



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

FINANCIAL STATEMENTS

JUNE 30, 2011

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO

Official Roster

June 30, 2011

| | |
|----------------------|------------------|
| Thomas Swisstack | Chairperson |
| Debbie O'Malley | Vice-chairperson |
| Don Leonard | Board Member |
| Glenn Walters | Board Member |
| Larry Abraham | Board Member |
| Donald Lopez | Board Member |
| Robert Perry | Board Member |
| Isaac Benton | Board Member |
| Trudy Jones | Board Member |
| Dan Lewis | Board Member |
| Ken Sanchez | Board Member |
| Danny Hernandez | Board Member |
| Kathy Korte | Board Member |
| Jerah R. Cordova | Board Member |
| Jack Torres | Board Member |
| Maggie Hart Stebbins | Board Member |
| Art De La Cruz | Board Member |
| Wayne Johnson | Board Member |
| Wayne Ake | Board Member |
| Philip Gasteyer | Board Member |
| Richard Valarde | Board Member |
| Vandora Casados | Board Member |
| Brad Hill | Board Member |
| Bob Stearley | Board Member |
| John G. Philips III | Board Member |
| Ted Barela | Board Member |
| Edmond Temple | Board Member |
| Larson Romero | Board Member |
| Robert Vialpando | Board Member |
| Christina Answorth | Board Member |
| Terry Orthick | Board Member |
| Adrian Oglesby | Board Member |
| M. Steven Anaya | Board Member |
| Adan Encinias | Board Member |
| Leon Otero | Board Member |
| Richard Bruce | Board Member |
| Donald Rudy | Board Member |
| Gloria Chavez | Board Member |
| Joy Ansley | Board Member |

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO

Official Roster (Continued)

June 30, 2011

| | |
|-----------------|--------------|
| Marc Saavedra | Board Member |
| Mary Anderson | Board Member |
| Lawrence Romero | Board Member |
| Robert Chavez | Board Member |
| Emily Sanchez | Board Member |
| J. Don Martinez | Board Member |
| Alvin Domingus | Board Member |
| Tamara Haas | Board Member |
| Bruce Sanchez | Board Member |

Report of Independent Auditors

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 (MRCOG) as of and for the year ended June 30, 2011, 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 funds 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, 2011, 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.

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

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 MRCOG as of June 30, 2011, 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, 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 11, 2011 on our consideration of the MRCOG'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 16 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
November 11, 2011

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

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

COUNCIL'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. The 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's 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 requested. 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 fare box 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, 2011**

The Village of Los Lunas has requested the 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. The 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.

MRCOG undertook a cooperative and comprehensive study of transportation issues associated with the UNM and CNM main campuses and surrounding areas.

Regional Planning: 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 Villages of San Ysidro and Willard 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 Administration (EDA). A three-year EDA planning grant to the MRCOG is currently in effect. MRCOG 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.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

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

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the MRCOG's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the MRCOG's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the MRCOG is improving or deteriorating. The statement of activities presents information showing how the MRCOG's net asset changed during the most recent fiscal year. All changes in net assets are report as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as expenses pertaining to earned but unused vacation and sick leave. All of MRCOG's activities are reported under governmental-type activities and there are no component units. The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The MRCOG, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the MRCOG are governmental funds. Governmental fund financial statements focus on near-term inflow and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

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

The MRCOG maintains forty (40) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Commuter Rail Plan Capital Project, and the Belen Pedestrian Bridge Capital Project, all of which are considered to be major funds. Data from the other thirty-seven (37) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-43 of this report.

Budgetary Comparisons

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

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

FINANCIAL ANALYSIS OF THE COUNCIL

Overall Financial Position

The MRCOG's overall financial position continues to grow and remain strong. Over the past nineteen years the number of funds (projects) administered by the MRCOG has increased from twelve (12) during fiscal year 1992 to forty (40) during fiscal year 2011. Total expenditures over the same period, including capital projects, have increased from \$1.3 million during the fiscal year ending June 30, 1992 to \$16.8 million during the fiscal year ending June 30, 2011. The current year budget is reflective of the fact that the Rail Runner's operations were transferred to Rio Metro in 2010 and that most of the capital projects related to Rail Runner have been completed or are winding down.

The MRCOG's net assets increased by \$456,174 compared to the prior year (from \$2,368,140 on June 30, 2010 to \$2,824,314 on June 30, 2011). The increase in net assets was principally a result of a change in the accrual for compensated absences.

Compared to the prior year ending June 30, 2011, the MRCOG's Total Governmental Funds expenditures decreased from \$23.5 million (FY10) to \$16.8 million (FY11). The decrease is mostly attributable to several large grants and projects being completed or winding down, such as the Commuter Rail Planning project, KAFB Land Use Study, Santo Domingo Station Capital Project, Lobo Station Capital Project, and Commuter Rail Crossing Capital Project. Some of the decrease is also attributable to federal funding being reduced, such as TANF Transportation Broker program. During FY11, the MRCOG administered nine new funds: Salt Missions Trail Scenic Byway, Village of Willard Comprehensive Plan, CDBG Emergency Grant, EDA Regional Conference, UNM/CNM Transportation Study, ARRA Energy Conservation, RTD Travel Demand Management, RTD Rio Rancho Transit, and RTD Valencia Transit. Expenditures increased in several ongoing funds, including the General Fund, Workforce Investment Act, Orthoimagery, Consolidated Traffic Counting Program, Local Planning Assistance (State Grant-in-Aid) and New Freedom. Expenditures decreased in the TANF Support and TANF Transportation Broker, UPWP, Economic Development Administration, Job Access and Reverse Commute program.

In addition to the MRCOG's Governmental Funds, the MRCOG administers Agency Funds on behalf of 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 \$16.2 million during the prior year to \$4.0 million during the current year.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

The MRCOG did not have any business-type activities during the year ended June 30, 2011.

Net Assets

Table A-1 summarizes the MRCOG's net assets for the fiscal year ended June 30, 2011. Net assets are presented on a consolidated basis and are reflected on a full accrual basis. The MRCOG did not have any business-type activities during the year ended June 30, 2011.

Table A-1
The Council's Net Assets

| | Governmental Activities 6/30/11 | Governmental Activities 6/30/10 |
|--|--|---------------------------------------|
| Current Assets | \$ 4,148,455 | \$ 4,696,038 |
| Capital Assets, net of Accumulated Depreciation | <u>3,494,307</u> | <u>3,607,781</u> |
| Total Assets | <u>\$ 7,642,762</u> | <u>\$ 8,303,819</u> |
| Total Current Liabilities | \$ 2,773,644 | \$ 3,265,618 |
| Total Long Term Debt | <u>2,044,804</u> | <u>2,670,061</u> |
| Total Liabilities | <u>\$ 4,818,448</u> | <u>\$ 5,935,679</u> |
| Net Assets: | | |
| Invested in Capital Assets | \$ 1,578,752 | \$ 1,623,892 |
| Unrestricted | <u>1,245,562</u> | <u>744,248</u> |
| Total Net Assets | <u>\$ 2,824,314</u> | <u>\$ 2,368,140</u> |

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

Changes in Net Assets: The MRCOG's change in net assets for fiscal year 2011 was an increase of \$456,174. The table below reflects the changes in net assets.

Table A-2
Changes in the Council's Net Assets

| | Governmental Activities 6/30/11 | Governmental Activities 6/30/10 |
|---|--|---------------------------------------|
| Expenses – governmental activities | \$ (16,691,864) | \$ (23,513,557) |
| Add: Charges for services | 4,588,153 | 3,234,829 |
| Operating grants | 12,558,350 | 20,270,205 |
| Subtotal | 454,639 | (8,523) |
| General revenues – total | 1,535 | 2,309 |
| Change in net assets | 456,174 | (6,214) |
| Net assets – beginning of year | 2,368,140 | 2,374,354 |
| Cumulative effect – change in fund type | - | - |
| Net assets – end of year | \$ 2,824,314 | \$ 2,368,140 |

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

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

Table A-3
Changes in the Council's Revenues, Expenditures and changes in Fund Balances

| | Governmental Funds 6/30/11 | Governmental Funds 6/30/10 |
|---|---|----------------------------------|
| Revenues: | | |
| Federal | \$ 6,031,206 | \$ 7,874,473 |
| State | 5,338,823 | 11,657,146 |
| Charges for Service | 856,046 | 408,298 |
| Local | 476,934 | 894,876 |
| Reimbursement of Rio Metro costs | 4,011,358 | 2,669,238 |
| Interest and other | 1,535 | 3,309 |
| Total revenues | \$ 16,715,902 | \$ 23,507,340 |
| Expenditures: | | |
| Operations | 5,807,987 | 5,418,296 |
| Contractual | 1,613,469 | 2,778,760 |
| Expenses reimbursed by Rio Metro | 4,011,358 | 2,669,238 |
| Capital outlay | 5,247,675 | 12,506,949 |
| Debt Service | 118,724 | 157,930 |
| Total expenditures | \$ 16,799,213 | \$ 23,531,173 |
| Excess (deficiency) of revenues over expenditures | (83,311) | (23,833) |
| Beginning fund balances | 1,498,755 | 1,522,588 |
| Ending fund balances | \$ 1,415,444 | \$ 1,498,755 |

The MRCOG's total expenditures for government-type activities during the fiscal year 2011 were \$16,799,213. 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, 2011**

Analysis of Major Funds

General Fund (Fund 010): Revenues in the General Fund increased by \$60,715 compared to the prior year. The increase is mostly attributable to funding received by New Mexico Department of Transportation for the construction of a security fence around the parking lot of the MRCOG building approximating \$51,000. There was also an increase of charges for services of approximately \$11,000, which consists of lease revenue from State agencies leasing office space, and internal services incurred by the General Fund and charged to other funds based on usage by those funds. Reproduction revenue increased by approximately \$11,000, car pool by about \$7,000, while lease revenue decreased by approximately \$7,000, which is attributable to the rent for the NMDOT's Intelligent Transportation Systems Center decreasing by approximately \$5,000 and the Economic Development Department of New Mexico's by about \$2,000.

