



**MID-REGION COUNCIL OF GOVERNMENTS  
OF NEW MEXICO**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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# MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO

## Official Roster

June 30, 2010

<b>Directors</b>	<b>Position</b>
Larry Abraham	Chairperson
Thomas Swisstack	Vice chairperson
Christina Ainsworth	Board Member
Wayne Ake	Board Member
M. Steven Anaya	Board Member
Joy Ansley	Board Member
Theodore Barela	Board Member
Isaac Benton	Board Member
Richard Bruce	Board Member
David Campbell	Board Member
Vandora Casados	Board Member
Gloria Chavez	Board Member
Robert Chavez	Board Member
Kathleen M. Colley	Board Member
Jerah R. Cordova	Board Member
Art de la Cruz	Board Member
Phillip Gasteyer	Board Member
Ron Gentry	Board Member
Gary Giron	Board Member
Don Harris	Board Member
Ted Hart	Board Member
Brad Hill	Board Member
Trudy Jones	Board Member
Don Leonard	Board Member
Dan Lewis	Board Member
Donald Lopez	Board Member
Robert Lucero	Board Member
Thaddeus Lucero	Board Member
Dan Lyon	Board Member
J. Don Martinez	Board Member
Adrian Oglesby	Board Member
Debbie O'Malley	Board Member
Leon Otero	Board Member
Georgia Otero-Kirkham	Board Member
Terry Othick	Board Member

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**

**Official Roster (Continued)**

**June 30, 2010**

<b>Directors</b>	<b>Position</b>
John G. Philips III	Board Member
Mike Plese	Board Member
Larson Romero	Board Member
Donald Rudy	Board Member
Mark Saavedra	Board Member
Bruce Sanchez	Board Member
Emily Sanchez	Board Member
Bob Stearley	Board Member
Thomas Swisstack	Board Member
Jack Torres	Board Member
Edmond Temple	Board Member
Rick Velarde	Board Member
Robert Vialpando	Board Member
Glenn Walters	Board Member
Michael C. Wiener	Board Member
Dewey Cave	Interim Executive Director

## Independent Auditors' Report

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Mid-Region Council of Governments of New Mexico (MRGOG) as of and for the year ended June 30, 2010, which collectively comprise the MRCOG's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the MRCOG's nonmajor governmental and the budgetary comparisons for the major capital project funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the MRCOG's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MRCOG's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the MRGOG as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion,

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the MRCOG as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds and nonmajor funds for the year then ended in the conformity with accounting principles generally accepted in the United States of America.

As described in Note 17 to the financial statements, as of July 1, 2009, MRCOG converted its agency funds to special revenue and capital project funds. The net cumulative effect of this change in fund type resulted in no change to the July 1, 2009 fund financial statements and Statement of Net Assets, as there were no related net assets of these funds.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2010 on our consideration of the MRGOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 6 through 15 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MRCOG's basic financial statements, and the combining and individual financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Any additional schedules listed as "other supplemental information" in the table of contents is presented for purposes of additional analysis and are not a required part

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mess Adams LLP*

Albuquerque, New Mexico  
December 9, 2010



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2010**

The Mid-Region Council of Governments of New Mexico (MRCOG) management's discussion and analysis provides an overview of the council's mission and function, recent program opportunities, and a brief discussion of the basic financial statements and the significant differences in information they provide.

**MRCOG's Mission and Function**

The Mid-Region Council of Governments of New Mexico (MRCOG) is an association of local governments and special units of government within the State's Planning District Number 3. The MRCOG was established December 11, 1969, under the authority of the Regional planning Act and under the Joint Powers Act. Municipal and county government agencies in Bernalillo, Sandoval, Torrance, and Valencia counties, plus Edgewood in Santa Fe County, are members, as well as groups like Albuquerque Public Schools and the Middle Rio Grande Conservancy District. Elected and appointed representatives of these organizations serve on the MRCOG's Board of Directors and give the organization direction.

The MRCOG was created to conduct and coordinate regional planning. It provides a forum where local elected officials from across the region can meet and discuss issues that do not begin or end at artificial, political boundaries. MRCOG's role is advisory with the primary task to provide member governments with data and plans to allow them to make better informed decisions. The MRCOG mission is to strengthen individual communities by identifying and initiating regional planning strategies through open dialogue and collaboration between the member governments.

The MRCOG provides a variety of services to its member governments and is funded through a combination of participation fees, federal, state and other grants. Services provided include planning and technical assistance in the fields of transportation, economic development, ordinances, zoning, job training and other special projects as required. Areas of technical expertise include map making and Geographic information Systems analysis; gathering data about population, employment, land use, and traffic flow, as well as developing forecasts to project what these figures will be in the future.

**RECENT PROGRAM OPPORTUNITIES**

*Transportation.* The MRCOG serves as the agent for the Rio Metro Regional Transit District and the New Mexico Department of Transportation for operation of the New Mexico Rail Runner Express commuter rail service and several transit services in the region (Belen, Los Lunas, Rio Rancho and Sandoval County). The commuter rail and transit services are funded through a combination of farebox revenue and fees, federal and state funds, and regional transit gross receipts taxes.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

The Village of Los Lunas has requested MRCOG to act as the project lead for a study that will identify the location of a transportation facility which will provide relief to congestion on NM6 through the Village, to include an interchange and river bridge crossing. MRCOG will coordinate study activities with the various local governments in Valencia County and provide a neutral environment in which decisions can be made about the location and type of transportation facility to be identified.

The MRCOG has received funding for a new project that will include the acquisition of regional travel time information for the top 30 congested roadways, Interstate 25 and Interstate 40 in the Albuquerque metropolitan area. The goal of the program is to provide travel time data for use in the Congestion Management Process, the development of the Metropolitan Transportation Plan and other transportation planning, programming and project development needs.

*Regional Planning.* The MRCOG has received a grant from the Office of Economic Adjustment (OEA) of the U.S. Department of Defense to conduct the Kirtland Air Force base Joint Land Use Study (JLUS). The JLUS process encourages collaborative planning between military installations and local jurisdictions, so that future community land uses and the training and operational missions of the Air Force Base are compatible.

The MRCOG maintains the Agribusiness Collaborative, an organization dedicated to preserving and improving the agricultural economy of the region. The Agribusiness Collaborative meets monthly and is comprised of farmers, food processors, representatives of food markets, educators, government agencies and others interested in local agriculture. The MRCOG publishes a quarterly newsletter focusing on building connections between local producers and local markets.

The MRCOG continues to provide comprehensive planning and technical assistance to local governments throughout the region. Community planning services are being provided to the City of Belen with preparation of a strategic growth plan and to the Village of Encino with a comprehensive plan.

*Economic Development.* Since 1973, the MRCOG has been designated as the Economic Development District by the U.S. Department of Commerce for the four-county region of MRCOG. In support of this designation, the MRCOG provides technical and planning assistance to entities seeking funds from the US Department of Commerce, Economic Development Council staff prepares and maintains a summary document of the region's economic conditions, development activities, and strategies for improving local and regional economies in a report entitled the comprehensive Economic Development Strategy (CEDS). Various organizations use the CEDS report as a basis for taking actions to improve the economy.

The MRCOG received one of five Innovation Center Grants in the Southwest region from the U.S. Department of Commerce, Economic Development Administration (EDA). This project will have four focus areas: identifying clusters of innovation, developing

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 201**

alternative workforce models to include “live-work” scenarios, marketing the region through public-private partnerships, and developing local food entrepreneurs

**BASIC FINANCIAL STATEMENTS**

The MRCOG implemented GASB #34 and its later provisions effective on July 1, 2003. With this implementation the presentation of the financial statements is significantly different from the previous general-purpose financial statements. These financial statements now include the comparative financial information required by GASB #34.

The new financial model includes:

**Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The new reporting model focus is on either the MRCOG as a whole, or major individual funds (within the funds financial statements). Both the government-wide and fund financial statements categorize primary activities as either government or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long term debt obligation. The MRCOG did not have any business-type activities during the year ended June 30, 2010.

**Government Wide Financial Statements**

The government-wide financial statements focus is on the sustainability of the MRCOG as an entity and in aggregate financial position resulting from the activities of the current fiscal period.

**Fund Financial Statements**

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type activities. Non-major funds by category or fund type are summarized into a single column. The General Fund, Commuter Rail Capital, and Santo Domingo Station funds have been classified as major funds. The MRCOG has several non-major funds.

Governmental funds utilize the modified accrual basis of accounting. Revenues are recorded when they become measureable and available to pay liabilities of the current period. Revenues which have been received by are not considered available are recorded as unearned grant advances. Expenditures are recorded when the related fund liability is incurred.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

In applying this concept to intergovernmental revenues pursuant to GASB Statement #33, which was adopted as of July 1, 2002 by the MRCOG, 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.

**Notes to the Financial Statements**

The notes to the financial statements provide information essential to the reader's understanding of the MRCOG's basic financial statements.

**Budgetary Comparisons**

As required by the Office of the State Auditor under 2 NMAC 2.2, the Statements of Revenues and Expenditures - Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

**FINANCIAL ANALYSIS OF THE MRCOG**

**Overall Financial Position**

The MRCOG's overall financial position continues to grow and remain strong. Over the past seventeen years the number of funds (projects) administered by the MRCOG has increased from twelve (12) during fiscal year 1992 to forty-six (46) during fiscal year 2010. Total expenditures over the same period, including capital projects, have increased from \$1.3 million during the fiscal year ending June 30, 1992 to \$23.5 million during the fiscal year ending June 30, 2010.

The MRCOG's net assets decreased by \$6,214 compared to the prior year (from \$2,374,354 on June 30, 2009 to \$2,368,140 on June 30, 2010). The decrease in net assets was principally a result of a decrease in net capital assets.

Compared to the prior year ending June 30, 2009, the MRCOG's Total Governmental Funds expenditures decreased from \$28.4 million (FY09) to \$23.5 million (FY10). During FY10, the MRCOG administered four new funds: a Travel Time Program, EDA Innovation Center project, Village of San Ysidro Comprehensive Plan, and Santo Domingo Commuter Rail Station. Expenditures increased in several ongoing funds, including Workforce Investment Act, UPWP Transportation Planning, Economic Development Administration, Kirtland Air Force Base Joint Land Use Study, Job Access/Reverse Commute, and Los Lunas Corridor Study. Expenditures decreased in the TANF Support, ONRT Bosque Renovation, and Regional Criminal Justice programs.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

In addition to the MRCOG's Governmental Funds, the MRCOG provides administrative and operational support to the Rio Metro Regional Transit District and New Mexico Department of Transportation. This support, which is Commuter Rail and Regional Transit Services funds, decreased from \$67.5 million during the prior year to \$16.2 million during the current year. The reason for the decrease was the completion of several major Commuter Rail capital improvement projects.

The MRCOG did not have any business-type activities during the year ended June 30, 2010.

**Net Assets**

Table A-1 summarizes the MRCOG's net assets for the fiscal year ended June 30, 2010. Net assets are presented on a consolidated basis and are reflected on a full accrual basis. The MRCOG did not have any business-type activities during the year ended June 30, 2010.

Table A-1

The MRCOG's Net Assets

	<b>Governmental Activities 6/30/10</b>	Governmental Activities 6/30/09
Current assets	\$ 4,696,038	8,285,869
Capital assets, net of accumulated depreciation	<u>3,607,781</u>	<u>3,732,947</u>
<b>Total assets</b>	<b><u>\$ 8,303,819</u></b>	<b><u>12,018,816</u></b>
Total current liabilities	\$ 3,265,618	6,970,607
Total long-term debt	<u>2,670,061</u>	<u>2,673,855</u>
<b>Total liabilities</b>	<b><u>\$ 5,935,679</u></b>	<b><u>9,644,462</u></b>
Net assets		
Invested in capital assets, net of related debt	\$ 1,623,892	1,001,925
Unrestricted	<u>744,248</u>	<u>1,372,429</u>
<b>Total net assets</b>	<b><u>\$ 2,368,140</u></b>	<b><u>2,374,354</u></b>

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

Changes in net assets: The MRCOG's change in net assets for fiscal year 2010 was an decrease of \$6,214. The table below reflects the changes in net assets:

Table A-2

Changes in the MRCOG's Net Assets

	<b>Governmental Activities 6/30/10</b>	Governmental Activities 6/30/09
Expenses – governmental activities	\$ (23,513,557)	(28,432,335)
Add: charges for services	3,234,829	134,524
operating grants	<u>20,270,205</u>	<u>28,637,748</u>
<b>Subtotal</b>	<u>(8,523)</u>	339,937
General revenues – total	<u>2,309</u>	13,304
Change in net assets	<u>(6,214)</u>	353,241
Net assets – beginning of year	2,374,354	2,021,113
Cumulative effect – change in fund type	<u>-</u>	<u>-</u>
<b>Net assets – end of year</b>	<u>\$ 2,368,140</u>	<u>2,374,354</u>

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

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

Table A-3

Changes in the MRCOG's Revenues, Expenditures and Changes in Fund Balances

	<b>Governmental Activities 6/30/10</b>	Governmental Activities 6/30/09
Revenues:		
Federal	7,874,473	18,903,621
State	11,657,146	2,835,205
Charges for service	408,298	134,524
Local	894,876	6,958,056
Reimbursement of Rio Metro costs	2,669,238	-
Interest and other	3,309	13,304
<b>Total revenues</b>	<u>23,507,340</u>	<u>28,844,710</u>
Expenditures:		
Operations	5,418,296	10,255,668
Contractual	2,778,760	17,846,617
Expenditures reimbursed by Rio Metro	2,669,238	-
Capital outlay	12,506,949	419,260
Debt service	157,930	156,033
<b>Total expenditures</b>	<u>23,531,173</u>	<u>28,677,578</u>
Excess (deficiency) of revenues over		
Expenditures	(23,833)	167,132
Matching funds transfers in/(out)	-	-
Beginning fund balances	1,522,588	1,355,456
Cumulative effect – change in fund type	-	-
<b>Ending fund balances</b>	<u>\$ 1,498,755</u>	<u>1,522,588</u>

The MRCOG's total expenditures for government-type activities during the fiscal year 2010 were \$23,531,173. They decreased over the prior year because of the decrease in the Commuter Rail capital and operating funds.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

**Analysis of Major Funds**

**General Fund (Fund 010):** Revenues in the General Fund decreased by \$49,766 compared to the prior year. The decrease in revenues was attributable to a combination of factors. The vehicle pool revenue decreased \$16,019 as a result of the decrease in mileage for New Mexico Rail Runner Express operations. Effective July 1, 2009, the Rio Metro Regional Transit District became the operator of the Rail Runner.

