

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

FINANCIAL STATEMENTS

JUNE 30, 2016

MID-REGION COUNCL OF GOVERNMENTS OF NEW MEXICO

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INTRODUCTORY SECTION

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO

Official Roster June 30, 2016

M. Steven Anaya	Chair
Jack Torres	Vice-Chair
Adrian Oglesby	Board Member
Brad Hill	Board Member
Debbie O'Malley	Board Member
Don Harris	Board Member
Donald Lopez	Board Member
Donald Rudy	Board Member
James Dominguez	Board Member
Emily Sanchez	Board Member
Glen Walters	Board Member
Gloria Chavez	Board Member
Isaac Benton	Board Member
Robert Perry	Board Member
Rey Garduno	Board Member
John G. Phillips III	Board Member
Diane Gibson	Board Member
Ken Sanchez	Board Member
Larry Abraham	Board Member
Lawrence Romero	Board Member
Leon Otero	Board Member
Klarissa Pena	Board Member
Deborah Stover	Board Member
Lorenzo Garcia	Board Member
Jerah Cordova	Board Member
Wayne Johnson	Board Member
Tom Zdunek	Board Member
Robert Knowlton	Board Member
Dr. Katherine W. Winograd	Board Member
Philip Gasteyer	Board Member
Pat Clauser	Board Member
Mark Hatzenbuehler	Board Member
Vendora Casados	Board Member
Charles Greigo	Board Member
Christina Ainsoworth	Board Member
Ron Williams	Board Member
Greggory D. Hull	Board Member
Lonnie Clayton	Board Member
Richard Bruce	Board Member
James Fahey	Board Member
Julia DuCharme	Board Member
Connie Beimer	Board Member
Robert Chavez	Board Member
J. Don Martinez	Board Member
Tom Church	Board Member
Timothy Parker	Board Member
Bruce Sanchez	Board Member

FINANCIAL SECTION

Independent Auditor's Report

**6200 Uptown Blvd NE
Suite 400**

**Albuquerque, NM 87110
505.338.0800**

Mr. Timothy Keller, State Auditor and
To the Board of Directors
Mid-Region Council of Governments of New Mexico

Report on Financial Statements

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 and major special revenue fund of the Mid-Region Council of Governments (MRCOG), as of and for the year ended June 30, 2016, and the related notes to the financial statements 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 presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Mr. Timothy Keller, State Auditor and
To the Board of Directors
Mid-Region Council of Governments of New Mexico

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the MRCOG as of June 30, 2016, and the respective changes in financial position, and the respective budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and the respective changes in financial position and budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, MRCOG adopted GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73 effective July 1, 2015*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, page numbers 5 to 14, schedule of MRCOG's proportionate share of the net pension liability, page number 40, and schedule of MRCOG's contributions, page number 41, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Mr. Timothy Keller, State Auditor and
To the Board of Directors
Mid-Region Council of Governments of New Mexico

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements and the combining and individual fund financial statements and budgetary comparisons that collectively comprise MRCOG's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, description of non-major special revenue funds, and the schedule of pledged collateral, as required by the New Mexico State Audit Rule, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 9, 2016, 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 in considering MRCOG's internal control over financial reporting and compliance.

Ricci & Company LLC

Albuquerque, New Mexico
December 9, 2016

**MID-REGION OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

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 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 OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

The MRCOG serves as the Mid-Region Metropolitan Planning Organization (MRMPO). The MRMPO develops the Metropolitan Transportation Plan (MTP) and develops the Transportation Improvement Program (TIP). The Futures 2040 Metropolitan Transportation Plan was adopted by the Metropolitan Transportation Board in April 2016. Since then, the MRCOG/MRMPO staff have been working in various ways and on various activities to get the plan on its feet. These activities include MTP Outreach, developing a regional Safe Routes to School Program, helping facilitate the various phases of the Regional Transportation Management Center, developing the Long Range Transportation System Guide, and maintaining the TIP, among many other activities.

The University of New Mexico (UNM), Central New Mexico Community College (CNM), and Sunport area is the focus of a study that will identify how transit can best meet the variety of transportation needs associated with this area - students and employees traveling to classes and jobs, residents traveling within the area, and travel needs associated with business activities and other destinations in the area. This study is a collaborative effort of the City of Albuquerque, Bernalillo County, UNM, CNM, and MRCOG, serving as the lead agency.

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 Village of Jemez Springs, City of Moriarty and Town of Peralta.