The expenditures in the General Fund decreased by approximately \$312,000 compared to the prior year. The decrease is attributable to MRCOG match of \$432,134 being reclassified from expenditures to operating transfers out in 2011. This was an increase in capital outlay of approximately \$51,000 and salaries and wages and benefits of approximately \$48,000. The Fund Balance decreased from \$1,498,755 on June 30, 2010 to \$1,415,444 on June 30, 2011. The decrease of \$83,311 is primarily attributable to the increase in expenditures related to the payout of accumulated compensated absences.

Commuter Rail Capital (Fund 085): 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.

Belen Pedestrian Bridge (Fund 216): This project began in fiscal year 2010 and was substantially completed in 2011. This fund's revenues and expenses for the year were \$2.2 million.

Budgetary highlights

The differences between the original Budget and final Budget are discussed below, as well as budget variances in the General Fund:

- General Fund: The adjustment to the final budget was done to add approximately \$51,000 of funding that was received from the NMDOT to build a security fence around the MRCOG's parking lot. The operating expenditures over budget and the excess of expenditures over revenues were caused by the unexpected early retirement of employee's who had

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

accumulated large compensated absences. The MRCOG charged the General Fund for the accumulated absences that were paid out upon these retirements.

- Belen Pedestrian Bridge: The estimated project costs were higher than the actual project costs. The cost estimates were revised during the year and the grantor reduced the funding accordingly.
- CDBG Emergency Grant: In response to the severe weather that struck the state in February of 2011, CDBG Emergency funds were made available to individuals whose homes were damaged. The MRCOG administered this grant on behalf of the State assist citizens residing in MRCOG's member government rural areas who were affected by the severe weather.
- Local Planning Assistance/State Grant-in-aid: The grantor increased funding during the year and the MRCOG also increased its budget for the local match.
- ARRA Energy Conservation: This is a new project that began during the year. Federal funds were made available to help individuals make improvements to their homes and/or businesses to improve energy efficiency. The MRCOG administered this grant for citizens in its member government areas.
- Job Access and Reverse Commute: Additional funding was provided by the USDOT's Federal Transportation Agency for capital outlay and to expand program activities.
- New Freedom: Additional funding was provided by the USDOT's Federal Transportation Agency for capital outlay and to expand program activities.
- TANF Broker: The State cut funding of this grant during the year, due to budget constraints at the State level.
- Los Lunas Corridor Study: Additional funding was received for this project during the year.
- EDA Conference: This was a new project during the year. During 2011, the MRCOG received funding to plan, conduct and host the EDA Southwest Regional Conference in the Albuquerque area.

Fund Balance

The MRCOG's governmental funds reported combined fund balances of \$1,415,444. This is \$83,311 lower than the previous year. The primary reason for the decrease is the expenditures over revenues in the General Fund, due to the payout of accumulated compensated absences.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2011**

Capital Assets

The MRCOG's investment in capital assets as of June 30, 2011 amounted to \$3,493,307. The capital assets consist mainly of office equipment, vehicles, and a building. Depreciation expense of \$182,760 was recorded in the current year. Additions of \$69,286 were purchased during the year ended June 30, 2011, consisting of a server and the parking lot security fence.

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 \$68,333. As of June 30, 2011, the MRCOG had total long-term debt in the amount of \$1,847,222.

Economic Factors and Next Year's Budgets

As State and Federal resources continue to be squeezed, the MRCOG's budget for the next year is also being challenged. Programs, such as TANF, have been cut by the State, and the MRCOG has seen some reductions in its transportation planning funding. The 2012 budget has been reduced by over \$7 million from the 2011 budget. This is mainly due to multi-year projects that were substantially completed in 2011.

The MRCOG continues its metropolitan transportation planning, regional transportation planning, and local government planning programs through agreements with other governmental agencies, including the State of New Mexico. 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. The MRCOG's membership remains constant and is always seeking further ways to help its member governments plan for the future.

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 Ave. NW, Albuquerque, NM 87102.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
(GOVERNMENT-WIDE)
STATEMENT OF NET ASSETS
June 30, 2011**

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current | |
| Cash and cash equivalents | \$ 1,816,866 |
| Cash, restricted | 55,019 |
| Other receivable | 55,240 |
| Grants receivable | 1,487,703 |
| Related entity receivables | 725,436 |
| Prepaid expenses | 8,191 |
| Total current assets | <u>4,148,455</u> |
| Noncurrent | |
| Capital assets, not being depreciated | 683,800 |
| Capital assets, net of accumulated depreciation | 2,810,507 |
| Total noncurrent assets | <u>3,494,307</u> |
| Total assets | <u>\$ 7,642,762</u> |
| LIABILITIES AND NET ASSETS | |
| LIABILITIES | |
| Current | |
| Accounts payable | \$ 2,392,081 |
| Deferred revenue | 190,042 |
| Accrued compensated absences | 123,188 |
| Current portion of capital lease payable | 68,333 |
| Total current liabilities | <u>2,773,644</u> |
| Noncurrent | |
| Accrued compensated absences | 197,582 |
| Capital lease payable | 1,847,222 |
| Total noncurrent liabilities | <u>2,044,804</u> |
| Total liabilities | <u>4,818,448</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 1,578,752 |
| Unrestricted | 1,245,562 |
| Total net assets | <u>2,824,314</u> |
| Total liabilities and net assets | <u>\$ 7,642,762</u> |

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
(GOVERNMENT-WIDE)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

| | 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 | \$ 84,805 | 576,795 | 51,281 | 543,271 |
| Reimbursement of Rio Metro costs | - | 4,011,358 | - | 4,011,358 |
| Transportation planning | 4,086,126 | - | 4,086,126 | - |
| Commuter rail project | 4,795,058 | - | 4,795,058 | - |
| Economic Development | 332,887 | - | 332,887 | - |
| Employment services | 805,907 | - | 805,907 | - |
| Other planning programs | 2,487,091 | - | 2,487,091 | - |
| Incurred on behalf of Rio Metro | 4,011,358 | - | - | (4,011,358) |
| Interest expense | 88,632 | - | - | (88,632) |
| | <hr/> | | | |
| Total governmental activities | 16,691,864 | 4,588,153 | 12,558,350 | 454,639 |
| | <hr/> | | | |
| General Revenues | | | | |
| Interest | | | | \$ 1,535 |
| Total general revenues | | | | <u>1,535</u> |
| | | | | |
| Change in net assets | | | | 456,174 |
| Net assets, beginning of year | | | | 2,368,140 |
| Cumulative effect - change in fund type | | | | <u>-</u> |
| Net assets, end of year | | | | <u><u>\$ 2,824,314</u></u> |

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

| | Major Funds | | | | |
|--|---------------------|------------------------------|-----------------------------|---|--------------------------------|
| | General #10 | Capital Projects | | Other Non-major Governmental Funds | Total Governmental Funds |
| | | Commuter Rail Plan #85 | Belen Ped Bridge #216 | | |
| ASSETS | | | | | |
| Cash and short-term investments | \$ 1,816,866 | - | - | - | 1,816,866 |
| Cash-restricted | 55,019 | - | - | - | 55,019 |
| Receivables | 40,618 | 14,622 | - | - | 55,240 |
| Grant reimbursements receivable | - | 1,032,528 | - | 455,175 | 1,487,703 |
| Interfund receivables | 540,347 | - | - | 322,780 | 863,127 |
| Related entity receivables | - | - | - | 725,436 | 725,436 |
| Prepaid expenses | 8,194 | - | - | - | 8,194 |
| Total assets | \$ 2,461,044 | 1,047,150 | - | 1,503,391 | 5,011,585 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 958,447 | 1,016,281 | - | 417,353 | 2,392,081 |
| Accrued payroll liabilities | 53,811 | - | - | 97,080 | 150,891 |
| Interfund payables | - | 30,869 | - | 832,258 | 863,127 |
| Unearned grant advances | 33,342 | - | - | 156,700 | 190,042 |
| Total liabilities | 1,045,600 | 1,047,150 | - | 1,503,391 | 3,596,141 |
| FUND BALANCES | | | | | |
| Committed | 820,770 | - | - | - | 820,770 |
| Unassigned | 594,674 | - | - | - | 594,674 |
| Total fund balance | 1,415,444 | - | - | - | 1,415,444 |
| Total liabilities and fund balances | \$ 2,461,044 | 1,047,150 | - | 1,503,391 | 5,011,585 |

- **Reconciliation**

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

| | |
|---|--------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported | \$ 3,494,307 |
| Capital lease payable, long term debt | (1,915,555) |
| Compensated absences, long-term liabilities | (169,882) |

Net assets of governmental activities \$ 2,824,314

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS
Year Ended June 30, 2011

| | Major Funds | | | Other Non-major Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------------|-----------------------------|---|--------------------------------|
| | General #10 | Commuter Rail Plan. #85 | Belen Ped Bridge #216 | | |
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| Federal grants and contracts | \$ - | - | 2,161,239 | 3,869,967 | 6,031,206 |
| State | 51,281 | 4,785,124 | - | 502,418 | 5,338,823 |
| Charges for services | 106,235 | - | - | 749,811 | 856,046 |
| Local | 470,560 | - | - | 6,374 | 476,934 |
| Reimbursement of Rio Metro costs | - | - | - | 4,011,358 | 4,011,358 |
| Interest | 1,535 | - | - | - | 1,535 |
| Total revenues | 629,611 | 4,785,124 | 2,161,239 | 9,139,928 | 16,715,902 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Operating | 214,507 | 1,666,660 | - | 3,972,100 | 5,853,267 |
| Contractual | 15,000 | 94,427 | - | 1,504,042 | 1,613,469 |
| Expenditures reimbursed by Rio Metro | - | - | - | 4,011,358 | 4,011,358 |
| Capital outlay | 51,281 | 3,023,125 | 2,161,239 | 12,030 | 5,247,675 |
| Debt service: | | | | | |
| Principal and interest | - | 912 | - | 72,532 | 73,444 |
| Total expenditures | 280,788 | 4,785,124 | 2,161,239 | 9,572,062 | 16,799,213 |
| Excess of expenditures over revenues | 348,823 | - | - | (432,134) | (83,311) |
| OTHER FINANCING SOURCES/USES | | | | | |
| Operating transfers in | - | - | - | 432,134 | 432,134 |
| Operating transfers out | (432,134) | - | - | - | (432,134) |
| Net change in fund balance | (83,311) | - | - | - | (83,311) |
| Fund balance, beginning of year, as restated | 1,498,755 | - | - | - | 1,498,755 |
| Fund balance, end of year | \$ 1,415,444 | - | - | - | 1,415,444 |
| Reconciliation: | | | | | |
| Change in fund balance-total government funds | | | | | (83,311) |
| Amounts reported for governmental activities in the statements of activities are different because: | | | | | |
| Principal portion of notes payable | | | | | 68,334 |
| Depreciation is not recorded as a financial use | | | | | (182,760) |
| Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported | | | | | 69,287 |
| Decrease in accrued vacation liability | | | | | 584,624 |
| Change in Net Assets of Governmental Activities | | | | | \$ 456,174 |