The reproduction pool revenue decreased slightly (\$1,408). The lease revenue decreased by \$22,219, because a previous tenant (South Central Council of Governments) moved to a new location (decrease of \$12,000) and the rent for the NMDOT's Intelligent Transportation Systems Center also decreased by \$10,219. Interest income also decreased (\$10,993 less than the previous year). The expenditures in the General Fund increased by \$317,446 compared to the prior year. Compared to the prior year, an additional \$141,932 of MRCOG funds were used to match Federal and State programs. There were also increased expenditures in salaries and wages, capital purchases, and depreciation expense. The Fund Balance decreased from \$1,522,588 on June 30, 2009 to \$1,498,755 on June 30, 2010. The primary reason for the decrease in Fund Balance was a decrease in Net Capital Assets. MRCOG's Total Net Assets for fiscal year 2010 decreased by \$6,214 compared to fiscal year 2009. The primary source of revenues in the General Fund is MRCOG membership revenue.

**Commuter Rail Capital (Fund 085, 086, 087):** The Commuter Rail Capital fund's revenues and expenses decreased significantly compared to the prior year. The decrease was due to completion of the extension of the Rail Runner commuter rail service to Santa Fe. As of June 30, 2010, the fund balance in the Commuter Rail Capital fund was zero.

**Santo Domingo Station Construction (Fund 092):** This was the first year of the funds operations and noted that the fund's revenues and expenses for the year were \$2,230,454, with a zero fund balance as of June 30, 2010.



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

**Significant Variations between Original and Final Budget Amounts**

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

- *General Fund:* The Vehicle Pool revenue and expenses were less than anticipated due to a significant decrease in mileage for Rail Runner operations. The Rent Revenue was less than anticipated because a tenant moved out of the MRCOG offices.
- *Unified Planning Work Program:* Additional funding was provided by the Federal Highway Administration in November 2009.
- *Rio Grande Bosque Trails Extension:* The New Mexico Legislature rescinded the funding for this project and the contract was cancelled by the Energy, Minerals and Natural Resources Department in August 2009.
- *Rail Runner Express Balloon Fiesta Rail Station Capital:* The New Mexico Legislature rescinded the funding for this project in August 2009.
- *Santo Domingo Rail Runner Station Capital:* Funding was provided by the Federal Transit Administration for a new rail station on Santo Domingo (Kewa) Pueblo.
- *EDA Innovation Project:* Funding was provided by the U.S. Department of Commerce, Economic Development Administration for a new economic development project.
- *Temporary Assistance for Needy Families (TANF):* The actual amount negotiated with New Mexico State University was less than anticipated.
- *Travel Time Program:* Additional funding was provided by the Federal Highway Administration for a travel time program.

**Fund Balance**

The MRCOG's governmental funds reported combined fund balances of \$1,498,755. This is \$23,833 lower than the previous year. The primary reason for the decrease is a decrease in Net Capital Assets.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
Year Ended June 30, 2010**

**Capital Assets**

The MRCOG's investment in capital assets as of June 30, 2010 amounted to \$3,607,781. The capital assets consist mainly of office equipment, vehicles, and a building. Depreciation expense of \$206,316 was recorded in the current year. Additions of \$64,414 were purchased during the year ended June 30, 2010, consisting of a server, a back-up generator, and a communications firewall.

**Long-Term Debt**

The MRCOG incurred no additional long-term debt during the year, and reduced the long-term debt on the MRCOG offices by a total of \$68,334. As of June 30, 2010, the MRCOG had total long-term debt in the amount of \$1,983,889.

**Future Financial Position**

The MRCOG's financial position is expected to remain strong. The New Mexico Rail Runner Express is proving to be an overwhelming success. MRCOG is providing administrative and operational support for the New Mexico Department of Transportation (NMDOT) and the Rio Metro Regional Transit District for operation of the commuter rail service. The NMDOT's Intelligent Transportation Center (ITC) is located in the lower level of the MRCOG building. The ITC monitors traffic flow on Albuquerque's interstate system via video surveillance and traffic monitoring devices. Metropolitan transportation planning, regional transportation planning, and local government planning programs are all expected to remain strong.

**Request for Information**

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

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
(GOVERNMENT-WIDE)  
STATEMENT OF NET ASSETS  
June 30, 2010

	Governmental Activities
<b>ASSETS</b>	
Current	
Cash and cash equivalents	\$ 1,950,949
Cash, restricted	55,011
Other receivable	24,197
Grants receivable	2,091,823
Related entity receivables	564,764
Prepaid expenses	9,294
<b>Total current assets</b>	<u>4,696,038</u>
Noncurrent	
Capital assets, not being depreciated	683,800
Capital assets, net of accumulated depreciation	2,923,981
<b>Total noncurrent assets</b>	<u>3,607,781</u>
<b>Total assets</b>	<u>\$ 8,303,819</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Current	
Accounts payable	\$ 2,995,675
Deferred revenue	160,480
Accrued compensated absences	41,130
Current portion of capital lease payable	68,333
<b>Total current liabilities</b>	<u>3,265,618</u>
Noncurrent	
Accrued compensated absences	754,505
Capital lease payable	1,915,556
<b>Total noncurrent liabilities</b>	<u>2,670,061</u>
<b>Total liabilities</b>	<u>5,935,679</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,623,892
Unrestricted	744,248
<b>Total net assets</b>	<u>2,368,140</u>
<b>Total liabilities and net assets</b>	<u>\$ 8,303,819</u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
(GOVERNMENT-WIDE)  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2010

	Expenses	Charges for Services	Program Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets for Governmental Activities
Functions/Programs				
Governmental Activities				
General government				
General activities	\$ 485,517	565,591	1,000	81,074
Reimbursement of Rio Metro costs	-	2,669,238	-	2,669,238
Transportation planning	4,018,243	-	4,018,243	-
Commuter rail project	14,368,758	-	14,368,758	-
Economic Development	175,809	-	175,809	-
Employment services	906,730	-	906,730	-
Other planning programs	799,665	-	799,665	-
Incurred on behalf of Rio Metro	2,669,238	-	-	(2,669,238)
Interest expense	89,597	-	-	(89,597)
	<hr/>			
<b>Total governmental activities</b>	<b>23,513,557</b>	<b>3,234,829</b>	<b>20,270,205</b>	<b>(8,523)</b>
	<hr/>			
General Revenues				
Interest				\$ 2,309
<b>Total general revenues</b>				<u>2,309</u>
<b>Change in net assets</b>				<b>(6,214)</b>
Net assets, beginning of year				2,374,354
Cumulative effect - change in fund type				<u>-</u>
Net assets, end of year				<u><u>\$ 2,368,140</u></u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2010

	Major Funds					Total Governmental Funds
	General #10	Capital Projects		Other Non-major Governmental Funds	Total Governmental Funds	
		Commuter Rail Plan #85, 86, 87	Santo Domingo Station #92			
<b>ASSETS</b>						
Cash and short-term investments	\$ 1,950,949	-	-	-	-	1,950,949
Cash-restricted	55,011	-	-	-	-	55,011
Receivables	24,197	-	-	-	-	24,197
Grant reimbursements receivable	-	1,412,059	-	679,765	-	2,091,824
Interfund receivables	675,339	-	-	494,074	-	1,169,413
Related entity receivables	-	-	-	564,764	-	564,764
Prepaid expenses	9,294	-	-	-	-	9,294
<b>Total assets</b>	<b>\$ 2,714,790</b>	<b>1,412,059</b>	<b>-</b>	<b>1,738,603</b>	<b>-</b>	<b>5,865,452</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,122,781	1,058,437	-	814,457	-	2,995,675
Related entity receivables	-	-	-	-	-	-
Accrued payroll liabilities	-	-	-	32,500	-	32,500
Other payables	8,630	-	-	-	-	8,630
Interfund payables	-	353,622	-	815,791	-	1,169,413
Unearned grant advances	84,624	-	-	75,855	-	160,479
<b>Total liabilities</b>	<b>1,216,035</b>	<b>1,412,059</b>	<b>-</b>	<b>1,738,603</b>	<b>-</b>	<b>4,366,697</b>
<b>FUND BALANCES</b>						
Unreserved	1,498,755	-	-	-	-	1,498,755
<b>Total fund balance</b>	<b>1,498,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,498,755</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,714,790</b>	<b>1,412,059</b>	<b>-</b>	<b>1,738,603</b>	<b>-</b>	<b>5,865,452</b>
<b>Reconciliation</b>						
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and therefore, are not reported					\$	5,607,781
Capital lease payable, long term debt						(1,983,891)
Compensated absences, long-term liabilities						(754,305)
Net assets of governmental activities					\$	2,368,140

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 - GOVERNMENTAL FUNDS  
 Year Ended June 30, 2010

	Major Funds				Total Governmental Funds
	General #10	Commuter Rail Plan #85, 86, 87	Capital Projects Santo Domingo Station #92	Other Non-major Governmental Funds	
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ -	1,000,000	2,230,454	4,644,019	7,874,473
State	-	10,114,148	-	1,542,998	11,657,146
Charges for services	94,821	-	-	313,477	408,298
Local	470,766	4,276	-	419,834	894,876
Reimbursement of Rio Metro costs	-	-	-	2,669,238	2,669,238
Interest and other	3,309	-	-	-	3,309
<b>Total revenues</b>	<b>568,896</b>	<b>11,118,424</b>	<b>2,230,454</b>	<b>9,589,566</b>	<b>23,507,340</b>
<b>EXPENDITURES</b>					
Current					
Operating	\$77,729	1,445,365	-	3,395,202	5,418,296
Contractual	15,000	362,647	15,487	2,385,626	2,778,760
Expenditures reimbursed by Rio Metro	-	-	-	2,669,238	2,669,238
Capital outlay	-	9,305,471	2,214,967	986,511	12,506,949
Debt service:					
Principal and interest	-	4,941	-	152,989	157,930
<b>Total expenditures</b>	<b>592,729</b>	<b>11,118,424</b>	<b>2,230,454</b>	<b>9,589,566</b>	<b>23,531,173</b>
Excess of revenue over expenditures	(23,833)	-	-	-	(23,833)
<b>OTHER FINANCING SOURCES/USES</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
<b>Net change in fund balance</b>	<b>(23,833)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,833)</b>
Fund balance, beginning of year	1,522,588	-	-	-	1,522,588
Cumulative effect - change in fund type	-	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ 1,498,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,498,755</b>

**Reconciliation:**

Change in fund balance-total government funds	(23,833)
Amounts reported for governmental activities in the statements of activities are different because:	
Principal portion of notes payable	63,334
Depreciation is not recorded as a financial use	(206,316)
Gain on disposition of assets	16,733
Capital assets additions used in governmental activities are not financial resources and therefore, are not reported	64,414
Decrease in accrued vacation liability	79,454
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (6,214)</b>

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 GENERAL FUND  
 Year Ended June 30, 2010

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ -	-	-	-
State	-	-	-	-
Charges for services	-	-	94,821	94,821
Local	600,000	600,000	470,766	(129,234)
Interest and other	-	-	3,309	3,309
<b>Total revenues</b>	<b>600,000</b>	<b>600,000</b>	<b>568,896</b>	<b>(31,104)</b>
<b>EXPENDITURES</b>				
Current:				
Operating	585,000	585,000	577,729	7,271
Contractual	15,000	15,000	15,000	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>600,000</b>	<b>600,000</b>	<b>592,729</b>	<b>7,271</b>
Other financing uses	-	-	-	-
Operating transfer out	-	-	-	-
<b>Change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>(23,833)</b>	<b>(38,375)</b>

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

*Description of Entity.* The Mid-Region Council of Governments of New Mexico (MRCOG) is an association of local governments within the State's Planning District Number 3. The Council was established on December 11, 1969, under the authority of the Regional Planning Act and under the Joint Powers Act. Membership is available to all governmental units within District 3, which is composed of four counties: Bernalillo, Sandoval, Torrance, and Valencia.