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.

MRCOG is coordinating a Transportation and Logistics HUB Study to identify how the region's infrastructure and development can support increases in freight logistics, assembly of goods, production manufacturing, and international trade. Central New Mexico has several geographic and infrastructure advantages, including: Two interstates the bisect the region; an equidistant location from both the Port of Los Angeles and the Port of Houston; the Belen Terminal on the Burlington Northern Santa Fe Transcontinental rail line. In addition, the

**MID-REGION OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

Albuquerque Sunport has immense air cargo capacity, the region's Foreign Trade Zone is expanding, providing tax incentives to more companies wishing to import and assemble products, and several trans-load facilities are lining up to take advantage of rail-to-truck activity. The study also will identify specific industry areas to build on or tap into and the modes of transportation associated with each. That analysis will lead to suggestions about strategic infrastructure investments, policy changes and other strategies to pursue that best leverages the region's assets. The study is expected to be released by the end of the next fiscal year.

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 position presents information on all of the MRCOG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the MRCOG is improving or deteriorating. The statement of activities presents information showing how the MRCOG's net position changed during the most recent fiscal year. All changes in net position 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.

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 OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

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 twenty-four (24) 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, and Rio Metro Operations, both of which are considered to be major funds. Data from the other twenty-two (22) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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.

Budgetary Comparisons

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 nonmajor special revenue funds budgetary comparisons are presented in supplementary schedules.

FINANCIAL ANALYSIS OF THE COUNCIL

Overall Financial Position

The MRCOG's overall financial position continues to remain strong. MRCOG is the largest Metropolitan Planning Organization (MPO) in the state and the federal funds to administer the MPO have remained stable. MRCOG is also a Regional Planning Organization (RPO) and a Local Planning Agency (LPA). Much of MRCOG's growth over the last 10 years is attributable to Rio Metro, which continues to expand its role in the region. MRCOG other planning activities continue to grow as MRCOG expands its services and expertise in the region.

**MID-REGION OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

Over the past twenty-four years the number of funds (projects) administered by the MRCOG has increased from twelve (12) during fiscal year 1992 to twenty-four (24) during fiscal year 2016. Total expenditures over the same period, including capital projects, have increased from \$1.3 million during the fiscal year ending June 30, 1992 to \$9.7 million during the fiscal year ending June 30, 2016. Over fifty percent (50%) of current year expenditures relate to Rio Metro operations.

The MRCOG's net position decreased by \$33,216 compared to the prior year, from a restated net position of \$(3,049,495) as of June 30, 2015 to \$(3,082,711) as of June 30, 2016. The decrease in net position was principally a result of the MRCOG utilizing a fixed with carry over indirect cost rate. Pension costs of \$515,166 from the prior year were expensed and recorded as a prior period adjustment as required by GASB Statement No. 82. GASB Statement No. 82 requires a restatement of employer "pickup" contributions that are now considered employee contributions for purposes of calculations of the employer allocation percentage in GASB Statement No 68 entries.

Compared to the prior year ending June 30, 2015, the MRCOG's Total Governmental Funds expenditures decreased from \$9.843 million (FY15) to \$9.711 million (FY16), a change of approximately \$132,000. The decrease is primarily the result of two projects that were completed in the prior year: Climate Change caused a decrease of approximately \$68,000 from prior year; and EDA Innovation Center caused a decrease of approximately \$64,000 from prior year.

**MID-REGION OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

Net Position

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

Table A-1
MRCOG's Net Position

	Governmental Activities 6/30/16	Governmental Activities 6/30/15
Current assets	\$ 4,302,750	5,594,247
Capital assets, net of accumulated depreciation	<u>3,886,582</u>	<u>3,962,945</u>
Total assets	<u>8,189,332</u>	<u>9,557,192</u>
Deferred outflow of resources	<u>502,679</u>	<u>1,014,585</u>
Total current liabilities	3,285,244	4,334,178
Total long-term debt	<u>8,293,561</u>	<u>6,895,156</u>
Total liabilities	<u>11,578,805</u>	<u>11,229,334</u>
Deferred inflows of resources	<u>195,917</u>	<u>1,876,772</u>
Net position		
Net investment in capital assets	1,866,368	1,809,495
Unrestricted	<u>(4,949,079)</u>	<u>(4,343,824)</u>
Net position, end of year	<u>\$ (3,082,711)</u>	<u>(2,534,329)</u>

**MID-REGION OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

Changes in Net Position: The MRCOG's change in net position for fiscal year 2016 was a decrease of \$33,216. The table below reflects the changes in net position.