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2011

| | Original Budget | Final Budget | Current Year Actual | Variance Favorable (Unfavorable) |
|-------------------------------|--------------------|-----------------|---------------------------|--|
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal | \$ - | - | - | - |
| State | - | 51,281 | 51,281 | - |
| Charges for services | 106,000 | 106,000 | 106,235 | 235 |
| Local | 470,560 | 470,560 | 470,560 | - |
| Interest and other | - | - | 1,535 | 1,535 |
| | <hr/> | | | |
| Total revenues | 576,560 | 627,841 | 629,611 | 1,770 |
| | <hr/> | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Operating | 561,560 | 561,560 | 214,507 | 347,053 |
| Contractual | 15,000 | 15,000 | 15,000 | - |
| Capital outlay | - | 51,281 | 51,281 | - |
| Debt service | - | - | - | - |
| | <hr/> | | | |
| Total expenditures | 576,560 | 627,841 | 280,788 | 347,053 |
| | <hr/> | | | |
| Other financing uses | - | - | - | - |
| Operating transfer out | - | - | 432,134 | (432,134) |
| | <hr/> | | | |
| Change in fund balance | \$ - | - | (83,311) | (83,311) |
| | <hr/> <hr/> | | | |

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 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. 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, 2011.

Basic Financial Statements. The basic financial statements include both government-wide (based on the Council as a whole) and fund financial statements. The focus is on either the MRCOG as a whole or major individual funds (fund financial statements). Both the government-wide and fund 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, 2011.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 2011.

Basis of Presentation – Fund Financials: The fund financial statements presented, emphasis is on the major funds in the governmental category only since there are no business-type funds. Non-major funds are summarized into a single column. The governmental fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how 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, 2011

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.

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, 2011

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.

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

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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement #33, 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.

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, 2011.

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 funding’s source has its own requirements as to

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 approves its budget by total expenditures by fund.

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

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

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

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

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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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

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 7 for detail of these revenues and expenditures.

Net Assets. 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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2011.

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

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

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (MRCOG’s Board of Directors) and does not lapse at year-end. MRCOG’s Board has committed \$320,770 of fund balance in the General Fund to pay future accrued compensated absences. In addition, the MRCOG’s Board of Directors requires a minimum committed fund balance of \$500,000 to be maintained for the protection to the local member governments, including potential claims against the MRCOG due to financial reductions.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the management.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MRCOG requires restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring matching spending. Additionally, the MRCOG would first use unrestricted fund balance and assigned fund balance for its intended purpose, such as liquidating compensated absences.

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

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS

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, 2011, the amount of the MRCOG's bank balance of \$425,361 was exposed to custodial credit risk as follows:

| | |
|--|------------|
| Uninsured and uncollateralized | \$ 212,680 |
| Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name | 212,681 |

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

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 | \$ 9,184,874 |
| MRCOG Checking & Savings (18%) | Demand Deposits | <u>1,862,699</u> |
| FDIC coverage (both accounts) * | | <u>(1,687,338)</u> |
| Uninsured balance | | <u>9,360,235</u> |
| Total 50% collateral required | | <u>\$ 4,680,117</u> |
| Rio Metro's 50% collateral required | | <u>\$ 4,467,437</u> |
| MRCOG's 50% collateral required | | <u>\$ 212,680</u> |

Pledged collateral held in the bank's name held

| | |
|---|-----------|
| FNMA Pool #256800, Cusip #31371NGH2 maturing 7/1/37, market value to be used | \$ 30,659 |
| FNMA Pool #988987, Cusip #31415TUL2 maturing 9/1/38, market value to be used | 81,407 |
| FNMA Pool#831472, Cusip #31407HW93 maturing 5/1/36, market value to be used | 366,253 |
| FNMA Pool#963560, Cusip #31414D5V4 maturing 6/1/38, market value to be used | 9,229 |
| FNMA Pool#889579, Cusip #21410KJY1 maturing 5/1/38, market value to be used | 711,889 |
| FNMA Pool#AH8825, Cusip #3138AAYX3 maturing 3/1/41, market value to be used | 129,105 |
| FNMA Pool#872775, Cusip #31409JT83 maturing 6/1/36, market value to be used | 951,605 |
| FNMA Pool#AA0888, Cusip #31416H7A7 maturing 12/1/38, market value to be used | 487,159 |
| FNMA Pool#AD3841, Cusip #31418RHT1 maturing 4/1/40, market value to be used | 24,407 |
| FNMA Pool#985011, Cusip #31415PGU6 maturing 8/1/38, market value to be used | 22,291 |
| FNMA Pool #849021, Cusip #31408EG63 maturing 1/1/36, market value to be used | 1,732,622 |

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

| | |
|--|---------------------|
| FNMA Pool #255934, Cusip #31371MHK6 maturing 11/1/35, market value to be used | \$ 254,042 |
| FNMA Pool #923865, Cusip #31412FMN0 maturing 4/1/37, market value to be used | 17,603 |
| FNMA Pool #H00812, Cusip #3128MS3V0 maturing 5/1/37, market value to be used | <u>1,573</u> |
| Total collateral | <u>\$ 4,819,844</u> |
| <u>Collateral Allocated:</u> | |
| Rio Metro's 95% collateral | <u>\$ 4,578,852</u> |
| MRCOG's 5% collateral | <u>\$ 240,992</u> |
| Total over collateralized | \$ 139,726 |
| <u>Collateral Allocated:</u> | |
| Rio Metro over collateralized | \$ 111,415 |
| MRCOG over collateralized | \$ 28,312 |

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

* Each account gets \$250,000 FDIC coverage as Rio Metro and MRCOG are separate legal entities for the purpose of FDIC Insurance. Non-interest bearing accounts are 100% FDIC insured. MRCOG has a non-interest bearing checking account.

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

| | Book Balance | Bank Balance |
|---|---------------------|---------------------|
| Demand deposit – Wells Fargo Bank, Albuquerque, New Mexico | \$ 1,141,505 | 1,187,338 |
| Business savings account – Wells Fargo Bank, Albuquerque, New Mexico | <u>675,361</u> | <u>675,361</u> |
| Total | <u>\$ 1,816,866</u> | <u>1,862,699</u> |
| Less outstanding checks | | \$ (48,152) |
| Deposits in transit | | <u>2,319</u> |
| Reconciled demand deposits (outstanding checks) per MRCOG | | 1,816,866 |
| Add: | | |
| Restricted cash on deposit for sinking fund | | <u>55,019</u> |
| Cash and equivalents, and restricted cash per financial statements | | <u>\$ 1,871,885</u> |

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 3. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund accounts were as follows at June 30, 2011:

| | To | From |
|---|-------------------|----------------|
| Due to general fund from major and nonmajor funds | 540,347 | - |
| Due from commuter rail capital funds #85 to general fund | - | 30,869 |
| Due to nonmajor funds from general fund | 322,780 | - |
| Due from nonmajor funds to general fund | <u>-</u> | <u>832,258</u> |
| Total | <u>\$ 863,127</u> | <u>863,127</u> |

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

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

NOTE 4. CAPITAL ASSETS

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

| | June 30, 2010 | Additions | Deletions | Adjustments/ Transfers | June 30, 2011 |
|--------------------------------------|------------------|---------------|-----------|---------------------------|------------------|
| Nondepreciable | | | | | |
| Land | \$ 683,800 | - | - | - | 683,800 |
| Depreciable | | | | | |
| Building | 2,792,822 | - | - | - | 2,792,822 |
| Furniture, fixtures and machinery | 1,085,320 | 69,286 | - | | 1,154,606 |
| Total assets | <u>4,561,942</u> | <u>69,286</u> | <u>-</u> | | <u>4,631,228</u> |

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4. CAPITAL ASSETS (CONTINUED)

| | June 30, 2010 | Additions | Deletions | Adjustments/ Transfers | June 30, 2011 |
|--------------------------------------|--------------------|------------------|-----------|---------------------------|--------------------|
| Accumulated depreciation | | | | | |
| Building | \$(321,997) | (69,821) | - | - | (391,818) |
| Furniture, fixtures and machinery | (632,164) | (112,939) | - | - | (745,103) |
| Total accumulated depreciation | <u>(954,161)</u> | <u>(182,760)</u> | - | - | <u>(1,136,921)</u> |
| Net capital assets | <u>\$3,607,781</u> | <u>(113,474)</u> | - | - | <u>3,494,307</u> |

Furniture, equipment and machinery have been provided from grants accounted for in Special Revenue Funds in the amount of \$5,189,797.

The MRCOG also had on hand at June 30, 2011, \$96,462 in surplus (idle) equipment that is fully depreciated and included in the capital assets total of \$1,154,606.

Depreciation expense for the year ended June 30, 2011 was \$182,760. It was charged to the general activities function in the Statement of Activities.