Mid-Region Council of Governments of New Mexico's former name was the Middle Rio Grande Council of Governments of New Mexico, and the name change was effective June 13, 2002.

The MRCOG provides a variety of services to its member governments and is funded through a combination of participation fees, federal, state, and other grants. Services provided include planning and other technical assistance in the fields of transportation, economic development, ordinances, zoning, and other special projects as requested.

The MRCOG is the primary government and is not a component unit of any other entity. It is the financial reporting entity, and it did not have any component units during the fiscal year ended June 30, 2010.

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

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

*Basic Financial Statements – GASB Statement #34.* The basic financial statements include both government-wide (based on the Council as a whole) and fund financial statements. The new reporting model focus is on either the MRCOG as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on an economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. The MRCOG did not have any business-type activities during the year ended June 30, 2010.



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, charges for services, operating and capital grants. The MRCOG reports several functions as reflected in the Statement of Activities. The program revenues consist of grants received for specific projects.

The net cost is normally covered by general revenues. Historically, the previous model did not summarize or present net cost by function or activity. The MRCOG does currently employ indirect cost allocation systems which are charged to direct expenses in the Statement of Activities.

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

Interfund activity is eliminated in the government-wide financial statements. There was no internal service fund activity which needed to be eliminated for the year of 2010.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column.

*Basis of Presentation – Fund Financials:* The governmental fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the MRCOG's actual experience conforms to the budget of fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page of each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

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

The financial transactions of the MRCOG 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 the MRCOG's expendable financial resources and related liabilities. The measurement focus is based upon determination of changes in financial position. The following are the MRCOG's governmental fund types:

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

*Special Revenue Funds-* The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

*Agency Funds* – MRCOG does not have any agency funds.

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

*General Fund* - The primary operating fund of the MRCOG accounts for all financial resources, except those required to be accounted for in other funds.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**Capital Projects Funds - Major Funds:**

*Commuter Rail (No. 85, 86, 87)* – These are funds that provide for the planning and implementation of a Commuter Rail between Belen and Bernalillo involving the investigation, evaluation, and resolution of several elements and budgets. These items include the Market Element, Operational Element, Financial Element, Legal Element, Consultant/Public Awareness/Demonstration Budget, and Requests for Bids Budget. Funding paid to MRCOG on a cost reimbursement basis. These funds are authorized by the State of New Mexico’s Governor Richardson’s Investment Partnership (GRIP) Program.

*Santo Domingo Station Construction (No. 92)* – This fund provides for construction of the Santo Domingo (Kewa) commuter rail station. These funds are authorized by US Department of Transportation Formula Grants for other than Urbanized Areas – ARRA. As preferable disclosure to the users of the financial statements, management has presented this fund as a major fund.

*Basis of Accounting.* Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally, sixty 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 GASB Statement #33, which was adopted as of July 1, 2003 by the MRCOG, 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.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

*Capital Assets.* Capital assets acquired are recorded as expenditures in the funds which finance the acquisitions and are capitalized at cost (except for those related to the NM Rail Runner for which NM Department of Transportation holds title) and depreciated over their estimated useful lives (no salvage value). 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 MRCOG's capital assets. MRCOG's capitalization policy, i.e., the dollar value above which asset acquisitions are added to the capital assets, is \$5,000 per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

GASB Statement #34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. MRCOG did not own any infrastructure assets as of June 30, 2010.

*Encumbrances.* MRCOG does not use encumbrances.

*Budgets and Budgetary Accounting.* The MRCOG's Executive Director prepares an overall budget by project fund for the MRCOG which is adopted by the Board. This Budget includes expected receipts and expenditures of the General Fund. The MRCOG is required to prepare budgets for each program for submission directly to that program's funding source. Each fundings' 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 the MRCOG to monitor each program, are also used for comparisons in the accompanying financial statements. Therefore, MRCOG legally approves its budget by total expenditures by fund.

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

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

The time at which appropriations lapse depends on the funding source and related legal requirements. Unexpended appropriations funded by all grants do not lapse at the fiscal year-end and may be carried forward.

The level of classification detail at which expenditures may not legally exceed appropriations varies depending on the funding source. The legally permissible methods for amending the initially approved budget vary depending on the funding source. Applications for additional funds must be submitted to the funding source. The presented budgetary information has been properly amended during the year.

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

*Grants and Receivables.* Grant reimbursements receivable represent qualified expenditures made under grant agreements for which reimbursements are due but not yet received. An allowance for doubtful accounts is not provided for, since all receivables are from the federal, state, or local governments and are deemed to be fully collectible. All other receivables are expected to be collected and, therefore, no allowance has been set up.

*Revenues.* Revenues are recognized as follows:

- 1) Special and capital outlay appropriations require project and draw down approval from NM Department of Finance and Administration (DFA) Board of Finance. MRCOG considers this part of the eligibility requirements and does not recognize the revenues and receivables until the approval is obtained.
- 2) Federal and other grants revenues are recognized when the applicable eligibility criteria, including time requirements, are met and the resources are available. Resources received for which applicable eligibility criteria have not been met are reflected as deferred revenues in the accompanying financial statements.
- 3) Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded, as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

- 4) Although MRCOG did not have derived tax revenue for the current year, it would be recognized net of estimated refunds and uncollectible amounts, in the period when the exchange transaction occurred or when the resources were received, whichever occurs first.

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

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

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

*Reimbursement of Rio Metro Costs and Incurred on behalf of Rio Metro.* Reimbursement of Rio Metro Costs represents cash received from Rio Metro Regional Transit District (Rio Metro) for expenses that were incurred by Rio Metro and paid by the MRCOG. The MRCOG then invoices Rio Metro for these expenditures. See Note 8 for detail of these revenues and expenditures.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

*Net Assets and Fund Balance.* Net assets on the Statement of Net Assets include the following:

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

*Restricted* - the component of net assets that reports the difference between assets and liabilities of the MRCOG 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. MRCOG had no restricted net assets as of June 30, 2010.

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

In the fund level financial statements, MRCOG's Board of Directors, the MRCOG has designated \$500,000 of fund balance in the General Fund for the protection of the local member governments, including potential claims against the MRCOG due to financial reductions. MRCOG applies unrestricted funds first to expenditures before applying restricted funds when applicable. MRCOG has also designated \$795,635 of fund balance to pay future accrued compensated liabilities. Designated fund balances represent tentative plans for future use of financial resources.

*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.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS**

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

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

Custodial credit risk is the risk that in the event of a bank failure, the MRCOG's deposits may not be returned to it. The MRCOG's deposit policy is to collateralize one half of the uninsured public money in each account. As of June 30, 2010, the amount of the MRCOG's bank balance of \$2,016,526 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 298,467
Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name	1,468,059

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

*Wells Fargo Bank*

Account Name	Type	Bank Balance
Rio Metro Checking (82%)	Demand Deposits	\$ 8,937,545
MRCOG Checking (18%)	Demand Deposits	<u>2,016,526</u>
		10,954,071
FDIC coverage (both accounts) *		<u>(500,000)</u>
Uninsured balance		<u>10,454,071</u>
Total 50% collateral required		<u>\$ 5,227,036</u>
Rio Metro's 50% collateral required		<u>\$ 4,343,773</u>
MRCOG's 50% collateral required		<u>\$ 883,263</u>



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

Pledged collateral held in the bank's name held	
FNMA Pool #256306, Cusip #31371MU96	
maturing 7/1/36, market value to be used	\$ 414,658
FNMA Pool #849021, Cusip #31408EG63	
maturing 1/1/36, market value to be used	5,011,941
FNMA Pool #904138, Cusip #31411PX3	
maturing 11/1/36, market value to be used	728,155
FNMA Pool #929182, Cusip #31412MJ33	
maturing 3/1/38, market value to be used	<u>2,001,127</u>
Total collateral	<u>\$ 8,155,881</u>
Rio Metro's 82% collateral	<u>\$ 6,687,822</u>
MRCOG's 18% collateral	<u>\$ 1,468,059</u>
Total over collateralized	\$ 2,928,845
Rio Metro over collateralized	\$ 2,344,049
MRCOG over collateralized	\$ 584,796

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

\* Each account gets \$250,000 FDIC coverage as Rio Metro and MRCOG are separate legal entities for the purpose of FDIC Insurance.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

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

Following are the descriptions of the cash and certificates of deposit held as of June 30, 2010:

	Book Balance	Bank Balance
Demand deposit – Wells Fargo Bank, Albuquerque, New Mexico	\$ 1,277,123	1,287,689
Business savings account – Wells Fargo Bank, Albuquerque, New Mexico	<u>673,826</u>	<u>673,826</u>
<b>Total</b>	<u>\$ 1,950,949</u>	<u>1,961,515</u>
Demand deposits per bank		\$ 1,961,515
Less outstanding checks		(10,566)
Deposits in transit		<u>-</u>
		1,950,949
Reconciled demand deposits (outstanding checks) per MRCOG		
Add:		
Cash on deposit for sinking fund		<u>55,011</u>
Cash and equivalents per financial statements		<u>\$ 2,005,960</u>

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS**

Interfund accounts were as follows at June 30, 2010:

	To	From
Due to general fund from major and nonmajor funds	675,339	-
Due from commuter rail capital funds #85, #86, #87 to general fund	-	353,622
Due to nonmajor funds from general fund	494,074	-
Due from nonmajor funds to general fund	<u>-</u>	<u>815,791</u>
<b>Total</b>	<u>\$ 1,169,413</u>	<u>1,169,413</u>

Interfund accounts occur because expenditures are paid for by the General fund because the Special Revenue Funds are on a reimbursement basis. When the Special Revenue Funds receive the reimbursements from the grantors, the General fund is repaid. Management expects all of Interfund balances at June 30, 2010 to be repaid within one year.

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

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 4. CAPITAL ASSETS**

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

	June 30, 2009	Additions	Deletions	Adjustments/ Transfers	June 30, 2010
Nondepreciable					
Land	\$ 683,800	-	-	-	683,800
Depreciable					
Building	2,792,822	-	-	-	2,792,822
Furniture, fixtures and machinery	986,692	64,414	-	34,214	1,085,320
Total assets	<u>4,463,314</u>	<u>64,414</u>	<u>-</u>	<u>34,214</u>	<u>4,561,942</u>
Accumulated Depreciation					
Building	(252,175)	(69,822)	-	-	(321,997)
Furniture, fixtures and machinery	(478,192)	(136,494)	-	(17,478)	(632,164)
Total accumulated depreciation	<u>(730,367)</u>	<u>(206,316)</u>	<u>-</u>	<u>(17,478)</u>	<u>(954,161)</u>
Net capital assets	<u>\$ 3,732,947</u>	<u>(141,902)</u>	<u>-</u>	<u>16,736</u>	<u>3,607,781</u>

Furniture, equipment and machinery have been provided from grants accounted for in Special Revenue Funds in the amount of \$64,414.

The MRCOG also had on hand at June 30, 2010, \$74,331 in surplus (idle) equipment that is fully depreciated and included in the capital assets total of \$1,085,320.

Depreciation expense for the year ended June 30, 2010 was \$206,316. It was charged to the general activities function in the Statement of Activities.

**NOTE 5. SHORT-TERM DEBT**

During the year, Rio Metro advanced an amount to MRCOG, a related entity as described in Note 1, for a vendor payment for Rail Runner operation due to delayed reimbursement by NMDOT.

	June 30, 2009	Advances	Repayments	June 30, 2010
\$	-	1,281,934	1,281,934	-

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 6. ACCRUED VACATION AND SICK LEAVE**

The amount of annual vacation leave that employees of the MRCOG earn depends on their length of service with the MRCOG. The total number of hours which can be earned ranges from a minimum of 100 hours per year to a maximum of 192.14 hours per year. Any vacation leave in excess of a 24 month total which remains unused at the end of each calendar year is forfeited.

A total of 96 sick leave hours per year may be accumulated by each employee. Employees are paid for the accumulated sick leave upon retirement or lay-off. There is no maximum number of sick leave hours which can be accumulated. The amount payable on retirement is equal to the number of hours of unpaid earned sick leave.

The MRCOG accrues a liability for vacation and sick leave when the following criteria are met:

1. The MRCOG's obligation relating to employee's rights to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation related to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the MRCOG has accrued a liability using payroll rates in effect at June 30, 2010, for vacation and sick leave which has been earned but not taken by the MRCOG employees. The liability for sick leave is accrued at the level available upon retirement. The monthly accrual of vacation and sick leave is charged to grant programs under the MRCOG's Cost Allocation and Indirect Cost Plan.

The accumulation leave for the year ended June 30, 2010, has been recorded as a liability in the Government-Wide Statement of Net Assets as current portion due (\$41,130) and long-term portion due (\$754,505). Typically, General funds are used to liquidate this liability. Detail of accumulated leave for the year is as follows:

	Beginning Balance 6/30/09	Additions	Deletions	<b>Ending Balance 6/30/10</b>	Due Within One Year
\$	833,959	382,275	(420,599)	<b>795,635</b>	41,130

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 7. CHANGES IN LONG-TERM DEBT**

A summary of long-term debt and changes in long-term debt for the year ended June 30, 2010 is as follows:

Building and land located at 809 Copper Ave. NE  
 Lessor-Bernalillo County  
 Term-25 years beginning August 2005  
 This note is expected to be paid using general fund revenues.