Table A-2
MRCOG's Net Position

	Governmental Activities 6/30/16	Governmental Activities 6/30/15
	<hr/>	<hr/>
Expenses	\$ (9,497,545)	(9,856,334)
Add: Charges for services	6,457,757	6,440,689
Operating grants	3,009,923	3,648,564
	<hr/>	<hr/>
	(29,865)	232,919
General revenues (expense) – total	(3,351)	1,289
	<hr/>	<hr/>
Change in net position	(33,216)	234,208
	<hr/>	<hr/>
Net position – beginning of year	(2,534,329)	3,161,556
Restatement for GASB's 82/68 Implementation	(515,166)	(5,930,093)
	<hr/>	<hr/>
Restated net position, beginning of year	(3,049,495)	(2,768,537)
	<hr/>	<hr/>
Net position, end of year	\$ (3,082,711)	(2,534,329)
	<hr/>	<hr/>

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

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

	Governmental Activities 6/30/16	Governmental Activities 6/30/15
Revenues:		
Federal	\$ 2,567,624	2,541,999
State	95,486	95,486
Charges for Service	17,012	42,967
Local	776,087	1,065,146
Reimbursement of Rio Metro costs	60,11,471	5,892,634
Interest and other	1,299	2,436
Total revenues	<u>9,468,979</u>	<u>9,640,668</u>
Expenditures:		
Operations	2,899,123	3,255,809
Contractual	513,717	433,616
Expenses reimbursed by Rio Metro	6,011,471	5,835,736
Capital outlay	139,526	170,927
Debt Service	146,837	146,837
Total expenditures	<u>9,710,674</u>	<u>9,842,925</u>
Excess (deficiency of revenues over expenditures)	(241,695)	(202,257)
Other financing sources (uses), net	-	-
Net change in fund balance	(241,695)	(202,257)
Beginning fund balances	<u>1,393,305</u>	<u>1,595,562</u>
Ending fund balances	<u>\$ 1,151,610</u>	<u>1,393,305</u>

The MRCOG's total expenditures of government-type activities during the fiscal year 2016 were \$9,710,674. The decrease is primarily due to certain programs and projects substantially completed in fiscal year 2015.

**MID-REGION OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

Analysis of Major Funds

General Fund (Fund 010): Revenues in the General Fund were consistent between FY15 and FY16. Expenditures increased approximately \$67,000 from FY15 to FY16. The increase was caused by actual indirect costs incurred being greater than indirect costs allocated. MRCOG's federally negotiated indirect cost rate is fixed with carry forward. Therefore, MRCOG's rate will always be adjusted from one fiscal year to the next based on the amounts carried forward, which will always cause a difference between actual indirect costs incurred and indirect costs allocated. This method is acceptable per federal regulations and is approved by MRCOG's federal oversight agency.

Rio Metro Operations: Rio Metro Operations reported by MRCOG are those costs incurred by MRCOG, such as payroll, and reimbursed by Rio Metro. In FY16, Rio Metro Operations expenditures totaled over \$5.957 million, an increase of approximately \$65,000 from FY15. This increase is due partly to annual salary cost of living adjustments, and partly to the phase out of several projects, netting salary increases to \$65,000.

Budgetary highlights

- General Fund: The favorable budget variance is about 4% of the budget and is not a substantial difference.
- Rio Metro Operations: Rio Metro's favorable budget variance is about 2% of the budget and is not a substantial difference.

Fund Balance

The MRCOG's governmental funds reported combined fund balances of \$1,151,610. This is \$241,695 lower than the previous year. The change is attributed partly to capital outlay in the general fund. Another contributing factor is the decrease in revenues due to the MRCOG's indirect cost plan methodology. The MRCOG's budget is designed to fully utilize resources in providing services to its members and their communities, while maintaining a prudent reserve for unexpected downturns. The MRCOG Board has committed \$500,000 of the \$1.15 million fund balance as a reserve for unexpected downturns and claims

Capital Assets

The MRCOG's investment in capital assets as of June 30, 2016 amounted to \$3,886,582. The capital assets consist mainly of office equipment, vehicles, and a building. Depreciation expense of \$267,270 was recorded in the current year. Additions of \$195,557 were purchased during the year ended June 30, 2016, consisting mainly of equipment.