NOTE 5. 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 full-time employee. Part-time employees accrue sick leave on a prorated basis. Employees with less than 500 hours of accumulated sick leave lose those hours upon termination of employment, except those who terminate due to retirement. Employees who have accumulated more the 500 hours of sick leave may choose to convert sick leave to either vacation leave or cash at the end of each calendar year , or upon resignation, based on the following conversion schedule: Over 500 hours may be converted at 3 hours of sick leave to 1 hour of vacation leave; over 850 hours may be converted at 2 hours of sick leave to 1 hour of vacation leave; hours in excess of 1200 will be converted at 3 hours of sick to 2 hours of vacation.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5. ACCRUED VACATION AND SICK LEAVE (CONTINUED)

Employees may not carry over more than 1200 hours of sick leave. Upon retirement, employees may cash out all sick leave hours accrued.

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 of accumulated leave.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements, or if the amounts have been funded through reimbursements from programs and grants.

In accordance with the above criteria, the MRCOG has accrued a liability using payroll rates in effect at June 30, 2011, for vacation and sick leave which has been earned but not taken by the MRCOG employees. Accrued vacation and sick leave is charged to grant programs in accordance with OMB Circular A-87.

The accumulated leave for the year ended June 30, 2011, has been recorded as a liability in the Government-Wide Statement of Net Assets as current portion due (\$123,188) and long-term portion due (\$197,582). Typically, General funds are used to liquidate this liability, which totaled \$169,881 at June 30, 2011. Funds accumulated from grantor reimbursements are used to liquidate the funded portion of the liabilities, which total \$150,889 at June 30, 2011. Detail of accumulated leave for the year is as follows:

| Beginning Balance 6/30/10 | Additions | Deletions | Ending Balance 6/30/11 | Due Within One Year |
|---------------------------------|-----------|-----------|---------------------------------------|---------------------------|
| \$ 795,635 | 239,137 | (714,002) | 320,770 | 123,188 |

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6. CHANGES IN LONG-TERM DEBT

A summary of long-term debt and changes in long-term debt for the year ended June 30, 2011 is as follows:

Building and land located at 809 Copper Avenue N.W.
Lessor-Bernalillo County
Term-25 years beginning August 2005

Schedule of Capital Lease Payable:

Year Ended June 30:

| | Principal | Interest |
|----------------------------------|---------------------|----------------|
| 2012 | \$ 68,333 | 86,500 |
| 2013 | 73,333 | 84,175 |
| 2014 | 73,333 | 81,850 |
| 2015 | 78,333 | 79,332 |
| 2016 | 88,333 | 75,957 |
| 2017-2021 | 473,888 | 319,116 |
| 2022-2026 | 525,000 | 188,750 |
| 2027-2029 | <u>535,000</u> | <u>41,750</u> |
| Total | <u>1,915,555</u> | <u>957,430</u> |
| Remaining principal balance | 1,915,555 | |
| Less current portion | <u>(68,333)</u> | |
| Long-term portion of debt | <u>\$ 1,847,222</u> | |

| | June 30, 2010 | Reductions | June 30, 2011 | Amounts Due Within One Year |
|---------------|------------------|------------|------------------|--------------------------------------|
| Capital lease | \$1,983,889 | (68,334) | 1,915,555 | 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, 2011

NOTE 7. RIO METRO REIMBURSEMENTS/INCURRED COSTS

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

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

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

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7. RIO METRO REIMBURSEMENTS/INCURRED COSTS (CONTINUED)

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

NOTE 8. 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.

Funding Policy. Plan members are required to contribute 13.15% (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 9.15% of the gross covered salary. The contribution requirements of plan members and the MRCOG's 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, 2011, 2010 and 2009 were \$805,510, \$677,432 and \$614,077, respectively, which equal the amount of the required contributions for each fiscal year.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9. 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, 2011 were \$34,281. As of June 30, 2011, nothing was owed to the City of Albuquerque for administrative fees, payroll, payroll taxes, and PERA contributions.

NOTE 10. 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, 2011:

| Insurer and Policy Type | Term | Coverage |
|---|-------------------|---|
| New Mexico Mutual (worker's compensation) | 2/12/11 - 2/12/12 | Injury by accident (\$1,000,000) each accident) Bodily injury by disease (\$1,000,000) each employee) Bodily injury by disease (\$1,000,000 policy limit) |
| Allied World Assurance Co. Commercial general liability | 9/29/10 - 9/29/11 | \$1,000,000 each occurrence, No general aggregate limit |
| Auto liability - Employee's car for company business | 9/29/10 - 9/29/11 | Combined single limit \$1,000,000 |
| Special Property Insurance Program | 7/1/10 - 7/1/11 | Boiler and machining property \$25,000,000 aggregate other limitation apply |
| Employee Dishonesty Bond | 7/1/10 - 7/1/11 | \$1,000,000 faithful performance/ employee honesty |
| City of Albuquerque Risk Management Fund | | 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 |

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 11. 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.

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 N.E., 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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 11. POST- EMPLOYMENT BENEFITS (CONTINUED)

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 1.666% of each participating employee's annual salary; each participating employee is required to contribute .833% of their salary.

In the fiscal years ending June 30, 2012 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

| | | |
|-------|--------|--------|
| 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, 2011, 2010 and 2009, the MRCOG remitted \$70,592, \$45,654 and \$41,410, respectively, in employer contributions to the Retiree Health Care Authority.

NOTE 12. 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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 13. 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 |
|---|----------------|-----------------------|------------------------|----------------------|---------------------|----------------|
| Capital appropriations: | | | | | | |
| 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 14. 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 \$6,423,847 for payroll expenses. The MRCOG was reimbursed \$4,011,358 by Rio Metro and \$678,739 WCCNM for payroll and other operating expenses.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 15. RELATED ENTITY TRANSACTIONS

Rio Metro Regional Transit District (Rio Metro). The MRCOG's accounts receivable balance from Rio Metro was \$676,917 at June 30, 2011.

Workforce Connection of Central New Mexico (WCCNM). The MRCOG's accounts receivable balance from WCCNM was \$48,519 at June 30, 2011.

Payments made to related entities during the year ended June 30, 2011:

| | |
|--|---------------------|
| Bernalillo County | \$ 83,203 |
| City of Albuquerque | 6,412,724 |
| Leonard Tire & Automotive Repair, Inc. | 6,141 |
| Torrance County | 877 |
| Village of Los Lunas | 17,825 |
| Rio Metro | <u>245,063</u> |
| | <u>\$ 6,765,833</u> |

NOTE 16. RESTATEMENT OF FUND BALANCE/GASB 54

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

The governmental fund types used by MRCOG were evaluated based on the provisions of GASB 54 and there were no changes from prior years. The fund balance classifications were also examined by management, and the board has committed fund balance of \$820,770, as shown as restated on the balance sheet.

SUPPLEMENTARY INFORMATION

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2011

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

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.

Transit Operations (No. 49) – These funds were 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.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2011**

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 is 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.

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).

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.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2011**

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.

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

Willard Comp Plan – (No. 79) To assist the Village of Willard in developing a comprehensive plan for land use and community development. The Village received funding through the Community Development Block Grant through the New Mexico Community Development Council for the purpose of developing and adopting a comprehensive plan for the Village. The Village is utilizing the COG's technical and professional expertise to complete the plan

CDBG Emergency Grant (No. 80) Provides funds to individuals who qualify (not to exceed \$2,000) for emergency home repairs related to damage done to homes as a result of the severe weather that affected the COG's member's residents during the winter months of 2011.

Commuter Rail-Operations (No. 89) - 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.

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.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2011**

ARRA Energy Conservation (No. 220) – Provides funds for the Moriarity Community Outreach Project Energy Assessment and Building Upgrades to a targeted neighborhood in the City of Moriarity. Home owners and residents who chose to utilize the services receive assessments, simple conservation ideas and upgrades to their homes/businesses. Upgrades to homes and businesses include door weather stripping, efficient light bulbs low-flow shower heads, water heater insulation blankets, water heater temperature adjustments, and power strips.

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 Travel Demand Management (No. 411) (Separate fund required by grantor) – This fund was created by an agreement with Rio Metro. The funding is to be used to provide public education, outreach efforts, and respond to inquiries regarding urban area transit and rail services.

RTD Rio Rancho Transit (No. 425) (Separate fund required by grantor) – This fund was created by an agreement with Rio Metro. The funding is to be used to provide regional transit services in the City of Rio Rancho

RTD Valencia Transit (No. 430) (Separate fund required by grantor) – This fund was created by an agreement with Rio Metro. The funding is to be used to provide regional transit services in the Valencia County Area.

Sandoval Easy Express (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.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2011**

TANF Transportation Broker (No. 455) (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.

EDA Conference (No. 472) – To organize and conduct regional EDA Conference.

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.

UNM/CNM Transportation Study (No. 485) – Funding provided by the City of Albuquerque, the University of New Mexico (UNM), the Central New Mexico Community College (CNM), and the County of Bernalillo for the MRCOG to undertake a cooperative and comprehensive study of transportation issues associated with the UNM and CNM main campuses and surrounding areas.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2011**

CAPITAL PROJECT FUNDS are used to account for various grants from federal, state, and local agencies and other sources that 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.

Santo Domingo Station Construction (No. 92) - This fund provides for construction of the Santo Domingo (Kewa) commuter rail station. These funds are authorized by U.S. Department of Transportation Formula Grants for other than Urbanized Areas - ARRA.

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 Capital - Phase II (No. 85) - Provides for capital costs associated with Phase II of the commuter rail system (Bernalillo to Santa Fe). The New Mexico State Legislature approved the funding as part of Governor Richard's Investment Partnership (GRIP).