Schedule of Capital Lease Payable:

Year Ended June 30:

	Principal	Interest
2011	\$ 68,333	88,632
2012	68,333	86,500
2013	73,333	84,175
2014	73,333	81,850
2015	78,333	79,332
2016-2020	467,224	342,548
2021-2025	505,000	214,525
2026-2029	<u>650,000</u>	<u>68,500</u>
<b>Total</b>	<u><u>1,983,889</u></u>	<u><u>1,046,062</u></u>
Remaining principal balance	1,983,889	
Less current portion	<u>(68,333)</u>	
<b>Long-term portion of debt</b>	<u><u>\$ 1,915,556</u></u>	

	June 30, 2009	Adjustment/ Additions	Reductions	<b>June 30, 2010</b>	Amounts Due Within One Year
Governmental fund debt:					
Capital lease	\$2,047,223	-	(63,334)	<b>1,983,889</b>	68,333

General revenue and special revenue funds are used to pay long-term debt as allocated by the MRCOG's indirect cost allocation plan. Capital lease is paid to Bernalillo County, a related party.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 8. RIO METRO REIMBURSEMENTS/INCURRED COSTS**

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

	Transit Operations 049	Transit Oriented Development 084	Commuter Rail Operations 089,091	ARRA Photovoltaic 214
Reimbursement of Rio Metro				
Costs to MRCOG				
Rio Metro RTD Revenue	\$ 868,555	59,253	1,480,697	11,716
Incurred on behalf of Rio Metro				
Operating Expenses	845,503	52,096	1,434,270	11,414
Building Lease Expense	21,031	1,496	41,285	292
Contractual	1,152	5,568	2,158	10
Capital Outlay	869	93	2,984	-
Total Expenditures	<u>868,555</u>	<u>59,253</u>	<u>1,480,697</u>	<u>11,716</u>
Excess revenues over expenditures	\$ -	-	-	-

	Rio Metro Service Schedules 410	Sandoval Easy Express 435	Total
Reimbursement of Rio Metro			
Costs to MRCOG			
Rio Metro RTD Revenue	\$ 44,471	204,546	2,669,238
Incurred on behalf of Rio Metro			
Operating Expenses	43,073	198,338	2,584,694
Building Lease Expense	1,259	5,564	70,927
Contractual	34	306	9,228
Capital Outlay	105	338	4,389
Total Expenditures	<u>44,471</u>	<u>204,546</u>	<u>2,669,238</u>
Excess revenues over expenditures	\$ -	-	-

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 9. PERA PENSION PLAN**

*Plan Description.* Substantially all of the MRCOG’s full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA’s website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute 9.15% (ranges from 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The MRCOG is required to contribute 13.15% of the gross covered salary. The contribution requirements of plan members and the (name of employer) are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The MRCOG’s contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$677,432, \$614,077, and \$508,148, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 10. CITY OF ALBUQUERQUE SERVICES**

The City of Albuquerque provides administrative support to the MRCOG for payroll, personnel, computer services, legal and risk management, among other things, under a contractual agreement. Administrative fees for these services for the year ended June 30, 2010 were \$34,279. As of June 30, 2010, nothing was owed to the City of Albuquerque for administrative fees, payroll, payroll taxes, and PERA contributions.

**NOTE 11. INSURANCE COVERAGE**

The MRCOG 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. The following insurance coverage was in effect at June 30, 2010:

Insurer and Policy Type	Term	Coverage
<b>Ace Property &amp; Casualty Insurance</b> (worker’s compensation)	2/12/10 – 2/12/11	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)



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 11. INSURANCE COVERAGE (CONTINUED)**

**Allied World Assurance Co.**

Commercial general liability	9/29/09 - 9/29/10	\$1,000,000 each Occurrence, No aggregate limit	general
Auto liability – Employee’s car for company business	9/29/09 - 9/29/10	Combined single \$1,000,000	Limit
Special Property Insurance Program	7/1/09 - 7/1/10	\$25,000,000 Omissions	Error and

**City of Albuquerque  
Risk Management Fund**

Paid into pool \$34,279 for the year ended June 30, 2010		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 \$1,050,000 - total damages in any single occurrence	

**NOTE 12. POST-EMPLOYMENT BENEFITS**

*Plan Description.* The MRCOG contributes to the New Mexico Retiree Health Care Fund, a costsharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 12. POST- EMPLOYMENT BENEFITS (CONTINUED)**

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

In the fiscal years ending June 30, 2010 through June 30, 2010, the contribution rates for employees and employers will rise as follows:

FY 11	1.666%	.833%
FY 12	1.834%	.917%
FY 13	2.000%	1.000%

Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

For the fiscal years ended June 30, 2010, 2009 and 2008, the MRCOG remitted \$45,654, \$41,410 and \$34,171, respectively, in employer contributions to the Retiree Health Care Authority.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 13. 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 the MRCOG. The amount, if any, of expenditures which may be disallowed by those grantors cannot be determined at this time, although the MRCOG's management expects such amounts, if any, to be immaterial.

**NOTE 14. SPECIAL APPROPRIATIONS**

Special appropriations for capital outlay and special appropriations from the Department of Finance and Administration were as follows:

Project Description	Project Number	Appropriation Period	Original Appropriation	Expenditures to Date	Outstanding Balance	Project Status
<b>Capital appropriations:</b>						
MRCOG Office Bldg Renovations	07-L-G-4984	7/1/2007 to 6/30/2011	\$ 50,000	\$ 50,000	\$ -	Closed
MRCOG Office Bldg Renovations	08-L-G-4156	7/1/2008 to 6/30/2012	10,000	10,000	-	Closed
Total special and capital outlay appropriations			<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>	

The above schedule provides project appropriations in total for the project durations. Current year activity is budgeted for each project in the funds listed accordingly provided as other supplementary information; therefore, the total figures would not necessarily match the original appropriation total overall.

The MRCOG recognizes project revenue on a cost reimbursement basis per the agreement with Department of Finance and Administration. Revenues and receivables are recognized when all of the eligibility requirements established by the Board of Finance (2.61.6 NMAC) have been met, when the draw down request has been approved.

**NOTE 15. OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES AGREEMENT**

The MRCOG has an operations, maintenance, and management agreement with the City of Albuquerque, Rio Metro Regional Transit District (Rio Metro) and the Workforce Connection of Central New Mexico (WCCNM). The City of Albuquerque processes and pays all payroll for the MRCOG. Employees for Rio Metro and WCCNM are employees of the MRCOG. MRCOG invoices Rio Metro and WCCNM for their portion of salaries as well as rent and other operating expenses. The MRCOG reimbursed the City of Albuquerque \$6,638,214 for payroll expenses. The MRCOG was reimbursed \$2,669,238 by Rio Metro and \$516,427 WCCNM for payroll and other operating expenses.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 16. RELATED ENTITY TRANSACTIONS**

*Rio Metro Regional Transit District (Rio Metro).* The MRCOG's accounts receivable balance from Rio Metro was \$505,188 at June 30, 2010.

*Workforce Connection of Central New Mexico (WCCNM).* The MRCOG's accounts receivable balance from WCCNM was \$59,576 at June 30, 2010.

Payments made to related entities during the year ended June 30, 2010:

Bernalillo County	\$ 93,814
City of Albuquerque	6,638,214
Leonard Tire & Automotive Repair, Inc	9,819
Robert F. Kennedy Charter School	23,198
Sandoval County	14,974
Torrance County	43,444
Village of Los Lunas	179,199
WCCNM	593
Rio Metro	<u>33,672</u>
	<u>\$ 7,036,927</u>

**NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE – FUND TYPES**

In fiscal year 2010, MRCOG determined that the activity and balances for funds previously reported as agency funds should be presented as a special revenue funds or capital project funds. MRCOG changed its fund types as they believe that this change was more preferable than the previous reporting since this reporting provides better accounting and transparency over the activities that occur in the fund. Prior to the change, these funds were recorded in the agency funds as cash received or receivable with offsetting liabilities. This change results in recognizing federal or other revenues in the special revenue and capital project funds and when disbursing amounts, as an expenditure out of the fund. As a result of the change in accounting principle, the total cumulative effect was to governmental funds' fund balance established at June 30, 2009 in the amount of \$0 since there was no related fund balance.

**SUPPLEMENTARY INFORMATION**

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2010**

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

*Building (No. 16)* (Separate fund required by grantor) - Provides for renovation of building. This fund was created by Legislative Appropriations with DFA Project Numbers 08-L-G-4156 and 07-L-G-4984.

*Workforce Investment Act Program (No. 20)* - This fund accounts for the changes for administrative and fiscal services provided by the Council as fiscal agent to the Workforce Connection of Central New Mexico (WCCNM) Board of Directors. These goals support the WCCNM Board's objectives of operating an effective and efficient workforce development system, and ensure compliance with the Workforce Investment Act (WIA) and all applicable regulations. Funding paid to MRCOG on a cost reimbursement basis. This is a non-reverting fund that was created by the Workforce Investment Act of 1998.

*Temporary Assistance for Needy Families (TANF) (No. 22 and 23)* (Separate fund required by grantor)- This fund provides for the operations of the TANF program that is being administered under the Workforce Connection of Central New Mexico. Provides for transition of TANF program from Workforce Connection of Central NM to NM Department of Health and Human Services.

*Orthoimagery (No. 29)* (Separate fund required by grantor) – This fund provides for the acquirement of aerial photography, production of high resolution natural color digital orthorectified imagery (orthoimagery) and produce digital terrain/elevation surface data for project areas located in Bernalillo, Valencia, Sandoval, Santa Fe, and Torrance Counties in New Mexico.

*Regional Planning Organization Work Program - Federal Highway Administration (No. 33)* (Separate fund required by grantor) – This fund provides for the conduct of a transportation planning process within State Planning and Development District 3 but outside the Albuquerque Metropolitan Planning Area as part of the overall statewide transportation planning process conducted by the NM State Department of Transportation as required by Intermodal Surface Transportation Efficiency Administration.

*ONRT-Bosque Trails Renovation (No. 34)* (Separate fund required by grantor) – This fund provides for the conduct of planning, design and development of trail extensions along the Rio Grande from the northern terminus of the existing trail at Alameda to the Town of Bernalillo and south to the City of Belen. This fund was created with professional services contract #08-668-0100-0002 with the Office of Natural Resources Trustee.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**June 30, 2010**

*Transit Operations (No. 49)* – This fund was created by a professional services agreement with Rio Metro. It includes the operation, administration, budget, utilities, and other various costs of operating and administering Rio Metro transit activities.

*Federal Highway Administration Unified Planning Work Program (No. 52)* – This fund was received through the New Mexico State Department of Transportation, it provides for the conduct of the cooperative, coordinated, comprehensive (3c) transportation system planning process for the region with the emphasis on the highway component of the process. Service and products include maintenance of the metropolitan planning organization (MPO) process and provision of traffic data and forecasts, base socio-economic data and forecasts, and special studies and technical assistance for and to the member local governments. These funds are authorized by the U.S. Department of Transportation, Public Law 109-59 Safe, Accountable, Flexible Efficient Transportation Equity Act. Funding paid to MRCOG on a cost reimbursement basis.

*Federal Transit Administration - Unified Planning Work Program (No. 53)* (Separate fund required by grantor) This fund provides for the conduct of the cooperative, coordinated, comprehensive (3c) transportation systems planning process and metropolitan planning organization (MPO) function with emphasis on regional public transportation. Provides technical assistance to the City of Albuquerque's Transit and Parking Department in public transportation planning.

*Bosque Trails Extension (No. 58)* - (Separate fund required by grantor) – This fund was created by a joint powers agreement with Energy, Minerals and Natural Resources Department. It provides for the extension and improvement of the Bosque Trails in the planning area.

*Consolidated Traffic Counting Program (No. 67)* (Separate fund required by grantor) – This fund was created by the New Mexico Department of Transportation. It provides the base data for the travel surveillance activities as part of the transportation systems planning carried out for the Albuquerque Metropolitan Planning Area through the collection of traffic data, including machine counts measuring volume and vehicle type by 15 minute intervals and manual counts measuring volume and vehicle type of 15 minute intervals and manual counts measuring vehicle movements through selected intersections.

*Travel Time Program (No. 68)* – This fund was created by the New Mexico Department of Transportation. It provides for the acquisition of regional travel time information for the top 30 congested roadways, Interstate 25 and Interstate 40 in the Albuquerque Metropolitan Planning Area (AMPA).

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
June 30, 2010**

*Economic Development Administration (No. 72)* (Separate fund required by grantor) – This is a non-reverting grant that provides for technical assistance in the development of projects including the preparation of applications for Economic Development Administration and other assistance and maintenance of the Overall Economic Development Program and other data bases.

*EDA Innovation Center (No. 74)* – This is a non-reverting grant with funding provided by the U.S Department of Commerce, Economic Development Administration, to conduct a strategic planning process to define, identify, and characterize innovation clusters within the region.

*Belen Strategic Growth (No. 76)* (Separate fund required by grantor) – This is a non-reverting grant that was funded by the US Department of Housing and Urban Development and provides for the development of a comprehensive plan for the City.