**MID-REGION OF GOVERNMENTS OF NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2016**

Long-Term Debt

Long-term debt consists of the capital lease of the MRCOG building at 809 Copper Avenue NW, Albuquerque, NM 87102. The MRCOG leases the building from Bernalillo County. The loan includes the capital lease of \$1,612,644 plus \$750,000 that the County loaned the MRCOG for building renovations and replacement of the HVAC system. The net decrease to debt is \$133,236 from FY15 to FY16. As of June 30, 2016, the MRCOG had total long-term debt in the amount of \$2,020,214.

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. The 2017 budget has been reduced by nearly \$0.5 million from the 2016 budget. This is mainly due to multi-year projects that were substantially completed in 2016.

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 Avenue NW, Albuquerque, NM 87102.

BASIC FINANCIAL STATEMENTS

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
STATEMENT OF NET POSITION
GOVERNMENT-WIDE
June 30, 2016

	Governmental Activities
ASSETS	
Current	
Cash and cash equivalents	\$ 2,987,301
Other receivables	307,947
Grants reimbursements receivables	387,888
Related entity receivables	591,328
Prepaid expenses	28,286
Total current assets	<u>4,302,750</u>
Noncurrent	
Capital assets not being depreciated	683,800
Capital assets, net of accumulated depreciation	3,202,782
Total noncurrent assets	<u>3,886,582</u>
Total assets	<u>\$ 8,189,332</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources related to pensions	<u>\$ 502,679</u>
LIABILITIES	
Current	
Accounts payable	\$ 1,800,846
Accrued payroll liabilities	362,104
Unearned grant advances	988,190
Current portion of capital lease payable	134,104
Total current liabilities	<u>3,285,244</u>
Noncurrent	
Accrued compensated absences	112,182
Net pension liability	6,295,269
Capital lease payable	1,886,110
Total noncurrent liabilities	<u>8,293,561</u>
Total liabilities	<u>\$ 11,578,805</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>\$ 195,917</u>
NET POSITION	
Net investment in capital assets	\$ 1,866,368
Unrestricted	(4,949,079)
Total net position	<u>\$ (3,082,711)</u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
STATEMENT OF ACTIVITIES
GOVERNMENT-WIDE
Year Ending June 30, 2016

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue and Changes in Net Position for Government Activities
Government Activities:				
General activities	\$ 184,481	\$ 545,998	\$ -	\$ 361,517
Reimbursement of Rio Metro costs	5,957,381	5,911,759	45,622	-
Transportation planning	2,184,615	-	1,880,840	(303,775)
Economic development	178,823	-	136,046	(42,777)
Employment development	733,878	-	733,878	-
Other planning programs	258,367	-	213,537	(44,830)
Total government activities	<u>\$ 9,497,545</u>	<u>\$ 6,457,757</u>	<u>\$ 3,009,923</u>	(29,865)
Loss on disposal of capital assets				(4,650)
Interest				<u>1,299</u>
Change in net position				<u>(33,216)</u>
Net position, beginning of year				
As previously reported				(2,534,329)
Restatement due to GASB 82 implementation				<u>(515,166)</u>
Net position, end of year				<u><u>\$ (3,082,711)</u></u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Special Revenue Rio Metro Operations	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,987,301	-	-	2,987,301
Other receivables	43,366	-	264,581	307,947
Grants reimbursements receivables	-	25,102	362,786	387,888
Interfund receivables	371,738	-	310,706	682,444
Related entity receivables	-	453,154	138,174	591,328
Prepaid expenses	28,286	-	-	28,286
Total assets	\$ 3,430,691	\$ 478,256	\$ 1,076,247	\$ 4,985,194
LIABILITIES				
Accounts payable	\$ 1,637,996	\$ -	\$ 162,850	\$ 1,800,846
Accrued payroll liabilities	61,823	203,342	96,939	362,104
Interfund payable	-	274,914	407,530	682,444
Unearned grant advances	579,262	-	408,928	988,190
Total liabilities	2,279,081	478,256	1,076,247	3,833,584
FUND BALANCES				
Committed	500,000	-	-	500,000
Unassigned	651,610	-	-	651,610
Total fund balances	1,151,610	-	-	1,151,610
Total liabilities and funds balances	\$ 3,430,691	\$ 478,256	\$ 1,076,247	\$ 4,985,194