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, 2011**

| | Special Revenue Funds | | | | | | | | | |
|--|-----------------------|----------------|----------------|----------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|----------------------------------|
| | WORKFORCE #20 | TANF #22/23 | ORTHO #29 | SALT MISSIONS TRAIL #32 | RPO #33 | TRANSIT OPERATIONS #49 | UPWP #52 | UPWP FTA NMSHTD #53 | CTCP #67 | TRAVEL TIME PROGRAM #68 |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ - | - | - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | 120,601 | - | 6,198 | - | - | - | - | 64,442 |
| Related entity receivables | 48,519 | - | - | - | - | 199,806 | - | - | - | - |
| Grant reimbursements receivable | - | 4,670 | - | 11,605 | 9,584 | - | 86,174 | - | 14,497 | 29,185 |
| Total assets | \$ 48,519 | 4,670 | 120,601 | 11,605 | 15,782 | 199,806 | 86,174 | - | 14,497 | 93,627 |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ 464 | 68 | - | 8,266 | 309 | 21 | 10,997 | - | - | 93,627 |
| Accrued liabilities | 7,736 | 1,402 | - | - | 15,473 | - | 22,817 | - | - | - |
| Due to other funds | 40,319 | 3,200 | - | 3,339 | - | 199,785 | 52,360 | - | 14,497 | - |
| Due to other agencies | - | - | - | - | - | - | - | - | - | - |
| Unearned grant advances | - | - | 120,601 | - | - | - | - | - | - | - |
| Total liabilities | 48,519 | 4,670 | 120,601 | 11,605 | 15,782 | 199,806 | 86,174 | - | 14,497 | 93,627 |
| FUND BALANCES | | | | | | | | | | |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total liabilities and fund balances | \$ 48,519 | 4,670 | 120,601 | 11,605 | 15,782 | 199,806 | 86,174 | - | 14,497 | 93,627 |

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING BALANCE SHEET
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2011**

| | Special Revenue Funds, continued | | | | | | | | | |
|--|----------------------------------|------------------------------------|---------------------------|------------------------|-------------------------------|-------------------------------|---------------|-------------------------------------|-----------------------------------|------------------------------------|
| | EDA #72 | EDA INNOVATION CENTER #74 | SAN YSIDRO COMP #78 | WILLARD COMP #79 | CDBG EMERG GRANT #80 | COMMUTER RAIL OPER. #89 | LPA #93 | PHOTO- VOLTAIC SYSTEM #213 | ARRA PHOTO- VOLTAIC #214 | ARRA ENERGY CONSERV. #220 |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ - | - | - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | 16,653 | - | - | - | - | 22,669 | - | - | - |
| Related entity receivable | - | - | - | - | - | 200,040 | - | - | 2,478 | - |
| Grant reimbursements receivable | 10,905 | 21,854 | - | 30,535 | 15,176 | - | - | - | - | - |
| Total assets | \$ 10,905 | 38,507 | - | 30,535 | 15,176 | 200,040 | 22,669 | - | 2,478 | - |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ 10 | 3,053 | - | - | 5,479 | 95 | 914 | - | - | - |
| Accrued liabilities | - | - | - | - | - | 27,897 | 21,755 | - | - | - |
| Due to other funds | 10,895 | - | - | 30,535 | 9,436 | 172,048 | - | - | 2,478 | - |
| Due to other agencies | - | - | - | - | - | - | - | - | - | - |
| Unearned grant advances | - | 35,454 | - | - | 261 | - | - | - | - | - |
| Total liabilities | 10,905 | 38,507 | - | 30,535 | 15,176 | 200,040 | 22,669 | - | 2,478 | - |
| FUND BALANCES | | | | | | | | | | |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total liabilities and fund balances | \$ 10,905 | 38,507 | - | 30,535 | 15,176 | 200,040 | 22,669 | - | 2,478 | - |

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING BALANCE SHEET
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2011**

| | Special Revenue Funds, continued | | | | | | | |
|--|---|--|----------------------------------|-----------------------------|-------------------------------------|------------------|----------------------------|---------------------------------|
| | RIO METRO SERVICE SCHEDULES #410 | TRAVEL DEMAND MANAGEMENT #411 | RIO RANCHO TRANSIT #425 | VALENCIA TRANSIT #430 | SANDOVAL EASY EXPRESS #435 | JARC #450/451 | NEW FREEDOM #452/453 | TANF TRANS BROKER #455 |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | 24,627 | 10,372 | - |
| Related entity receivable | - | 46,979 | 71,298 | 118,052 | 27,494 | 10,770 | - | - |
| Grant reimbursements receivable | - | - | - | - | - | 104,766 | 95,545 | - |
| Total assets | \$ - | 46,979 | 71,298 | 118,052 | 27,494 | 140,163 | 105,917 | - |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ - | - | - | - | - | 129,393 | 103,161 | - |
| Accrued liabilities | - | - | - | - | - | - | - | - |
| Due to other funds | - | 46,979 | 71,298 | 118,052 | 27,494 | 10,770 | 2,756 | - |
| Due to other agencies | - | - | - | - | - | - | - | - |
| Unearned grant advances | - | - | - | - | - | - | - | - |
| Total liabilities | - | 46,979 | 71,298 | 118,052 | 27,494 | 140,163 | 105,917 | - |
| FUND BALANCES | | | | | | | | |
| Unassigned | - | - | - | - | - | - | - | - |
| Total liabilities and fund balances | \$ - | 46,979 | 71,298 | 118,052 | 27,494 | 140,163 | 105,917 | - |

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

| | Special Revenue Funds, continued | | | | Capital Projects Funds | | TOTAL |
|--|--|---------------------------|--|--|------------------------------------|-------------------------------------|------------------|
| | LOS LUNAS CORRIDOR STUDY #470 | EDA CONFERENCE #472 | REGION III HOUSING AUTHORITY #475 | UNM/CNM TRANSPORTATION STUDY #485 | SANTO DOMINGO STATION #92 | COMMUTER RAIL CROSS-ST #95 | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - |
| Due from other funds | 57,218 | - | - | - | - | - | 322,780 |
| Related entity receivable | - | - | - | - | - | - | 725,436 |
| Grant reimbursements receivable | - | 7,184 | - | 13,495 | - | - | 455,175 |
| Total assets | \$ 57,218 | 7,184 | - | 13,495 | - | - | 1,503,391 |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 57,218 | 4,278 | - | - | - | - | 417,353 |
| Accrued liabilities | - | - | - | - | - | - | 97,080 |
| Due to other funds | - | 2,522 | - | 13,495 | - | - | 832,258 |
| Due to other agencies | - | - | - | - | - | - | - |
| Unearned grant advances | - | 384 | - | - | - | - | 156,700 |
| Total liabilities | 57,218 | 7,184 | - | 13,495 | - | - | 1,503,391 |
| FUND BALANCES | | | | | | | |
| Unassigned | - | - | - | - | - | - | - |
| Total liabilities and fund balances | \$ 57,218 | 7,184 | - | 13,495 | - | - | 1,503,391 |