*Encino Comprehensive Plan (No. 77)* (Separate fund required by grantor) - This is a non-reverting grant that was funded by the US Department of Housing and Urban Development and provides for the development of a comprehensive plan for the village.

*San Ysidro Comprehensive Plan (No. 78)* (Separate fund required by grantor) - This is a non-reverting grant that was funded by the US Department of Housing and Urban Development and provides for the development of a comprehensive plan for the village.

*Transit Oriented Development (No. 84)* (Separate fund required by grantor) - This is a reverting fund that was created by an MOU with Rio Metro. It provides for the planning, design, and improvement of land and facilities located adjacent to the Rail Runner Express stations.

*Commuter Rail-Operations (No. 89, 91)* - This fund was created by a professional services agreement with Rio Metro. It provides for the operations of the Commuter Rail between Belen and Bernalillo. These funds are also authorized by the U.S. Department of Transportation, Public Law 109-59 Safe, Accountable, Flexible Efficient Transportation Equity Act. Funding paid to MRCOG on a cost reimbursement basis.

*Locality Planning Assistance (No. 93)* (Separate fund required by grantor) – This fund was created by DFA. It provides for technical assistance to member governments in the development of plans and programs including developing or updating ordinances, zoning codes, and long-range strategies.

*Photovoltaic system (No. 213)* (Separate fund required by grantor) – This fund was created for funding with New Mexico Energy, Minerals and Natural Resources Department. It provides for purchase of photo monitoring for rail services.



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**June 30, 2010**

*ARRA-Photovoltaic (No. 214)* – This fund was created with an agreement with Rio Metro. It provides for the installation of solar photovoltaic cells at the Belen and Sandoval County 550 rail stations to offset utility costs.

*Kirtland Air Force Base Joint Land Use Study (No. 310)* (Separate fund required by grantor) – Funding is provided by the U.S. Department of Defense, Office of Economic Adjustment, to encourage collaborative planning between Kirtland Air Force Base and the surrounding local jurisdictions.

*Rio Metro Service Schedule (No. 410)* – This fund was created by an agreement with Rio Metro. The funds were awarded to MRCOG to undertake transportation planning for Rio Metro planning schedules.

*RTD Sandoval (No. 435)* (Separate fund required by grantor) - This fund was created by an agreement with Rio Metro. The funding was provided to provide regional transit services in the Sandoval County area.

*Job Access and Reverse Commute (No. 450, 451)* (Separate fund required by grantor) – This funding is provided by the Federal Transit Administration to improve access to transportation services for welfare and eligible low-income individuals who are going to employment and employment-related activities.

*New Freedom (No. 452, 453)* (Separate fund required by grantor) – This funding is provided by the Federal Transit Administration Section 5317 funds to improve access to transportation services for Americans with Disabilities.

*TANF Transportation Broker (No. 455, 456)* (Separate fund required by grantor) – This funding is provided by the New Mexico Department of Human Services to increase the number of Temporary Assistance for Needy Families (TANF) clients utilizing the available public transportation services.

*Los Lunas Corridor Study (No. 470)* (Separate fund required by grantor) - This fund was created by funding with the Village of Los Lunas. Funding provided to provide transportation studies for Los Lunas area.

*Region III Housing (No. 475)* (Separate fund required by grantor)-This funding is provided to provide management functions to the Region III Housing Authority.

*Regional Criminal Justice (No. 480)* (Separate fund required by grantor) – This fund was created by funding provided by the City of Albuquerque and Bernalillo County. Funding provided to coordinate alternatives to incarceration, to increase communication relative to safety and decrease the cost of incarceration in the region.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO**  
**NON-MAJOR CAPITAL PROJECT FUNDS**  
**June 30, 2010**

CAPITAL PROJECT FUNDS are used to account for various grants from federal, state, and local agencies and other sources which are used for the acquisition or construction of capital facilities. The following is a description of the purpose of the Non-major Capital Project Funds.

*Montano Rail Station (No. 90)* - Funding provided by the Federal Transit Administration for construction of a park-and-ride facility located at the Santa Fe County/NM 599 commuter rail station.

*Commuter Rail Crossings – State (No. 95)* – Funding provided by the New Mexico State Legislature for railroad crossing improvements necessary for the implementation of quiet zones at various locations in the Phase I Corridor (Bernalillo to Belen).

*Commuter Rail Crossings – Federal (No. 96)* – Federal funding provides for a quiet zone from Osuna Road through Alameda Blvd. in Bernalillo County.

*Lobo Station (No. 215)* – Funding provided by the New Mexico State Legislature and the University of New Mexico (UNM) for the development of the UNM Lobo Special Events commuter rail station.

*Belen Pedestrian Bridge (No. 216)* – Funding provided by the Federal Highway Administration to plan, design and construct the Belen Pedestrian Overpass and station improvements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2010

Special Revenue Funds											
	Building #16	Workforce #20	TANF #22/23	ORTHO #29	RPO #33	ONRT BOSQUE #34	TRANSIT OPERATIONS #49	UPWP #52	UPWP FTA NMSHTD #53	BOSQUE TRAILS EXTENSION #58	
<b>ASSETS</b>											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	297	248,322	-	-	-	-	-	-	-	-
Related entity receivables	-	59,577	-	-	-	-	293,484	-	-	-	-
Grant reimbursements receivable	-	-	10,898	-	6,405	-	-	118,919	-	-	-
<b>Total assets</b>	\$ -	\$ 59,577	\$ 11,195	\$ 248,322	\$ 6,405	\$ -	\$ 293,484	\$ 118,919	\$ -	\$ -	\$ -
<b>LIABILITIES</b>											
Accounts payable	-	84	446	208,944	202	-	20,417	11,732	-	-	-
Accrued liabilities	-	1,810	417	-	4,201	-	-	6,353	-	-	-
Due to other funds	-	57,683	10,332	-	2,002	-	273,067	100,834	-	-	-
Due to other agencies	-	-	-	-	-	-	-	-	-	-	-
Unearned grant advances	-	-	-	39,378	-	-	-	-	-	-	-
<b>Total liabilities</b>	\$ -	\$ 59,577	\$ 11,195	\$ 248,322	\$ 6,405	\$ -	\$ 293,484	\$ 118,919	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>											
Unreserved	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities and fund balances</b>	\$ -	\$ 59,577	\$ 11,195	\$ 248,322	\$ 6,405	\$ -	\$ 293,484	\$ 118,919	\$ -	\$ -	\$ -

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2010

		Special Revenue Funds, continued								
		TRAVEL TIME PROGRAM #68	EDA #72	INNOVATION CENTER #74	BELEN STRATEGIC GROWTH #76	ENCINO COMP #77	SAN YSIDRO COMP #78	TRANSIT ORIENTED DEVELOP. #84	Commuter Rail Oper. #89, 91	LPA #93
<b>ASSETS</b>										
\$	Cash and cash equivalents	-	-	-	-	-	-	-	-	-
	Other receivables	-	-	-	-	-	-	-	-	-
	Due from other funds	736	-	15,160	-	-	-	-	-	8,359
	Related entity receivable	-	-	-	-	-	-	16,327	144,618	-
	Grant reimbursements receivable	4,324	16,258	9,848	-	3,128	23,298	-	-	-
	<b>Total assets</b>	5,060	16,258	25,008	-	3,128	23,298	16,327	144,618	8,359
<b>LIABILITIES</b>										
\$	Accounts payable	5,060	-	3,573	-	-	-	4,125	-	400
	Accrued liabilities	-	-	-	-	-	-	-	11,760	7,959
	Due to other funds	13,869	16,258	-	-	3,128	23,298	12,202	132,858	-
	Due to other agencies	-	-	-	-	-	-	-	-	-
	Unearned grant advances	-	-	21,435	-	-	-	-	-	-
	<b>Total liabilities</b>	5,060	16,258	25,008	-	3,128	23,298	16,327	144,618	8,359
<b>FUND BALANCES</b>										
	Unreserved	-	-	-	-	-	-	-	-	-
	<b>Total liabilities and fund balances</b>	5,060	16,258	25,008	-	3,128	23,298	16,327	144,618	8,359

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2010

		Special Revenue Funds, continued							
	PHOTO- VOLTAIC SYSTEM #213	ARRA PHOTO- VOLTAIC #214	KAFB LAND USE STUDY #310	RIO METRO SERVICE SCHEDULES #410	RTD SANDOVAL #435	JARC ADMIN #450/451	NEW FREEDOM #452/453	TANF TRANS BROKER #455/456	
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Due from other funds	387	-	3,291	-	-	142,018	14,255	-	-
Related entity receivable	-	5,821	-	6,834	38,103	-	-	-	-
Grant reimbursements receivable	-	-	53,550	-	-	28,270	-	-	133,618
<b>Total assets</b>	\$ 387	5,821	56,841	6,834	38,103	170,288	14,255	-	133,618
<b>LIABILITIES</b>									
Accounts payable	\$ -	-	56,841	-	-	169,378	-	-	115,526
Accrued liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	-	5,821	-	6,834	38,103	910	-	-	18,092
Due to other agencies	-	-	-	-	-	-	-	-	-
Unearned grant advances	387	-	-	-	-	-	14,255	-	-
<b>Total liabilities</b>	\$ 387	5,821	56,841	6,834	38,103	170,288	14,255	-	133,618
<b>FUND BALANCES</b>									
Unreserved	-	-	-	-	-	-	-	-	-
<b>Total liabilities and fund balances</b>	\$ 387	5,821	56,841	6,834	38,103	170,288	14,255	-	133,618

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2010

	Special Revenue Funds, continued				Capital Projects Funds					TOTAL
	LOS LUNAS CORRIDOR STUDY #470	REGION III HOUSING AUTHORITY #475	REGIONAL CRIMINAL JUSTICE #480	MONTANO RAIL STATION #90	COMMUTER RAIL CROSS-ST #95	COMMUTER RAIL CROSS-FED #96	LOBO STATION #215	BELEN PEDESTRIAN BRIDGE #216		
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	60,849	400	-	-	-	-	-	494,074
Related entity receivable	-	-	-	-	-	-	-	-	-	564,764
Grant reimbursements receivable	124,551	6,643	-	-	29,680	-	-	90,082	-	679,765
<b>Total assets</b>	\$ 124,551	6,643	60,849	400	29,680	-	-	90,082	-	1,738,603
<b>LIABILITIES</b>										
Accounts payable	\$ 59,672	702	60,849	-	-	-	-	90,082	-	814,457
Accrued liabilities	-	-	-	-	-	-	-	-	-	32,500
Due to other funds	64,879	5,941	-	-	29,680	-	-	-	-	815,791
Due to other agencies	-	-	-	-	-	-	-	-	-	-
Unearned grant advances	-	-	-	400	-	-	-	-	-	75,855
<b>Total liabilities</b>	124,551	6,643	60,849	400	29,680	-	-	90,082	-	1,738,603
<b>FUND BALANCES</b>										
Unreserved	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities and fund balances</b>	\$ 124,551	6,643	60,849	400	29,680	-	-	90,082	-	1,738,603

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2010

	Special Revenue Funds											
	Building #16	Workforce #20	TANF #22/23	ORTHO #29	RPO #33	ONRT BOSQUE #34	TRANSIT OPERATIONS #49	UPWP #52	NMSHTD #53	UPWP FTA	BOSQUE TRAILS EXTENSION #58	
<b>REVENUES</b>												
Intergovernmental												
Federal	\$ -	643,519	246,391	-	79,329	-	-	1,151,209	259,787	-	-	-
State	11,159	-	-	-	-	123,501	-	-	-	-	9,975	-
Charges for services	-	-	-	208,944	-	-	-	-	-	-	-	-
Local	-	-	16,821	-	13,519	2,290	-	196,180	64,947	-	-	-
Reimbursement of Rio Metro costs	-	-	-	-	-	-	868,555	-	-	-	-	-
<b>Total revenues</b>	\$ 11,159	643,519	263,212	208,944	92,848	125,791	868,555	1,347,389	324,734	-	9,975	-
<b>EXPENDITURES</b>												
Current:												
Operating	\$ 11,159	624,896	196,518	-	90,005	22,961	-	1,092,637	268,157	7,722	-	-
Contractual	-	793	180	208,944	97	102,200	-	218,861	46,933	2,253	-	-
Incurred on behalf of Rio Metro	-	-	-	-	-	-	868,555	-	-	-	-	-
Capital outlay	-	-	-	-	163	106	-	1,119	1,142	-	-	-
Principal and interest	-	17,830	66,514	-	2,583	524	-	34,772	8,502	-	-	-
<b>Total expenditures</b>	11,159	643,519	263,212	208,944	92,848	125,791	868,555	1,347,389	324,734	9,975	-	-
Change in fund balance	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2010

	Special Revenue Funds - continued										
	TRAVEL TIME PROGRAM #68	EDA #72	INNOVATION CENTER #74	BELEN STRATEGIC GROWTH #76	ENCINO COMP #77	SAN YSIDRO COMP #78	TRANSIT ORIENTED DEVELOP. #84	Commuter Rail Oper. #89, 91	LPA #93		
REVENUES											
Intergovernmental											
Federal	\$ 174,684	70,168	95,636	17,348	-	23,298	-	-	-	-	-
State	11,206	-	-	-	-	-	-	-	-	-	114,629
Changes for services	-	-	11,565	-	-	-	-	-	-	-	-
Local	18,562	11,957	51,260	-	-	-	-	-	-	-	33,826
Reimbursement of Rio Metro costs	-	-	-	-	-	-	59,253	1,480,697	-	-	-
<b>Total revenues</b>	<b>\$ 204,452</b>	<b>82,125</b>	<b>146,896</b>	<b>28,913</b>	<b>14,096</b>	<b>23,298</b>	<b>59,253</b>	<b>1,480,697</b>	<b>148,455</b>		
EXPENDITURES											
Current:											
Operating	\$ 198,142	-	124,511	13,797	13,654	22,664	-	-	-	143,401	-
Contractual	236	82,125	18,689	14,726	-	30	-	-	-	773	-
Incurred on behalf of Rio Metro	-	-	-	-	-	-	59,253	1,480,697	-	-	-
Capital outlay	411	-	375	-	94	-	-	-	-	96	-
Principal and interest	5,663	-	3,321	390	348	604	-	-	-	4,185	-
<b>Total expenditures</b>	<b>204,452</b>	<b>82,125</b>	<b>146,896</b>	<b>28,913</b>	<b>14,096</b>	<b>23,298</b>	<b>59,253</b>	<b>1,480,697</b>	<b>148,455</b>		
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.



