10/2013		6/30/2018	WCCNM/ RMRTD	WCCNM/RMRTD

Does not include MOA's or pass thru leases, which are outlined on the SEFA

**RIO METRO REGIONAL TRANSIT DISTRICT**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2016**

<u>Account</u>	<u>Description of Pledged Collateral</u>	<u>Type of Pledged Collateral</u>	<u>CUSIP Number</u>	<u>Sweep Collateral Vault at June 30,2016</u>	<u>Safe keeper</u>
<b>Rio Metro Sweep</b>	Repurchase Agreement	Shares	3128MJTQ3	\$ 1,099,363	Wells Fargo
	Accrued Interest	Interest	3128MJTQ3	3,417	Wells Fargo
	<b>Total Collateral</b>			<u>1,102,780</u>	
	<b>Bank Balance</b>			<u>1,081,157</u>	
	<b>Collateral required at 102%</b>			<u>1,102,780</u>	
	<b>Excess Collateral</b>			<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 30,2016</u>	<u>Location of Safe keeper</u>
Wells Fargo	FNMS	Bonds	4/1/1942	3138E7HM9	\$ 3,305,852	Bank of New York Mellon
	<b>Total Pledged Collateral</b>				<u>\$ 3,305,852</u>	
	<b>Bank Account Balances</b>					
	Rio Metro demand deposit				<u>\$ 5,200,000</u>	
	<b>Total Bank Balances</b>				<u>5,200,000</u>	
	<b>FDIC Coverage</b>				<u>250,000</u>	
	<b>Uninsured Amount</b>				<u>4,950,000</u>	
	<b>Collateral required at 50%</b>				<u>2,475,000</u>	
	<b>Pledged Collateral</b>				<u>3,305,852</u>	
	<b>Excess Collateral</b>				<u>\$ 830,852</u>	

RIO METRO REGIONAL TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2016

<u>U.S. Department of Transportation</u>	<u>Federal CFDA Number</u>	<u>Award Number</u>	<u>Activity Number</u>	<u>Federal Expenditures</u>
<b>Federal Transit Administration (FTA)</b>				
<b>Federal Transit Cluster</b>				
<b>Direct</b>				
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-2016-020	7021	\$ 229,726
Federal Transit Formula Grants (5307 Community Services)	20.507	NM-2016-021	4070	111,046
Federal Transit Formula Grants (5307 LU Rail PM)	20.507	NM-2016-022	2048	581,711
Federal Transit Formula Grants (5307 LU Operating)	20.507	NM-2016-024	4069	83,179
Federal Transit Formula Grants (5307 LU Rail Security Camera)	20.507	NM-90-X123	2021	36,000
Federal Transit Formula Grants (5307 Community Services)	20.507	NM-90-X125	4062	75,442
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X020	7020	79,040
Federal Transit Formula Grants (5307 SU Operating)	20.507	NM-90-X122	4060	355,006
Federal Transit Formula Grants (5307 LU Operating)	20.507	NM-90-X124	4061	464,003
Federal Transit Formula Grants (5307 BRT Study Phase II)	20.507	NM-90-X097	6020	1,250
Federal Transit Formula Grants (5307 SU Transit)	20.507	NM-90-X118	1025	237,001
Federal Transit Formula Grants (5307 LU Rail PM)	20.507	NM-90-X130	2037-2039	6,894,838
Federal Transit Formula Grants (Transit Facility Equip & Signage)	20.507	NM-95-X015	1006	89
Total Federal Transit Formula Grants Direct				<u>9,148,331</u>
<b>Passed through Mid-Region Council of Governments</b>				
Federal Transit Formula Grants (5307 Transit Amenities)	20.507	NM-95-X012	1010	45,621
Total Federal Transit Formula Grants				<u>9,193,952</u>
<b>Direct</b>				
State of Good Repair (5337 Rail PM)	20.525	NM-54-0001	2023	381,887
State of Good Repair (5337 Rail Support Equipment)	20.525	NM-54-0001	2024	184,268
State of Good Repair (5337 Rail PM)	20.525	NM-54-0002	2036	2,808,206
Total State of Good Repair Grants				<u>3,374,361</u>
<b>Passed through State of New Mexico Department of Transportation</b>				
Bus and Bus Facilities Formula Program (Section 5339)	20.526	M01280	4065	185,188
Total Federal Transit Cluster				<u>12,753,501</u>
<b>Transit Services Program Cluster</b>				
<b>Passed through State of New Mexico Department of Transportation--noncash</b>				
Enhanced Mobility of Seniors & Individuals with Disabilities (Section 5310)	20.513	M01341	4064	467,376
<b>Passed through Mid-Region Council of Governments</b>				
Job Access/Reverse Commute Program (Section 5316)	20.516	NM-37-X026	1029	60,000
New Freedom Program (5317 Rail Mini-Hi)	20.521	MOA w/COG 5317	1000	309
New Freedom Program (5317 Trapeze)	20.521	MOA w/COG 5317	1018	12,705
Total New Freedom Program				<u>13,014</u>
Total Transit Services Program Cluster				<u>540,390</u>
<b>Passed through State of New Mexico Department of Transportation</b>				
Federal Highway Planning and Construction (Federal Highway Administration/Highway Safety Improvement Program)	20.205	D13744	1005	226,832
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01342	4063	159,444
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01393	4067	453,129
				<u>612,573</u>
Total Expenditures of Federal Awards				<u>\$ 14,133,296</u>

There are no awards passed through by Rio Metro to subrecipients



**RIO METRO REGIONAL TRANSIT DISTRICT OF NEW MEXICO  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2016**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rio Metro Regional Transit District of New Mexico (Rio Metro) under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Awards* (Uniform Guidance). 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.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Non-cash Assistance

Rio Metro received noncash assistance in the form of buses purchased by the New Mexico Department of Transportation for which Rio Metro only paid the federal matching portion. This assistance is included in the accompanying schedule of expenditures of federal awards in the amount of \$467,376 for the Enhanced Mobility of Seniors and Individuals with Disabilities, CFDA number 20.513.