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, 2011

| | Special Revenue Funds | | | | | | | | | |
|---|-----------------------|----------------|----------------|----------------------------------|----------------|------------------------------|------------------|------------------------------|----------------|----------------------------------|
| | WORKFORCE #20 | TANF #22/23 | ORTHO #29 | SALT MISSIONS TRAIL #32 | RPO #33 | TRANSIT OPERATIONS #49 | UPWP #52 | UPWP FTA NMSHTD #53 | CTCP #67 | TRAVEL TIME PROGRAM #68 |
| REVENUES | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | |
| Federal | \$ 678,739 | 120,792 | - | 28,275 | 88,828 | - | 1,096,870 | 259,864 | 182,932 | 136,673 |
| State | - | - | - | - | - | - | - | - | - | - |
| Charges for services | - | - | 648,336 | - | - | - | - | - | - | - |
| Local | - | 6,374 | - | - | - | - | - | - | - | - |
| Reimbursement of Rio Metro costs | - | - | - | - | - | 1,211,867 | - | - | - | - |
| Total revenues | \$ 678,739 | 127,166 | 648,336 | 28,275 | 88,828 | 1,211,867 | 1,096,870 | 259,864 | 182,932 | 136,673 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Operating | \$ 663,394 | 125,860 | 488 | 16,267 | 101,379 | - | 1,186,040 | 298,550 | 208,755 | - |
| Contractual | 287 | 24 | 647,848 | 18,704 | 37 | - | 66,117 | 20,554 | 78 | 159,964 |
| Incurred on behalf of Rio Metro | - | - | - | - | - | 1,211,867 | - | - | - | - |
| Capital outlay | - | - | - | - | 228 | - | 3,758 | - | 522 | - |
| Principal and interest | 15,058 | 1,282 | - | 373 | 2,321 | - | 27,875 | 5,726 | 4,751 | - |
| Total expenditures | 678,739 | 127,166 | 648,336 | 35,344 | 103,965 | 1,211,867 | 1,283,790 | 324,830 | 214,106 | 159,964 |
| OTHER FINANCING SOURCES/USES | | | | | | | | | | |
| Operating transfers in | - | - | - | 7,069 | 15,137 | - | 186,920 | 64,966 | 31,174 | 23,291 |
| Operating transfers out | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | - | - | - | - | - | - | - | - | - | - |
| Fund balance, beginning of year as restated | - | - | - | - | - | - | - | - | - | - |
| Fund balance, end of year | \$ - | - | - | - | - | - | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | |
|---|----------------------------------|------------------------------------|---------------------------|------------------------|-------------------------------|-------------------------------|----------------|-------------------------------------|-----------------------------------|------------------------------------|
| | EDA #72 | EDA INNOVATION CENTER #74 | SAN YSIDRO COMP #78 | WILLARD COMP #79 | CDBG EMERG GRANT #80 | COMMUTER RAIL OPER. #89 | LPA #93 | PHOTO- VOLTAIC SYSTEM #213 | ARRA PHOTO- VOLTAIC #214 | ARRA ENERGY CONSERV. #220 |
| REVENUES | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | |
| Federal | \$ 54,648 | 86,646 | 2,952 | 32,698 | 24,792 | - | - | - | - | 51,904 |
| State | - | - | - | - | - | - | 99,214 | 387 | - | - |
| Charges for services | - | 12,764 | - | - | - | - | - | - | - | - |
| Local | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of Rio Metro costs | - | - | - | - | - | 1,267,712 | - | - | 22,125 | - |
| Total revenues | \$ 54,648 | 99,410 | 2,952 | 32,698 | 24,792 | 1,267,712 | 99,214 | 387 | 22,125 | 51,904 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Operating | \$ 85,422 | 28,475 | 2,952 | 31,856 | 24,792 | - | 159,895 | 387 | - | 5,406 |
| Contractual | 3,488 | 70,321 | - | 31 | - | - | 72 | - | - | 46,391 |
| Incurred on behalf of Rio Metro | - | - | - | - | - | 1,267,712 | - | - | 22,125 | - |
| Capital outlay | 226 | - | - | 67 | - | - | 525 | - | - | - |
| Principal and interest | 1,944 | 614 | - | 744 | - | - | 3,706 | - | - | 107 |
| Total expenditures | 91,080 | 99,410 | 2,952 | 32,698 | 24,792 | 1,267,712 | 164,198 | 387 | 22,125 | 51,904 |
| OTHER FINANCING SOURCES/USES | | | | | | | | | | |
| Operating transfers in | 36,432 | - | - | - | - | - | 64,984 | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | - | - | - | - | - | - | - | - | - | - |
| Fund balance, beginning of year as restated | - | - | - | - | - | - | - | - | - | - |
| Fund balance, end of year | \$ - | - | - | - | - | - | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | |
|---|---|--|----------------------------------|-----------------------------|-------------------------------------|------------------|----------------------------|---------------------------------|
| | RIO METRO SERVICE SCHEDULES #410 | TRAVEL DEMAND MANAGEMENT #411 | RIO RANCHO TRANSIT #425 | VALENCIA TRANSIT #430 | SANDOVAL EASY EXPRESS #435 | JARC #450/451 | NEW FREEDOM #452/453 | TANF TRANS BROKER #455 |
| REVENUES | | | | | | | | |
| Intergovernmental | | | | | | | | |
| Federal | \$ - | - | - | - | - | 508,855 | 252,152 | 185,153 |
| State | - | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - |
| Local | - | - | - | - | - | - | - | - |
| Reimbursement of Rio Metro costs | 43,906 | 118,297 | 436,160 | 650,645 | 205,166 | 55,480 | - | - |
| Total revenues | \$ 43,906 | 118,297 | 436,160 | 650,645 | 205,166 | 564,335 | 252,152 | 185,153 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Operating | \$ - | - | - | - | - | 505,814 | 251,362 | 123,134 |
| Contractual | - | - | - | - | - | 56 | 14 | 59,687 |
| Incurred on behalf of Rio Metro | 43,906 | 118,297 | 436,160 | 650,645 | 205,166 | 55,480 | - | - |
| Capital outlay | - | - | - | - | - | 196 | 59 | - |
| Principal and interest | - | - | - | - | - | 2,789 | 717 | 2,332 |
| Total expenditures | 43,906 | 118,297 | 436,160 | 650,645 | 205,166 | 564,335 | 252,152 | 185,153 |
| OTHER FINANCING SOURCES/USES | | | | | | | | |
| Operating transfers in | - | - | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - | - | - |
| Change in fund balance | - | - | - | - | - | - | - | - |
| Fund balance, beginning of year as restated | - | - | - | - | - | - | - | - |
| Fund balance, end of year | \$ - | - | - | - | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | Capital Projects Funds | | TOTAL |
|---|--|---------------------------|--|--|------------------------------------|-------------------------------------|------------------|
| | LOS LUNAS CORRIDOR STUDY #470 | EDA CONFERENCE #472 | REGION III HOUSING AUTHORITY #475 | UNM TRANSPORTATION STUDY #485 | SANTO DOMINGO STATION #92 | COMMUTER RAIL CROSS-ST #95 | |
| REVENUES | | | | | | | |
| Intergovernmental | | | | | | | |
| Federal | \$ - | 67,648 | - | - | 9,546 | - | 3,869,967 |
| State | 404,977 | - | - | - | - | (2,160) | 502,418 |
| Charges for services | - | 39,405 | 28,311 | 20,995 | - | - | 749,811 |
| Local | - | - | - | - | - | - | 6,374 |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | 4,011,358 |
| Total revenues | \$ 404,977 | 107,053 | 28,311 | 20,995 | 9,546 | (2,160) | 9,139,928 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Operating | \$ 24,844 | 95,609 | 27,720 | 260 | 3,439 | - | 3,972,100 |
| Contractual | 379,135 | 10,492 | 7 | 20,735 | - | - | 1,504,042 |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | 4,011,358 |
| Capital outlay | 150 | - | 191 | - | 6,108 | - | 12,030 |
| Principal and interest | 848 | 952 | 393 | - | - | - | 72,532 |
| Total expenditures | 404,977 | 107,053 | 28,311 | 20,995 | 9,547 | - | 9,572,062 |
| OTHER FINANCING SOURCES/USES | | | | | | | |
| Operating transfers in | - | - | - | - | 1 | 2,160 | 432,134 |
| Operating transfers out | - | - | - | - | - | - | - |
| Change in fund balance | - | - | - | - | - | - | - |
| Fund balance, beginning of year as restated | - | - | - | - | - | - | - |
| Fund balance, end of year | \$ - | - | - | - | - | - | - |

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
Year Ended June 30, 2011

| | Original Budget | Final Budget | Current Year Actual | Variance Favorable (Unfavorable) |
|-------------------------------|--------------------|------------------|---------------------------|--|
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal | \$ - | - | - | - |
| State | 5,571,179 | 5,571,179 | 4,785,124 | (786,055) |
| Charges for services | - | - | - | - |
| Local | - | - | - | - |
| Interest and other | - | - | - | - |
| Total revenues | 5,571,179 | 5,571,179 | 4,785,124 | (786,055) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Operating | 1,782,777 | 1,782,777 | 1,666,660 | 116,117 |
| Contractual | 1,169,948 | 669,948 | 94,427 | 575,521 |
| Capital outlay | 2,618,454 | 3,118,454 | 3,023,125 | 95,329 |
| Debt service | - | - | 912 | (912) |
| Total expenditures | 5,571,179 | 5,571,179 | 4,785,124 | 786,055 |
| Other financing uses | - | - | - | - |
| Operating transfer out | - | - | - | - |
| Change in fund balance | \$ - | - | - | - |

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
MAJOR FUND - BELEN PEDESTRIAN BRIDGE #216
Year Ended June 30, 2011

| | Original Budget | Final Budget | Current Year Actual | Variance Favorable (Unfavorable) |
|-------------------------------|--------------------|------------------|---------------------------|--|
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal | \$ 3,100,000 | 2,319,930 | 2,161,239 | (158,691) |
| State | - | - | - | - |
| Charges for services | - | - | - | - |
| Local | - | - | - | - |
| Interest and other | - | - | - | - |
| Total revenues | 3,100,000 | 2,319,930 | 2,161,239 | (158,691) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Operating | - | - | - | - |
| Contractual | - | - | - | - |
| Capital outlay | 3,100,000 | 2,319,930 | 2,161,239 | 158,691 |
| Total expenditures | 3,100,000 | 2,319,930 | 2,161,239 | 158,691 |
| Other financing uses | - | - | - | - |
| Operating transfer out | - | - | - | - |
| Change in fund balance | \$ - | - | - | - |

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, 2011

| | Special Revenue Funds | | | | | | | | | | | |
|--|-----------------------|----------------|----------------|------------------------------------|----------------|----------------|----------------|------------------------------------|----------------|----------------|----------------|------------------------------------|
| | WORKFORCE #20 | | | | TANF #22/23 | | | | ORTHO #29 | | | |
| | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ 700,000 | 700,000 | 678,739 | (21,261) | 130,000 | 130,000 | 120,792 | (9,208) | - | - | - | - |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | - | - | - | - | - | - | 6,374 | 6,374 | 648,336 | 648,336 | 648,336 | - |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 700,000 | 700,000 | 678,739 | (21,261) | 130,000 | 130,000 | 127,166 | (2,834) | 648,336 | 648,336 | 648,336 | - |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General Government | \$ 700,000 | 700,000 | 678,739 | 21,261 | 130,000 | 130,000 | 127,166 | 2,834 | 648,336 | 648,336 | 648,336 | - |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | - | - | - | - | - | - |
| Noncurrent | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 700,000 | 700,000 | 678,739 | 21,261 | 130,000 | 130,000 | 127,166 | 2,834 | 648,336 | 648,336 | 648,336 | - |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | - | - | - | - | - | - |

See Notes to Financial Statements.