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2010**

	Special Revenue Funds, continued										
	PHOTO- VOLTAIC SYSTEM #213	ARRA PHOTO- VOLTAIC #214	KAFB LAND USE STUDY #310	RIO METRO SERVICE SCHEDULES #410	RTD SANDOVAL #435	JARC #450/451	NEW FREEDOM #452/453	TANF TRANS BROKER #455/456			
<b>REVENUES</b>											
Intergovernmental											
Federal	\$ -	-	273,369	-	-	614,215	26,294	650,215			
State	42,093	-	-	-	-	-	713	-			
Charges for services	-	-	19,903	-	-	-	-	-			
Local	-	-	10,472	-	-	-	-	-			
Reimbursement of Rio Metro costs	-	11,716	-	44,471	204,546	-	-	-			
<b>Total revenues</b>	\$ 42,093	11,716	303,744	44,471	204,546	614,215	27,007	650,215			
<b>EXPENDITURES</b>											
Current:											
Operating	\$ -	-	303,344	-	-	45,474	22,704	83,533			
Contractual	42,093	-	-	-	-	567,316	3,603	564,152			
Incurred on behalf of Rio Metro	-	11,716	-	44,471	204,546	-	-	-			
Capital outlay	-	-	57	-	-	102	54	144			
Principal and interest	-	-	343	-	-	1,323	646	2,386			
<b>Total expenditures</b>	\$ 42,093	11,716	303,744	44,471	204,546	614,215	27,007	650,215			
Change in fund balance	-	-	-	-	-	-	-	-			
Fund balance, beginning of year	-	-	-	-	-	-	-	-			
<b>Fund balance, end of year</b>	\$ -	-	-	-	-	-	-	-			

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2010

	Special Revenue Funds, continued				Capital Projects Funds				TOTAL
	LOS LUNAS CORRIDOR STUDY #470	REGION III HOUSING AUTHORITY #475	REGIONAL CRIMINAL JUSTICE #480	MONTANO RAIL STATION #90	COMMUTER RAIL CROSS-ST #95	COMMUTER RAIL CROSS-FED #96	LOBO STATION #215	BELEN PEDESTRIAN BRIDGE #216	
REVENUES									
Intergovernmental									
Federal	\$ -	-	-	-	-	-	-	90,082	4,644,019
State	466,314	-	-	-	-	-	763,408	-	1,542,998
Charges for services	-	28,141	44,924	-	-	-	-	-	313,477
Local	-	-	-	-	-	-	-	-	419,834
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	2,669,238
<b>Total revenues</b>	\$ 466,314	28,141	44,924	-	-	214,379	763,408	90,082	9,589,566
EXPENDITURES									
Current:									
Operating	\$ 60,347	27,361	21,754	-	-	-	461	-	3,395,202
Contractual	404,142	28	22,484	-	-	12,204	72,764	-	2,385,626
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	2,669,238
Capital outlay	104	41	63	-	-	202,175	690,183	90,082	986,511
Principal and interest	1,721	711	623	-	-	-	-	-	152,989
<b>Total expenditures</b>	466,314	28,141	44,924	-	-	214,379	763,408	90,082	9,589,566
Change in fund balance	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 MAJOR FUND - COMMUTER RAIL PLANNING #85, #86 AND #87  
 Year Ended June 30, 2010

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ -	-	1,000,000	1,000,000
State	17,187,900	11,267,388	10,114,148	(1,153,240)
Charges for services	-	-	-	-
Local	-	-	4,276	4,276
Interest and other	-	-	-	-
<b>Total revenues</b>	<b>17,187,900</b>	<b>11,267,388</b>	<b>11,118,424</b>	<b>(148,964)</b>
<b>EXPENDITURES</b>				
Current:				
Operating	-	1,445,365	1,445,365	-
Contractual	-	362,647	362,647	-
Capital outlay	17,187,900	9,454,435	9,305,471	148,964
Debt service	-	4,941	4,941	-
<b>Total expenditures</b>	<b>17,187,900</b>	<b>11,267,388</b>	<b>11,118,424</b>	<b>148,964</b>
Other financing uses	-	-	-	-
Operating transfer out	-	-	-	-
<b>Change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>(297,928)</b>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 MAJOR FUND - SANTO DOMINGO STATION #92  
 Year Ended June 30, 2010

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ -	2,500,000	2,230,454	(269,546)
State	-	-	-	-
Charges for services	-	-	-	-
Local	-	-	-	-
Interest and other	-	-	-	-
<b>Total revenues</b>	-	2,500,000	2,230,454	(269,546)
<b>EXPENDITURES</b>				
Current:				
Operating	-	-	-	-
Contractual	-	15,487	15,487	-
Capital outlay	-	2,484,513	2,214,967	269,546
<b>Total expenditures</b>	-	2,500,000	2,230,454	269,546
Other financing uses	-	-	-	-
Operating transfer out	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	(539,092)

*See Notes to Financial Statements.*

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 NON-MAJOR FUNDS  
 Year Ended June 30, 2010

	Special Revenue Funds										Variances Favorable (unfavorable)	
	Building State Capital #16					Workforce #20						TANF #22/23
	Initial Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variances Favorable (unfavorable)	Initial Budget	Final Budget		Actual
<b>REVENUES</b>												
Intergovernmental												
Federal												
State	8,322	11,159	11,159	-	650,000	650,000	643,519	(6,481)	350,000	280,000	246,591	(33,609)
Local	-	-	-	-	-	-	-	-	-	20,000	16,821	(3,179)
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ 8,322	11,159	11,159	-	650,000	650,000	643,519	(6,481)	350,000	300,000	263,212	(36,788)
<b>EXPENDITURES</b>												
Current:												
General Government	8,322	11,159	11,159	-	650,000	650,000	643,519	6,481	350,000	300,000	263,212	36,788
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	\$ 8,322	11,159	11,159	-	650,000	650,000	643,519	6,481	350,000	300,000	263,212	36,788
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 NON-MAJOR FUNDS  
 Year Ended June 30, 2010

	Special Revenue Funds, continued													
	Ortho #29						RPO #33						ONTR BOSQUE #34	
	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)		
<b>REVENUES</b>														
Intergovernmental														
Federal	\$ -	-	-	-	117,281	125,534	79,329	(46,205)	-	-	-	-	-	
State	-	-	-	-	-	-	-	-	111,644	125,791	123,501	(2,290)	(2,290)	
Local	500,000	500,000	208,944	(291,056)	19,986	21,393	13,519	(7,874)	-	-	2,290	2,290	2,290	
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total revenues</b>	\$ 500,000	500,000	208,944	(291,056)	137,267	146,927	92,848	(54,079)	111,644	125,791	125,791	-	-	
<b>EXPENDITURES</b>														
Current														
General government	\$ 500,000	500,000	208,944	291,056	137,267	146,927	92,848	54,079	111,644	125,791	125,791	-	-	
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-	-	
Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total expenditures</b>	500,000	500,000	208,944	291,056	137,267	146,927	92,848	54,079	111,644	125,791	125,791	-	-	
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other financing sources (uses)														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	

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MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
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	Special Revenue Funds, continued													
	TRANSIT OPERATIONS #49						UPWP #52						UPWP/FTA/NMSTHD #53	
	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)		
<b>REVENUES</b>														
Intergovernmental														
Federal	\$ -	-	-	-	1,843,560	2,255,322	1,151,209	(1,104,113)	249,708	259,787	259,787	-	-	
State	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local	-	-	-	-	314,211	384,334	196,180	(188,154)	62,428	64,947	64,947	-	-	
Reimbursement of Rio Metro costs	868,555	868,555	868,555	-	-	-	-	-	-	-	-	-	-	
<b>Total revenues</b>	\$ 868,555	868,555	868,555	-	2,157,771	2,639,656	1,347,389	(1,292,267)	312,136	324,734	324,734	-	-	
<b>EXPENDITURES</b>														
Current:														
General government	\$ -	-	-	-	2,157,771	2,639,656	1,347,389	1,292,267	312,136	324,734	324,734	-	-	
Incurred on behalf of Rio Metro	868,555	868,555	868,555	-	-	-	-	-	-	-	-	-	-	
Noncurrent:														
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total expenditures</b>	868,555	868,555	868,555	-	2,157,771	2,639,656	1,347,389	1,292,267	312,136	324,734	324,734	-	-	
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other financing sources (uses)														
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	

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 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
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	Special Revenue Funds, continued											
	RG Bosque Trails Extension #58					CTCP #67					TIME TRAVEL PROGRAM #68	
	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental												
Federal	-	-	-	-	332,160	331,740	174,684	(157,056)	-	120,000	70,168	(49,832)
State	2,500,000	9,975	9,975	-	28,302	11,206	11,206	-	-	-	-	-
Local	-	-	-	-	28,302	45,327	18,562	(26,765)	-	20,449	11,957	(8,492)
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 2,500,000</b>	<b>9,975</b>	<b>9,975</b>	<b>-</b>	<b>388,764</b>	<b>388,273</b>	<b>204,452</b>	<b>(183,821)</b>	<b>-</b>	<b>140,449</b>	<b>82,125</b>	<b>(58,324)</b>
<b>EXPENDITURES</b>												
Current:												
General government	2,500,000	9,975	9,975	-	388,764	388,273	204,452	183,821	-	140,449	82,125	58,324
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,500,000</b>	<b>9,975</b>	<b>9,975</b>	<b>-</b>	<b>388,764</b>	<b>388,273</b>	<b>204,452</b>	<b>183,821</b>	<b>-</b>	<b>140,449</b>	<b>82,125</b>	<b>58,324</b>
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
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	Special Revenue Funds, continued											
	EDA #72				EDA INNOVATION CENTER #74				Belen Strategic Growth #76			
	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental												
Federal	73,918	97,200	95,636	(1,564)	-	379,114	17,348	(361,766)	15,000	14,096	14,096	-
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	49,279	64,800	51,260	(13,540)	-	252,743	11,565	(241,178)	-	-	-	-
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ 123,197	162,000	146,896	(15,104)	-	631,857	28,913	(602,944)	15,000	14,096	14,096	-
<b>EXPENDITURES</b>												
Current:												
General government	123,197	162,000	146,896	15,104	-	631,857	28,913	602,944	15,000	14,096	14,096	-
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	123,197	162,000	146,896	15,104	-	631,857	28,913	602,944	15,000	14,096	14,096	-
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

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MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
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	Special Revenue Funds, continued											
	Encino Comp #77				SAN YSIDRO COMP #78				Transit Oriented Development #84			
	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental	-	-	-	-	26,250	26,250	23,298	(2,952)	-	-	-	-
Federal	-	75,000	-	(75,000)	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	59,253	59,253	59,253	-
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ -	\$ 75,000	\$ -	\$ (75,000)	\$ 26,250	\$ 26,250	\$ 23,298	\$ (2,952)	\$ 59,253	\$ 59,253	\$ 59,253	\$ -
<b>EXPENDITURES</b>												
Current												
General government	-	75,000	-	75,000	26,250	26,250	23,298	2,952	-	-	-	-
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	59,253	59,253	59,253	-
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ 26,250	\$ 26,250	\$ 23,298	\$ 2,952	\$ 59,253	\$ 59,253	\$ 59,253	\$ -
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfer in	-	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
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	Special Revenue Funds, continued											
	Commuter Rail Oper #89 and #91					I.P.A. #93					PHOTOVOLTAIC SYSTEM #213	
	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental												
Federal	-	-	-	-	-	-	-	-	-	-	-	-
State	-	-	-	-	121,979	114,629	114,629	-	55,000	42,480	42,093	(387)
Local	-	-	-	-	28,021	33,371	33,826	(1,545)	-	-	-	-
Reimbursement of Rio Metro costs	1,480,697	1,480,697	1,480,697	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ 1,480,697	1,480,697	1,480,697	-	150,000	150,000	148,455	(1,545)	55,000	42,480	42,093	(387)
<b>EXPENDITURES</b>												
Current:												
General government												
Incurred on behalf of Rio Metro	1,480,697	1,480,697	1,480,697	-	150,000	150,000	148,455	1,545	55,000	42,480	42,093	387
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	1,480,697	1,480,697	1,480,697	-	150,000	150,000	148,455	1,545	55,000	42,480	42,093	387
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