4. Subrecipients

Rio Metro has no subrecipients.

5. Reconciliation to the financial statements

The following reconciles the expenditures from the schedule of expenditures of federal awards to the federal revenue in the financial statements:

Expenditures per the accompanying schedule	\$14,133,296
Less non cash assistance	<u>467,376</u>
Revenue per the fund financial statements	<u>\$13,665,920</u>

## **OTHER INFORMATION**

Agency Number	Agency Name	Agency Type	RFB/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	Trigg Industries	Winner	NTE \$150,000		Los Angeles, CA	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	AJL, Inc.	Winner	NTE \$150,000		Alb, NM	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	B & D Industries	Winner	NTE \$150,000		Alb, NM	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	Facility Build	Winner	NTE \$150,000		Alb, NM	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	GandyDancer	Winner	NTE \$150,000		Alb, NM	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	Guzman	Winner	NTE \$150,000		Alb, NM	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	Highway Supply	Winner	NTE \$150,000		Alb, NM	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	TLC Plumbing	Winner	NTE \$150,000		Alb, NM	NO	NO	On Call General Construction	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-02	Competitive (RFP or RFB)	Universal Constructors	Winner	\$272,069.00		Alb, NM	NO	NO	Parking Lot Modifications	NO
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	Century Club Construction	Loser			Alb, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	Construction Tech	Loser			Alb, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-04	Competitive (RFP or RFB)	Prime Builders	Loser			Alb, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-02	Competitive (RFP or RFB)	Alb Asphalt	Loser			Alb, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-02	Competitive (RFP or RFB)	Amour Pavement	Loser			Alb, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-02	Competitive (RFP or RFB)	Anissa Construction	Loser			Alb, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-02	Competitive (RFP or RFB)	BCL Enterprises Inc.	Loser			Rio Rancho, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-02	Competitive (RFP or RFB)	Maxtek Contractors, Inc.	Loser			Alb, NM				
4101	Rio Metro Regional Transit District	Special Districts	2016-02	Competitive (RFP or RFB)	TLC Plumbing & Utility	Loser			Alb, NM				

## **COMPLIANCE**

# Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS  
6200 UPTOWN BLVD. NE - SUITE 400  
ALBUQUERQUE, NM 87110

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards***

### **Independent Auditor's Report**

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund, and each major special revenue funds, of the Rio Metro Regional Transit District (Rio Metro) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Rio Metro's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Rio Metro presented as supplemental information, and have issued our report thereon dated December 7, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered the 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 the Rio Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

### **Compliance and Other Matters**

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

*Ricci & Company LLC*

Albuquerque, New Mexico  
December 7, 2016

# Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS  
6200 UPTOWN BLVD. NE - SUITE 400  
ALBUQUERQUE, NM 87110

## **Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance As Required by Uniform Guidance**

### **Independent Auditor's Report**

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

#### **Report on Compliance for each Major Federal Program**

We have audited the Mid-Region Council of Governments of Rio Metro Regional Transit District's (Rio Metro), compliance with the types of compliance requirements described in the *OMB 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, 2016. 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, grants, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rio Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

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 on 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 program for the year ended June 30, 2016.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.



Mr. Timothy Keller, State Auditor and  
To the Board of Directors  
Rio Metro Regional Transit District

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

*Ricci & Company LLC*

Albuquerque, New Mexico  
December 7, 2016

**RIO METRO REGIONAL TRANSIT DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2015**

**A. PRIOR YEAR AUDIT FINDINGS**

No prior year audit findings noted.

**RIO METRO REGIONAL TRANSIT DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2016**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditor's reported issued Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? Yes  No

*Major Federal Awards*

Internal control over financial reporting:

- Material weakness (es) identified? Yes  No
- Significant deficiency (ies) 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 2 CFR 200.516(a)? Yes  No

Identification of Major Federal Programs:

CFDA Number Name of Major Federal Program or Cluster

20.500/20.507/20.525  
 20.526 Federal Transit Cluster

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

Auditee qualified as low-risk auditee?  Yes No

**RIO METRO REGIONAL TRANSIT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2016**

**B. FINDINGS – FINANCIAL STATEMENTS**

NONE

**C. FINDINGS – FEDERAL AWARD**

NONE

**RIO METRO REGIONAL TRANSIT DISTRICT  
EXIT CONFERENCE  
Year Ended June 30, 2016**

**EXIT CONFERENCE**

An exit conference was held on November 28, 2016, to discuss the annual financial report. Attending were the following:

Representing the Rio Metro Regional Transit District:

Dewey Cave	Executive Director
Conni Vigil	Rio Metro Senior Finance Manager
Honorable Jack Torres	Board member
Terry Doyle	Director of Rio Metro Regional Transit District
Josephine Vigil	Rio Metro Finance Manager

Representing Ricci & Company, LLC:

Wayne Brown  
Larry Carmony  
Lee Baldwin

**A. PREPARATION OF FINANCIAL STATEMENTS**

The financial statements were prepared with the assistance of Ricci & Company, LLC from the books and records of the Rio Metro Regional Transit District. The financial statements and related footnotes remain the responsibility of management.