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|---|----------------------------------|-----------------|----------------|---|-------------------|-----------------|-----------------|---|------------------------|------------------|------------------|---|
| | SALT MISSION TRAIL #32 | | | | RPO #33 | | | | TRANSIT OPERATIONS #49 | | | |
| | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ 55,000 | 55,000 | 28,275 | (26,725) | 111,365 | 111,365 | 88,828 | (22,537) | - | - | - | - |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | 13,750 | 13,750 | - | (13,750) | 18,978 | 18,978 | - | (18,978) | - | - | - | - |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | - | - | 1,211,867 | 1,211,867 | 1,211,867 | - |
| Total revenues | \$ 68,750 | 68,750 | 28,275 | (40,475) | 130,343 | 130,343 | 88,828 | (41,515) | 1,211,867 | 1,211,867 | 1,211,867 | - |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ 68,750 | 68,750 | 35,344 | 33,406 | 130,343 | 130,343 | 103,965 | 26,378 | - | - | - | - |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | - | - | 1,211,867 | 1,211,867 | 1,211,867 | - |
| Noncurrent | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 68,750 | 68,750 | 35,344 | 33,406 | 130,343 | 130,343 | 103,965 | 26,378 | 1,211,867 | 1,211,867 | 1,211,867 | - |
| Excess of revenues and other financing sources over expenditures | - | - | (7,069) | (7,069) | - | - | (15,137) | (15,137) | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | (7,069) | (7,069) | - | - | (15,137) | (15,137) | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|--|----------------------------------|------------------|------------------|---|---------------------|-----------------|-----------------|---|-------------------|-----------------|-----------------|---|
| | UPWP #52 | | | | UPWP/FTA/NMSHTD #53 | | | | CTCP #67 | | | |
| | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ 1,096,871 | 1,096,871 | 1,096,870 | (1) | 277,453 | 277,535 | 259,864 | (17,671) | 565,057 | 565,057 | 182,932 | (382,125) |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | 186,920 | 186,920 | - | (186,920) | 47,281 | 47,295 | - | (47,295) | 96,292 | 96,292 | - | (96,292) |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 1,283,791 | 1,283,791 | 1,096,870 | (186,921) | 324,734 | 324,830 | 259,864 | (64,966) | 661,349 | 661,349 | 182,932 | (478,417) |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ 1,283,791 | 1,283,791 | 1,283,790 | 1 | 324,734 | 324,830 | 324,830 | - | 661,349 | 661,349 | 214,106 | 447,243 |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | - | - | - | - | - | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 1,283,791 | 1,283,791 | 1,283,790 | 1 | 324,734 | 324,830 | 324,830 | - | 661,349 | 661,349 | 214,106 | 447,243 |
| Excess of revenues and other financing sources over expenditures | - | - | (186,920) | (186,920) | - | - | (64,966) | (64,966) | - | - | (31,174) | (31,174) |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfer in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | (186,920) | (186,920) | - | - | (64,966) | (64,966) | - | - | (31,174) | (31,174) |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|---|----------------------------------|-----------------|-----------------|--|-------------------|-----------------|-----------------|--|---------------------------|-----------------|---------------|--|
| | TIME TRAVEL PROGRAM #68 | | | | EDA #72 | | | | EDA INNOVATION CENTER #74 | | | |
| | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ 181,832 | 181,832 | 136,673 | (45,159) | 60,000 | 60,000 | 54,648 | (5,352) | 361,766 | 361,766 | 86,646 | (275,120) |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | 30,986 | 30,986 | - | (30,986) | 40,000 | 40,000 | - | (40,000) | 241,178 | 241,178 | 12,764 | (228,414) |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 212,818 | 212,818 | 136,673 | (76,145) | 100,000 | 100,000 | 54,648 | (45,352) | 602,944 | 602,944 | 99,410 | (503,534) |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ 212,818 | 212,818 | 159,964 | 52,854 | 100,000 | 100,000 | 91,080 | 8,920 | 602,944 | 602,944 | 99,410 | 503,534 |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | - | - | - | - | - | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 212,818 | 212,818 | 159,964 | 52,854 | 100,000 | 100,000 | 91,080 | 8,920 | 602,944 | 602,944 | 99,410 | 503,534 |
| Excess of revenues and other financing sources over expenditures | - | - | (23,291) | (23,291) | - | - | (36,432) | (36,432) | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfer in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | (23,291) | (23,291) | - | - | (36,432) | (36,432) | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|--|----------------------------------|--------------|--------------|------------------------------------|------------------|---------------|---------------|------------------------------------|----------------------|----------------|---------------|------------------------------------|
| | SAN YSIDRO COMP #78 | | | | WILLARD COMP #79 | | | | CDBG EMERG GRANT #80 | | | |
| | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ 2,952 | 2,952 | 2,952 | - | 35,650 | 35,650 | 32,698 | (2,952) | - | 157,143 | 24,792 | (132,351) |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | - | - | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 2,952 | 2,952 | 2,952 | - | 35,650 | 35,650 | 32,698 | (2,952) | - | 157,143 | 24,792 | (132,351) |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ 2,952 | 2,952 | 2,952 | - | 35,650 | 35,650 | 32,698 | 2,952 | - | 157,143 | 24,792 | 132,351 |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | - | - | - | - | - | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 2,952 | 2,952 | 2,952 | - | 35,650 | 35,650 | 32,698 | 2,952 | - | 157,143 | 24,792 | 132,351 |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfer in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | - | - | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|--|----------------------------------|------------------|------------------|---|-------------------|-----------------|-----------------|---|--------------------------|-----------------|------------|---|
| | Commuter Rail Oper #89 | | | | LPA #93 | | | | PHOTOVOLTAIC SYSTEM #213 | | | |
| | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ - | - | - | - | - | - | - | - | - | - | - | - |
| State | - | - | - | - | 97,416 | 99,214 | 99,214 | - | 387 | 387 | 387 | - |
| Local | - | - | - | - | 52,584 | 75,786 | - | (75,786) | - | - | - | - |
| Reimbursement of Rio Metro costs | 1,267,712 | 1,267,712 | 1,267,712 | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 1,267,712 | 1,267,712 | 1,267,712 | - | 150,000 | 175,000 | 99,214 | (75,786) | 387 | 387 | 387 | - |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ - | - | - | - | 150,000 | 175,000 | 164,198 | 10,802 | 387 | 387 | 387 | - |
| Incurred on behalf of Rio Metro | 1,267,712 | 1,267,712 | 1,267,712 | - | - | - | - | - | - | - | - | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 1,267,712 | 1,267,712 | 1,267,712 | - | 150,000 | 175,000 | 164,198 | 10,802 | 387 | 387 | 387 | - |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | (64,984) | (64,984) | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfer in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | (64,984) | (64,984) | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|--|----------------------------------|---------------|---------------|------------------------------------|--------------------------|---------------|---------------|------------------------------------|---------------------------------|---------------|---------------|------------------------------------|
| | ARRA PHOTOVOLTAIC #214 | | | | ARRA ENERGY CONSERV #220 | | | | RIO METRO SERVICE SCHEDULE #410 | | | |
| | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ - | - | - | - | - | 56,690 | 51,904 | (4,786) | - | - | - | - |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | - | - | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of Rio Metro costs | 22,125 | 22,125 | 22,125 | - | - | - | - | - | 43,906 | 43,906 | 43,906 | - |
| Total revenues | \$ 22,125 | 22,125 | 22,125 | - | - | 56,690 | 51,904 | (4,786) | 43,906 | 43,906 | 43,906 | - |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ - | - | - | - | - | 56,690 | 51,904 | 4,786 | - | - | - | - |
| Incurred on behalf of Rio Metro | 22,125 | 22,125 | 22,125 | - | - | - | - | - | 43,906 | 43,906 | 43,906 | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 22,125 | 22,125 | 22,125 | - | - | 56,690 | 51,904 | 4,786 | 43,906 | 43,906 | 43,906 | - |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | - | - | - | - | - | - |

See Notes to Financial Statements.

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|--|----------------------------------|-----------------|----------------|--|-------------------------|-----------------|----------------|--|-----------------------|-----------------|----------------|--|
| | TRAVEL DEMAND MANAGEMENT #411 | | | | RIO RANCHO TRANSIT #425 | | | | VALENCIA TRANSIT #430 | | | |
| | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variations Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ - | - | - | - | - | - | - | - | - | - | - | - |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | - | - | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of Rio Metro costs | 118,297 | 118,297 | 118,297 | - | 436,160 | 436,160 | 436,160 | - | 650,645 | 650,645 | 650,645 | - |
| Total revenues | \$ 118,297 | 118,297 | 118,297 | - | 436,160 | 436,160 | 436,160 | - | 650,645 | 650,645 | 650,645 | - |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ - | - | - | - | - | - | - | - | - | - | - | - |
| Incurred on behalf of Rio Metro | 118,297 | 118,297 | 118,297 | - | 436,160 | 436,160 | 436,160 | - | 650,645 | 650,645 | 650,645 | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 118,297 | 118,297 | 118,297 | - | 436,160 | 436,160 | 436,160 | - | 650,645 | 650,645 | 650,645 | - |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Local match transfer in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | - | - | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|--|---|----------------|----------------|-----------------------------------|----------------|----------------|-----------------|-----------------------------------|----------------------|----------------|----------------|-----------------------------------|
| | Regional Transit District-Sandoval Easy Express#435 | | | | JARC #450/451 | | | | NEW FREEDOM #452/453 | | | |
| | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ - | - | - | - | 643,501 | 831,107 | 508,855 | (322,252) | 409,047 | 744,512 | 252,152 | (492,360) |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | - | - | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of Rio Metro costs | 205,166 | 205,166 | 205,166 | - | 55,480 | 55,480 | - | (55,480) | - | - | - | - |
| Total revenues | \$ 205,166 | 205,166 | 205,166 | - | 698,981 | 886,587 | 508,855 | (377,732) | 409,047 | 744,512 | 252,152 | (492,360) |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ - | - | - | - | 643,501 | 831,107 | 564,335 | 266,772 | 409,047 | 744,512 | 252,152 | 492,360 |
| Incurred on behalf of Rio Metro | 205,166 | 205,166 | 205,166 | - | - | - | - | - | - | - | - | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | 55,480 | 55,480 | - | 55,480 | - | - | - | - |
| Total expenditures | 205,166 | 205,166 | 205,166 | - | 698,981 | 886,587 | 564,335 | 322,252 | 409,047 | 744,512 | 252,152 | 492,360 |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | (55,480) | (55,480) | - | - | - | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Local match transfer in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | (55,480) | (55,480) | - | - | - | - |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | | | | |
|--|----------------------------------|----------------|----------------|-----------------------------------|-------------------------------|----------------|----------------|-----------------------------------|---------------------|----------------|----------------|-----------------------------------|
| | TANF BROKER #455 | | | | LOS LUNAS CORRIDOR STUDY #470 | | | | EDA CONFERENCE #472 | | | |
| | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ 670,000 | 185,153 | 185,153 | - | - | - | - | - | - | 68,888 | 67,648 | (1,240) |
| State | - | - | - | - | 364,073 | 550,759 | 404,977 | (145,782) | - | - | - | - |
| Local | - | - | - | - | - | - | - | - | - | 45,925 | 39,405 | (6,520) |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 670,000 | 185,153 | 185,153 | - | 364,073 | 550,759 | 404,977 | (145,782) | - | 114,813 | 107,053 | (7,760) |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ 670,000 | 185,153 | 185,153 | - | 364,073 | 550,759 | 404,977 | 145,782 | - | 114,813 | 107,053 | 7,760 |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | - | - | - | - | - | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 670,000 | 185,153 | 185,153 | - | 364,073 | 550,759 | 404,977 | 145,782 | - | 114,813 | 107,053 | 7,760 |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | - | - | - | - | - | (0) |
| Other financing sources (uses) | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | - | - | - | - | - | (0) |