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MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
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	Special Revenue Funds, continued											
	ARRA PHOTOVOLTAIC #214					KAFB Joint Land Use Study #310					Rio Metro Service Schedule #410	
	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental												
Federal	-	-	-	-	292,500	273,623	273,369	(254)	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	32,500	30,403	30,375	(28)	-	-	-	-
Reimbursement of Rio Metro costs	11,716	11,716	11,716	-	-	-	-	-	44,471	44,471	44,471	-
<b>Total revenues</b>	\$ 11,716	11,716	11,716	-	325,000	304,026	303,744	(282)	44,471	44,471	44,471	-
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	325,000	304,026	303,744	282	-	-	-	-
Incurred on behalf of Rio Metro	11,716	11,716	11,716	-	-	-	-	-	44,471	44,471	44,471	-
Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	11,716	11,716	11,716	-	325,000	304,026	303,744	282	44,471	44,471	44,471	-
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Local match transfer in	-	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

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 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
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	Special Revenue Funds, continued											
	Regional Transit District-Sandoval #435					JARC #450/451					NEW FREEDOM #452/453	
	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental												
Federal	\$ -	-	-	-	706,164	764,908	614,215	(150,693)	380,976	404,025	26,294	(377,731)
State	-	-	-	-	-	-	-	-	15,000	15,000	713	(14,287)
Local	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Rio Metro costs	204,546	204,546	204,546	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ 204,546	204,546	204,546	-	706,164	764,908	614,215	(150,693)	395,976	419,025	27,007	(392,018)
<b>EXPENDITURES</b>												
Current:												
General government												
Incurred on behalf of Rio Metro	\$ -	-	-	-	706,164	764,908	614,215	150,693	395,976	419,025	27,007	392,018
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	204,546	204,546	204,546	-	706,164	764,908	614,215	150,693	395,976	419,025	27,007	392,018
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Local match transfer in	-	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

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	Special Revenue Funds, continued													
	TANF BROKER #455/456					LOS LUNAS CORRIDOR STUDY #470					REGION III HOUSING AUTHORITY #475			
	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variance Favorable (unfavorable)		
<b>REVENUES</b>														
Intergovernmental														
Federal	\$ 670,000	670,000	650,215	(19,785)	-	-	-	-	-	-	-	-		
State	-	-	-	-	800,000	814,073	466,314	(347,759)	-	-	-	-		
Local	-	-	-	-	-	-	-	-	35,000	35,000	28,141	(6,859)		
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total revenues</b>	\$ 670,000	670,000	650,215	(19,785)	800,000	814,073	466,314	(347,759)	-	35,000	28,141	(6,859)		
<b>EXPENDITURES</b>														
Current:														
General government	\$ 670,000	670,000	650,215	19,785	800,000	814,073	466,314	347,759	-	35,000	28,141	6,859		
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-		
Noncurrent:														
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total expenditures</b>	670,000	670,000	650,215	19,785	800,000	814,073	466,314	347,759	-	35,000	28,141	6,859		
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-		
Other financing sources (uses)														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-		

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	Special Revenue Funds, continued				Capital Projects Fund							
	REGIONAL CRIMINAL JUSTICE #480				MONTANO RAIL STATION #90				COMMUTER RAIL CROSS-ST #95			
	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental												
Federal	\$ -	-	-	-	210,000	213,766	-	(213,766)	-	-	-	-
State	-	-	-	-	-	-	-	-	695,000	866,302	-	(866,302)
Local	\$9,000	105,733	44,924	(60,809)	-	-	-	-	-	-	-	-
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ 89,000	105,733	44,924	(60,809)	210,000	213,766	-	(213,766)	695,000	866,302	-	(866,302)
<b>EXPENDITURES</b>												
Current:												
General government	\$ 89,000	105,733	44,924	60,809	210,000	213,766	-	213,766	695,000	866,302	-	866,302
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent:												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	\$ 89,000	105,733	44,924	60,809	210,000	213,766	-	213,766	695,000	866,302	-	866,302
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Local match transfer in	-	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

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	Capital Projects Funds, continued											
	COMMUTER RAIL CROSS-FED #96				LOBO STATION #215				BELEN PEDESTRIAN BRIDGE #216			
	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)	Initial Budget	Final Budget	Actual	Variations Favorable (unfavorable)
<b>REVENUES</b>												
Intergovernmental												
Federal	\$ 632,900	559,872	214,379	(345,493)	-	-	-	-	-	3,000,000	90,082	(2,909,918)
State	-	-	-	-	910,000	915,299	763,408	(151,891)	-	-	-	-
Local	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Rio Metro costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	\$ 632,900	559,872	214,379	(345,493)	910,000	915,299	763,408	(151,891)	-	3,000,000	90,082	(2,909,918)
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent:												
Capital outlay	632,900	559,872	214,379	345,493	910,000	915,299	763,408	151,891	-	3,000,000	90,082	2,909,918
<b>Total expenditures</b>	632,900	559,872	214,379	345,493	910,000	915,299	763,408	151,891	-	3,000,000	90,082	2,909,918
Excess of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.



**OTHER SUPPLEMENTAL INFORMATION**

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF JOINT POWERS AGREEMENT AND  
MEMORANDUM OF UNDERSTANDING  
June 30, 2010**

Fund 085, Bosque Trails:

- (a) Participants; State of New Mexico Energy, Minerals and Natural Resources Department (EMNRD) and Mid-Region Council of Governments (MRCOG)
- (b) Party responsible for operations; MRCOG
- (c) Description; Bosque revitalization and to plan and develop trails in the north bosque area along the Rio Grande
- (d) Beginning and ending dates of the JPA or MOU; September 30, 2005 to June 30, 2010, but the funds were rescinded on August 27, 2009
- (e) Total estimated amount of project and portion applicable to the agency; Maximum compensation according to the JPA was \$2,700,000; however actual expenditures for the project were \$460,060
- (f) Amount the agency contributed in the current fiscal year; \$9,975
- (g) Audit Responsibility; MRCOG
- (h) Fiscal agent if applicable; N/A
- (i) Name of government agency where revenues and expenditures are Reported; MRCOG

## **SINGLE AUDIT INFORMATION**

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010

Federal Grantor/Program Title	Federal CFDA Number	Grant/Pass Through Number	Fund #	Federal Expenditures
<b><u>U.S. Department of Commerce</u></b>				
Economic Development Administration:				
Economic Development Planning Grant	11.302	08-83-04533	072	\$ 95,636
Innovation Center Grant	11.302	08-79-04463	074	17,348
Total U.S. Department of Defense				<u>112,984</u>
<b><u>U.S. Department of Defense</u></b>				
Kirtland Air Force Base Joint Land Use Study	12.610	EN06179-07-01-10-02	310	273,369
Total U.S. Department of Defense				<u>273,369</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
Passed through New Mexico State University				
TANF Employment & Training Support	93.558	P0079072	022/023	246,391
Passed through State of New Mexico Human Services Department				
TANF Transportation Broker Program	93.558	GSA 10-630-9000-0011	455/456	650,215
Total U.S. Department of Health				<u>896,606</u>
<b><u>U.S. Housing &amp; Urban Development Department</u></b>				
Passed through City of Belen:				
Community Development Block Grants/				
Brownfields Economic Development Initiative	14.228	08-C-NR-I-6-G-44	076	14,096
Passed through Village of San Ysidro:				
Community Development Block Grants/				
Brownfields Economic Development Initiative	14.228	07-C-RS-I-6-G-38	078	23,298
Total U.S. Department of Housing & Urban Development				<u>37,394</u>
<b><u>U.S. Department of Labor</u></b>				
Passed through Workforce Connection of Central New Mexico:				
Administrative Entity/Fiscal Agent Contract - Adult	17.258	C09-009-MRCOG	020	270,612
Administrative Entity/Fiscal Agent Contract - DW	17.260	C09-009-MRCOG	020	245,089
Administrative Entity/Fiscal Agent Contract - Youth	17.259	C09-009-MRCOG	020	127,818
Total U.S. Department of Labor				<u>643,519</u>
<b><u>U.S. Department of Transportation</u></b>				
Federal Transit Administration (FTA):				
Transit Services Program Cluster				
Job Access Reverse Commute Program	20.516	NM-37-X018-01	450/451	614,216
New Freedom Program	20.521	NM-57-X003-00	452/453	26,295
Total U.S. Department of Transportation Direct				<u>640,511</u>
<b><u>U.S. Department of Transportation</u></b>				
Passed through State of New Mexico Department of Transportation:				
Regional Planning Organization (RPO)	20.505	M00369	033	79,329
Unified Planning Work Program (UPWP)	20.505	M00369	052/053	1,410,996
Transportation Surveillance Program	20.505	M00369	067	174,684
Travel Time Program	20.505	M00369	068	70,167
Federal Transit - Capital Investment Grants	20.500	NM-04-0014-00	087	1,000,000
Formula Grants for Other Urbanized Areas - ARRA	20.509	M00880	092	2,230,454
Total U.S. Department of Transportation Pass-through Awards				<u>4,965,630</u>
<b><u>U.S. Federal Highway Administration</u></b>				
Highway Planning and Construction - ARRA	20.205	D12997	216	90,082
Total Expenditures of Federal Awards				<u>\$ 7,660,095</u>

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2010

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Non-cash Assistance

MRCOG received no non-cash federal assistance for the year.

3. Subrecipients

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

*See Notes to Financial Statements.*

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

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
Albuquerque, New Mexico  
and  
Mr. Hector Balderas, State Auditor

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund, and the combining and the individual funds and related budgetary comparisons presented as supplemental information of the Mid-Region Council of Governments of New Mexico (MRCOG) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
Albuquerque, New Mexico  
and  
Mr. Hector Balderas, State Auditor

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questions costs as items 10-1 and 10-2 that we consider to be significant deficiencies in internal control over financial reporting. 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MRCOG's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 10-03, 10-4, and 10-5.

MRCOG's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the MRCOG's responses and, accordingly, we express no opinion on the responses.

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
Albuquerque, New Mexico  
and  
Mr. Hector Balderas, State Auditor

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

*Mess Adams LLP*

Albuquerque, New Mexico  
December 9, 2010



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

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
Albuquerque, New Mexico  
and  
Mr. Hector Balderas, State Auditor

Compliance

We have audited the compliance of the Mid-Region Council of Governments of New Mexico (MRCOG), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. MRCOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of MRCOG's management. Our responsibility is to express an opinion on the MRCOG's compliance based on our audit.

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

As described in items 10-5 and 10-6 in the accompanying schedule of findings and questioned costs, MRCOG did not comply with requirements regarding Procurement, Reporting, Davis Bacon, and Allowable Costs that are applicable to its U.S. Department of Transportation FTA Capital Investment grant – CFDA 20.500. Compliance with such

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
Albuquerque, New Mexico  
and  
Mr. Hector Balderas, State Auditor

requirements is necessary, in our opinion, for the MRCOG to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the MRCOG, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

To the Board of Directors  
Mid-Region Council of Governments of New Mexico  
Albuquerque, New Mexico  
and  
Mr. Hector Balderas, State Auditor

*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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-6 to be a material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-3, 10-4, and 10-5 to be significant deficiencies.

The MRCOG's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the MRCOG's responses and, accordingly, we express no opinion on the responses.

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

*Mess Adams LLP*

Albuquerque, New Mexico  
December 9, 2010

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2010**

09-01 Late Submission of Audit Report

Cleared

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2010**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(s) identified that are not considered to be material weakness (es)?  Yes  None Reported
- Non-compliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness (es) identified?  Yes  No
- Significant deficiency(s) identified that are not considered to be material weakness (es)  Yes  None Reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.516, 20.521	Transit Services Program Cluster
93.558	Temporary Assistance for Needy Families
20.500	Federal Transit Capital Investment Grants
20.505	Commuter Rail – Operations
20.509	Formula Grants for Other than Urbanized Areas (ARRA)

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

Auditee qualified as low-risk auditee?  Yes  No

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**10-1 Segregation of Duties**

**CONDITION**

While management does limit employee access to accounting software wherever possible and is conscious of having dual-control over transactions, during our testing and review of management's design and implementation of internal controls, we noted the following items regarding segregation of duties:

- During our testing of journal entries, we noted there is no second review and approval of the journal entries prepared by the Finance Manager. In 57 of the 129 journal entries tested, there was not a second approval on the journal entry. These 57 totaled over \$21 million in adjustments by journal entry to the accounting records.
- Although the Executive Director does review the bank reconciliations, they are prepared by the same person who prepares deposits and has access to creating checks and journal entries.
- Changes made to payroll are sent to the City of Albuquerque which performs the payroll services for MRCOG and change forms are approved by the Executive Director. We noted that the changes could easily be sent from the City of Albuquerque directly to an independent person (the Executive Director) to ensure all HR and payroll changes being made are captured in the review process.
- There is no agreement of cash received, to the amount recorded, against the deposit slip by a person independent of the cash receipting process.

**CRITERIA**

Good accounting practices require segregation of duties to mitigate internal control weaknesses and material misstatements due to error or fraud.

**EFFECT**

The lack of adequate segregation of duties in some cases has caused weaknesses in the internal controls at MRCOG and there is increased risk of error or unauthorized transactions.

**CAUSE**

There is limited staff at MRCOG, making it difficult to implement controls and adequate segregation of duties. However, MRCOG has not identified risks in segregation of duties where staffing is limited and then implemented mitigating controls with independent personnel outside the process.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**10-1 Segregation of Duties (Continued)**

RECOMMENDATION

We recommend that MRCOG institute policies and procedures to correct the issues noted above. We recommend that someone independent of *access* to check preparation and deposits reconcile the bank statements, review journal entries, and check cash receipts. Additionally, the City of Albuquerque could email the change notification reports to the CFO directly for any HR and payroll changes they receive.

MANAGEMENT'S RESPONSE

The Finance Manager prepares certain journal entries such as revenue allocation. The Executive Director will review and approve all journal entries prepared by the Finance Manager. Bank reconciliations are prepared using the accounting system; therefore, any person who prepares the bank reconciliations must have access to the accounting software to do so. HR will ask the City of Albuquerque to email any change notification reports directly to the Executive Director.

MRCOG management will re-examine the current segregation of duties to determine weaknesses and the most appropriate duty assignments utilizing existing staffing.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**10-2 Basis of Accounting, Accruals, and Cut-off**

CONDITION

MRCOG keeps its records on neither the full accrual nor modified accrual basis of accounting, but rather, parts of both. To present the financial statements accurately, this creates a difficult and cumbersome reconciliation process.

Additionally, during our test work of accounts payable, we noted 4 subsequent disbursements related to services performed before year-end, which should have been accrued as payables. The total adjustment to account for these transactions sums to \$1,289,639.

CRITERIA

Governmental Accounting Standards Board (GASB) Codification 1600 .102 states that: “Under the *cash* basis of accounting, revenues and transfers in are not recognized until cash is received, and expenditures or expenses (as appropriate) and transfers out are recognized only when cash is disbursed. Under the *accrual* basis of accounting, most transactions are recognized when they occur, regardless of when cash is received or disbursed. Items not practicably measurable until cash is received or disbursed are accounted for at that time using either basis of accounting as may be items whose measurement would be approximately the same under either basis or that are immaterial.”

GASB 34 requires that the *government-wide statement* of net assets and the statement of activities should be prepared using the economic resources measurement focus and the *accrual basis* of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. The government-wide financials include things such as capital assets and compensated absences that are not normally booked into fund trial balances.

On the other hand, *governmental funds financial statements* should be presented using the current financial resources measurement focus and the *modified accrual basis* of accounting. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term liabilities, which should be recognized when due.



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**10-2 Basis of Accounting, Accruals, and Cut-off (Continued)**

CRITERIA (CONTINUED)

A system of internal control over financial reporting does not stop at the general ledger. It includes controls over all financial statement preparation. A control deficiency exists when an entity does not have controls over preparation of the financial statements that would prevent or detect a misstatement or presentation errors in the financial statements. An auditor cannot be considered part of an entity's internal control. **Although an auditor may assist in financial statement preparation and the related notes, accurate financial statements remain the responsibility of management and the Board.**

EFFECT

This causes inefficiencies and a higher risk of material misstatement to the financial statements. There were two large adjustments to accounts payable/expenditures and corresponding accounts receivable/revenue. As a result, the originally presented Schedule of Expenditures of Federal Awards (SEFA) federal expenditures for the year ended June 30, 2010 was materially incorrect.

CAUSE

MRCOG uses MIP (Sage) Accounting Software and records full-accrual entries for capital assets, portions of long-term debt, and compensated absences.

Regarding payables, invoices received subsequent to year end are reviewed for accruals; however four invoices were not recorded. This is due to other granting agencies having a cutoff time for submission of reimbursement requests and the MRCOG's Finance Department was concerned that the Organization would not be reimbursed for these invoices if MRCOG recorded them, as required by accrual accounting, into the fiscal year under audit. One granting agency, for example, gave MRCOG only 9 days to close its general ledger and submit final billings.

RECOMMENDATION

After assistance from the auditors with adjustments and reconciliations, the financial statements are presented in accordance with generally accepted accounting principles; however, the financial statements are management's financial statements and responsibility and they should be prepared on the proper basis of accounting before given to the auditors. We recommend using the transfers in/out general ledger accounts to provide a clearer audit trail of amounts flowing to/from the other entities and funds.

We also recommend that a thorough review of subsequent disbursements occur to ensure that accounts payable posted for year end is properly booked and that any timing issues with granting agencies be adjusted on the next reimbursement request.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**10-2 Basis of Accounting, Accruals, and Cut-off (Continued)**

MANAGEMENT'S RESPONSE

The MRCOG Finance Department is well aware that invoices for goods and services provided during the fiscal year need to be accrued into that particular fiscal year. However, the New Mexico Department of Transportation (NMDOT) set a deadline of 15 days for the MRCOG to close out its fiscal year and submit invoices to them for reimbursement of costs. This included four invoices for a major commuter rail construction project that were received after the 15 day deadline had passed. The MRCOG was concerned that showing these expenses in FY10, while reporting them to the NMDOT in FY11, would create confusion and a discrepancy between the MRCOG and the NMDOT as to the amount of carry-forward funding for the commuter rail construction project. In the future, the MRCOG will work with the NMDOT and other granting agencies to resolve the issues related to year-end accruals and will implement year-end procedures to make sure accruals are reflected in the financial statements prepared for audit review.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD**

**10-3 Procurement**

Federal Program  
US Health and Human Services Department  
Temporary Assistance for Needy Families (TANF) – CFDA 93.558  
Project No. GSA # 10-630-9000-0011

QUESTIONED COSTS - None

**CONDITION**

During our testing, we discovered 1 transaction charged to the TANF grant for the purchase of software that was only supported by a credit card statement but no itemized receipt. Based on review of the procurement policy, it does not include language requiring itemized receipts.

**CRITERIA**

Good accounting practices and OMB Circular A-133 require that all purchases should be supported by an itemized receipt in order to establish the legitimacy of the purchase and to reconcile purchases and credit card statements.

**EFFECT**

The lack of supporting documentation increases the risk of fraud, errors, credit card abuse, and of unallowable costs for the federal program it is charged to.

**CAUSE**

The policies do not specify that receipts are required for purchases or credit card payments.

**RECOMMENDATION**

We recommend that MRCOG institute a policy to establish stronger internal controls over small purchases and credit card purchases and ensure that all credit card payments have corresponding receipts.

**MANAGEMENT'S RESPONSE**

MRCOG employees will be notified that all credit card purchases will require an itemized receipt to be submitted to the Finance Department.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD  
(CONTINUED)**

**10-4 Formula Grants for Other than Urbanized Areas – Reporting**

Federal Program  
US Department of Transportation - Federal Transit Administration  
Formula Grants for Other than Urbanized Areas – CFDA 20.509  
Project No. All

QUESTIONED COSTS - None

**CONDITION**

During our testing of reporting for this program, we noted 3 monthly reports and 1 quarterly report that were not submitted timely.

**CRITERIA**

The grant agreement states that the monthly reports are due by the 25<sup>th</sup> of the following month and the quarterly reports are due by the 25<sup>th</sup> of the following month.

**EFFECT**

Late reports could potentially cause a decrease in federal funding.

**CAUSE**

MRCOG was not aware of the requirements of the grant agreements due to turnover. MRCOG does not have adequate controls in place to ensure timely submission of required reports by the due date.

**RECOMMENDATION**

We recommend that the MRCOG implement a tracking and monitoring system to ensure reporting requirements for each grant are fulfilled completely and on-time.

**MANAGEMENT RESPONSE**

The MRCOG had a staff-vacancy when the Transit Manager resigned his position. A Grant Manager has now been hired and is responsible for timely submittal of grant reports.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD  
(CONTINUED)**

**10-5 All Major Programs: DOT Cluster, TANF Cluster, Capital Investment Grant and  
Formula Grants for Other than Urbanized Areas – Procurement**

Federal Program

US Department of Transportation - Federal Transit Administration, US Health and Human  
Services

Department of Transportation Cluster – CFDA 20.516 and CFDA 20.521

Temporary Assistance for Needy Families – CFDA 93.558

Capital Investment Grant – CFDA 20.500

Formula Grants for Other than Urbanized Areas – CFDA 20.509

Project No. All

QUESTIONED COSTS - None

**CONDITION**

During our testing of procurement, we noted that the MRCOG does not check vendors against  
the EPLS website (Excluded Parties List System: <https://www.epls.gov/>).

**CRITERIA**

OMB Cost Circular A-102 states: “Debarment and Suspension. Federal agencies shall not award  
assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible  
for participation in Federal assistance programs under Executive Order 12549. Agencies shall  
establish procedures for the effective use of the List of Parties Excluded from Federal  
Procurement or Non-procurement programs to assure that they do not award assistance to listed  
parties in violation of the Executive Order. Agencies shall also establish procedures to provide  
for effective use and/or dissemination of the list to assure that their grantees and sub-grantees  
(including contractors) at any tier do not make awards in violation of the non-procurement  
debarment and suspension common rule.”

**EFFECT**

MRCOG could unknowingly award federal assistance to applicants that are ineligible for  
participation in their programs, causing noncompliance with the grants and potential questioned  
costs.

**CAUSE**

Management was unaware of this requirement.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD  
(CONTINUED)**

**10-5 All Major Programs: DOT Cluster, TANF Cluster, Capital Investment Grant and  
Formula Grants for Other than Urbanized Areas (Continued)**

RECOMMENDATION

We recommend that MRCOG train staff and review each federal grant and federal guidance such as the OMB Circulars and the OMB Compliance Supplements for all the specific federal requirements such as this and implement policies and procedures to safeguard MRCOG against noncompliance.

MANAGEMENT RESPONSE

The MRCOG will check vendors against the EPLS website (Excluded Parties List System: <https://www.epls.gov/>).

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD  
(CONTINUED)**

**10-6 Compliance with Capital Investment Grant – Davis Bacon, Reporting, and  
Allowable Costs**

Federal Program

US Department of Transportation - Federal Transit Administration (FTA)

Capital Investment Grant – CFDA 20.500

Project No. NM04-0014-00

QUESTIONED COSTS - None

**CONDITION**

During our testing of the FTA Phase II Capital Investment Grant for the 599 Rail Runner Station, we noted that OMB Circular A-133 compliance requirements were not identified, followed or performed by the MRCOG. The compliance requirements noted as exceptions were:

- 1) Davis-Bacon Act – There were construction activities before the funding was approved, so certified payrolls were not monitored or supervised.
- 2) Reporting – Per OMB Circular A-133 Reporting Compliance, SF-269A Financial Status Report, SF-270 Request for Advance or Reimbursement, and SF-425 Federal Financial Report are required; however, none of those reports were submitted since the funds were approved and received after the project was complete.
- 3) Misapplication of funds – regarding Activities Allowed or Unallowed and Allowable Costs and Cost Principles, and Matching, the MRCOG expended the \$1,000,000 federal earmark and match with state funds (more than the \$270,725 match per the grant agreement) as required; however, the funds were posted incorrectly in the accounting records. The federal revenue was recorded in one fund, while the related expenditures were in another.

Additionally, the MRCOG did not design internal controls over the Capital Investment Grant, which caused material noncompliance with OMB Circular A133 and FTA compliance requirements to not be prevented, detected and corrected, on a timely basis.

**CRITERIA**

The Capital Investment Grant is a direct award from US Department of Transportation, Federal Transit Administration and therefore, the MRCOG is responsible for and required to comply with OMB Circular A-133 requirements. Management is responsible for establishing and

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD  
(CONTINUED)**

**10-6 Compliance with Capital Investment Grant – Davis Bacon, Reporting, and**

**Allowable Costs (Continued)**

maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

**EFFECT**

Non-compliance with federal requirements may cause a reduction in government funding.

**CAUSE**

There was confusion on the character of grant and federal earmark funding for this grant and it was approved after the project activities.

**RECOMMENDATION**

We recommend that the MRCOG establish and implement internal controls over grant management and compliance for every federal grant received. The MRCOG should ensure there are procedures in place to understand grants and the required compliance to conform to requirements, including recording all federal expenditures and revenues accurately.

**MANAGEMENT RESPONSE**

The MRCOG has hired a Grant Manager who is responsible for grant management and compliance.



**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO  
EXIT CONFERENCE  
Year Ended June 30, 2010**

An exit conference was held on November 29, 2010, in a closed session. The contents of this report were discussed. Present at the exit conference were:

Representing MRCOG:

Don Leonard  
Dewey Cave  
Janice Borchardt

Board Member  
Executive Director  
Finance Manager

Representing Moss Adams LLP:

Scott Eliason, CPA  
Audrey J. Jaramillo, CPA, CFE

Assurance Partner  
Assurance Senior Manager

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of the Mid-Region Council of Governments of New Mexico. The financial statements and related footnotes remain the responsibility of management.