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, 2011

| | Special Revenue Funds, continued | | | | | | | | Capital Projects Fund | | | |
|---|-----------------------------------|-----------------|---------------|---|-------------------------------|-----------------|---------------|---|---------------------------|-----------------|--------------|---|
| | REGION III HOUSING AUTHORITY #475 | | | | UNM TRANSPORTATION STUDY #485 | | | | SANTO DOMINGO STATION #92 | | | |
| | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) |
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | |
| Federal | \$ - | - | - | - | - | - | - | - | 9,546 | 9,546 | 9,546 | - |
| State | - | - | - | - | - | - | - | - | - | - | - | - |
| Local | 28,311 | 28,311 | 28,311 | - | 40,000 | 50,000 | 20,995 | (29,005) | - | - | - | - |
| Reimbursement of Rio Metro costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 28,311 | 28,311 | 28,311 | - | 40,000 | 50,000 | 20,995 | (29,005) | 9,546 | 9,546 | 9,546 | - |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | \$ 28,311 | 28,311 | 28,311 | - | 40,000 | 50,000 | 20,995 | 29,005 | 9,546 | 9,547 | 9,547 | - |
| Incurred on behalf of Rio Metro | - | - | - | - | - | - | - | - | - | - | - | - |
| Noncurrent: | | | | | | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 28,311 | 28,311 | 28,311 | - | 40,000 | 50,000 | 20,995 | 29,005 | 9,546 | 9,547 | 9,547 | - |
| Excess of revenues and other financing sources over expenditures | - | - | - | - | - | - | - | - | - | (1) | (1) | - |
| Other financing sources (uses) | | | | | | | | | | | | |
| Local match transfer in | - | - | - | - | - | - | - | - | - | 1 | 1 | - |
| Transfer out | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | \$ - | - | - | - | - | - | - | - | - | - | - | - |

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, 2011

| | Capital Projects Funds, continued | | | |
|---|-----------------------------------|-----------------|----------------|---|
| | COMMUTER RAIL CROSS-ST #95 | | | |
| | Initial Budget | Final Budget | Actual | Variances Favorable (unfavorable) |
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal | \$ - | - | - | - |
| State | - | - | (2,160) | (2,160) |
| Local | - | - | - | - |
| Reimbursement of Rio Metro costs | - | - | - | - |
| Total revenues | \$ - | - | (2,160) | (2,160) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | \$ - | - | - | - |
| Incurred on behalf of Rio Metro | - | - | - | - |
| Noncurrent: | | | | |
| Capital outlay | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess of revenues and other financing sources over expenditures | - | - | (2,160) | (2,160) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 2,160 | 2,160 |
| Transfers out | - | - | - | - |
| Change in fund balance | \$ - | - | - | - |

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

| Federal Grantor/Program Title | Federal CFDA Number | Grant/Pass Through Number | Fund # | Federal Expenditures |
|--|----------------------------|----------------------------------|---------------|-----------------------------|
| <u>U.S. Department of Commerce</u> | | | | |
| Economic Development Administration: | | | | |
| Economic Development Planning Grant | 11.302 | 08-83-04533 | 072 | \$ 54,648 |
| Innovation Center Grant | 11.302 | 08-79-04463 | 074 | 86,646 |
| EDA Regional Conference | 11.302 | 08-88-04681 | 472 | 67,648 |
| Total U.S. Department of Commerce | | | | <u>208,942</u> |
| <u>U.S. Department of Energy</u> | | | | |
| Passed through State of New Mexico Energy, Minerals & Natural Resources Department | | | | |
| Energy Efficiency & Conservation Block Grant Program - ARRA | 81.128 | 11-521-R1DOE00002-0085 | 220 | 51,904 |
| Total U.S. Department of Energy | | | | <u>51,904</u> |
| <u>U.S. Department of Health & Human Services</u> | | | | |
| Passed through State of New Mexico Human Services Department | | | | |
| TANF Transportation Broker Program | 93.558 | GSA 11-630-9000-0032 | 455 | 185,153 |
| Total U.S. Department of Health & Human Services | | | | <u>185,153</u> |
| <u>U.S. Department of Housing & Economic Development</u> | | | | |
| Passed through State of New Mexico DFA Local Government Division | | | | |
| Community Development Block Grants | 14.228 | 11-C-NR-I-5-G-03 | 080 | 24,792 |
| Total U.S. Department of Housing & Economic Development | | | | <u>24,792</u> |
| <u>U.S. Department of Transportation</u> | | | | |
| Federal Transportation Administration (FTA) | | | | |
| Transit Services Program Cluster: | | | | |
| Job Access/Reverse Commute Program | 20.516 | NM-37-X018-00 | 450 | 508,855 |
| New Freedom Program | 20.521 | NM-57-X003-00 | 452/453 | 111,778 |
| New Freedom Program | 20.521 | NM-57-X006-00 | 452/453 | 140,373 |
| Total U.S. Department of Transportation Direct | | | | <u>761,006</u> |
| <u>U.S. Department of Transportation</u> | | | | |
| Passed through State of New Mexico Department of Transportation | | | | |
| Regional Planning Organization | 20.205 | M01037 | 033 | 88,828 |
| Salt Missions Trail Scenic Byway | 20.205 | D13299 | 032 | 28,275 |
| Unified Planning Work Program | 20.205 | M01028 | 052 | 1,096,871 |
| Unified Planning Work Program | 20.505 | M01028 | 053 | 259,864 |
| Transportation Surveillance Program | 20.205 | M01028 | 067 | 182,932 |
| Travel Time Program | 20.205 | 80500-0000100923 | 068 | 136,672 |
| Santo Domingo Commuter Rail Station | 20.509 | M00880 | 092 | 9,547 |
| Belen Pedestrian Bridge | 20.205 | D12997 | 216 | 2,161,239 |
| Total U.S. Department of Transportation Pass-through Awards | | | | <u>3,964,228</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 5,196,025</u> |

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2011**

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 provided federal awards (JARC and New Freedom) to Rio Metro RTD, City of Albuquerque, and ARCA as subrecipients during the year.

| <u>Name</u> | <u>Amount</u> |
|---------------------|----------------|
| Rio Metro RTD | 419,108 |
| City of Albuquerque | 29,798 |
| ARCA | 250,852 |
| Total | <u>699,758</u> |

4. MRCOG provided services to Workforce Solutions, New Mexico State University, San Ysidro and Willard in which they were paid with federal dollars. The relationships with these entities is a vendor relationship rather than as a subrecipient. Those dollars received by MRCOG under the related contracts are detailed below:

| <u>Name</u> | <u>Amount</u> |
|------------------------------------|-------------------|
| Workforce Solutions | \$ 678,739 |
| New Mexico State University | 120,792 |
| San Ysidro | 2,953 |
| Willard | 32,697 |
| Total Federal Contracts | <u>\$ 835,181</u> |
| Total Federal Grants | <u>5,196,025</u> |
| Total Federal grants and contracts | <u>6,031,206</u> |

See Notes to Financial Statements.

SINGLE AUDIT INFORMATION

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

To the Board of Directors
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, 2011, and have issued our report thereon dated November 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of MRCOG is responsible for establishing and maintaining effective 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

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

entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We also noted a certain other matter that is required to be reported pursuant to Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and questioned costs as finding 2011-1.

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

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
November 11, 2011

**Report of Independent Auditors 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, 2011. 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.

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

In our opinion, 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, 2011.

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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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 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
November 11, 2011

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2011**

| | |
|--|---------|
| 10-1 Segregation of Duties | Cleared |
| 10-2 Basis of Accounting, Accruals, Cut-off | Cleared |
| 10-3 Procurement | Cleared |
| 10-4 Formula Grants for Other than Urbanized Areas-Reporting | Cleared |
| 10-5 All Major Programs: DOT Cluster, TANF Cluster, Capital Investment Grant and Formula Grants for Other than Urbanized Areas – Procurement | Cleared |
| 10-6 Compliance with Capital Investment Grant – Davis Bacon, Reporting, and Allowable Costs | Cleared |

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2011**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 20.516, 20.521 | Transit Services Program Cluster |
| 20.205, 20.505 | Highway Planning and Construction |

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, 2011**

B. FINDINGS - FINANCIAL STATEMENTS

NONE

C. FINDINGS - FEDERAL AWARD

NONE

D. FINDINGS – COMPLIANCE AND OTHER MATTERS

2011-1 Fringe Benefits

CONDITION

Management did not include the personal use of vehicles in wages on W-2 forms resulting in wages being reported incorrectly to individuals by approximately \$3,600 in 2010. Management brought to our attention before the audit began and policies were implemented during 2011 to correct this timely.

CRITERIA

The Internal Revenue Code requires the personal use of vehicles to be included in the wages of the individual that is receiving the benefit of the use of the vehicle. NM State Auditor Rule 2.2.2.10 H (2) states the following “(2) IRS Employee Income Tax Compliance Issues – Noncompliance with these IRS requirements requires a current year audit finding.”

EFFECT

Taxable wages of the individuals receiving benefit from the personal use of company vehicles is understated approximately \$3,600.

CAUSE

Prior to the creation of Rio Metro, employees were not taking vehicles home. Management revisited their policies in 2012 and realized that changes needed to be made because this had changed.

RECOMMENDATION

We recommend that management continue to monitor compliance procedures to capture the value of personal use of company vehicles.

MANAGEMENT RESPONSE

Management is now including personal use of vehicles in the W-2 wages of all employees who take home company vehicles.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2011**

An exit conference was held on November 1, 2011, in a closed session. The contents of this report were discussed. Present at the exit conference were:

Representing MRCOG:

Debbie O'Malley
Dewey Cave
Amy Myer, CPA
Thaddeus Lucero

Board Chair
Executive Director
Finance Manager
Director of Planning and
General Services

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.