RECONCILITATION

Total fund balances - governmental funds \$ 1,151,610

Amount reported for government activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported	3,886,582
Deferred outflow of resources related to pensions	502,679
Deferred inflow of resources related to pensions	(195,917)
Capital lease payable, long-term debt	(2,020,214)
Net pension liability, long-term liabilities	(6,295,269)
Compensated absences, long-term liabilities	(112,182)

Net position of governmental activities **\$ (3,082,711)**

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	Major funds		Other	Total
	General	Special Revenue Rio Metro Operations	Non-major Governmental Funds	Governmental Funds
REVENUES				
Intergovernmental				
Federal grants and contracts	\$ -	\$ 45,622	\$ 2,522,002	\$ 2,567,624
State of New Mexico grants	-	-	95,486	95,486
Charges for services	17,012	-	-	17,012
Local	528,986	-	247,101	776,087
Reimbursement of Rio Metro cost	-	5,911,759	99,712	6,011,471
Miscellaneous	-	-	-	-
Interest	1,299	-	-	1,299
Total revenues	547,297	5,957,381	2,964,301	9,468,979
EXPENDITURES				
Current				
Operating	101,086	45,622	2,752,415	2,899,123
Contractual	18,000	-	495,717	513,717
Expenditures reimbursed by Rio Metro	-	5,911,759	99,712	6,011,471
Capital outlay	131,687	-	7,839	139,526
Debit service				
Principal and interest	146,837	-	-	146,837
Total expenditures	397,610	5,957,381	3,355,683	9,710,674
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	149,687	-	(391,382)	(241,695)
OTHER FINANCING SOURCES/USES				
Operating transfers in	-	-	391,382	391,382
Operating transfers out	(391,382)	-	-	(391,382)
	<u>(391,382)</u>	<u>-</u>	<u>391,382</u>	<u>-</u>
Net changes in fund balance	(241,695)	-	-	(241,695)
Fund balance, beginning of year	1,393,305	-	-	1,393,305
Fund balance, end of year	<u>\$ 1,151,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,151,610</u>

RECONCILITATION

Change in fund balances \$ (241,695)

Amount reported for government activities in the statement of activities are different because:

Decrease in pension expense	177,705
Principal portion of capital lease payable	133,236
Deprecation expensed in the statement of activities	(267,270)
Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported	195,557
Loss on disposal of capital asset	(4,600)
Change in accrued vacation and sick liabilities	<u>(26,099)</u>

Change in net position of governmental activities \$ (33,216)

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30,2016

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Charges for services	\$ 35,000	\$ 35,000	\$ 17,012	\$ (17,988)
Local	530,132	530,132	528,986	(1,146)
Interest and other	-	-	1,299	1,299
Total revenues	<u>565,132</u>	<u>565,132</u>	<u>547,297</u>	<u>(17,835)</u>
EXPENDITURES				
Current				
Operating	70,000	111,000	101,086	9,914
Contractual	18,000	18,000	18,000	-
Capital outlay/debt service	190,000	279,000	278,524	476
Total expenditures	<u>278,000</u>	<u>408,000</u>	<u>397,610</u>	<u>10,390</u>
Operating transfers out	<u>(530,132)</u>	<u>(530,132)</u>	<u>(391,382)</u>	<u>138,750</u>
Net change in fund balance	(243,000)	(373,000)	(241,695)	131,305
Fund balance required to balance budget	<u>243,000</u>	<u>373,000</u>	<u>-</u>	<u>-</u>
Fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (241,695)</u>	<u>\$ 131,305</u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL
MAJOR FUND - RIO METRO OPERATIONS
Year Ended June 30, 2016

	Original Budget	Final Budget	Current Year Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal revenue	\$ -	\$ -	\$ 45,622	\$ 45,622
Reimbursement of Rio Metro costs	6,100,000	6,100,000	5,911,759	(188,241)
Total revenues	<u>6,100,000</u>	<u>6,100,000</u>	<u>5,957,381</u>	<u>(142,619)</u>
EXPENDITURES				
Current				
Operating	45,622	45,622	45,622	-
Incurred on behalf of Rio Metro	6,054,378	6,054,378	5,911,759	142,619
Total expenditures	<u>6,100,000</u>	<u>6,100,000</u>	<u>5,957,381</u>	<u>142,619</u>
Changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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.

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 (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity. GAAP establishes 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 does not have any component units.

Basic Financial Statements. The basic financial statements include both government-wide (based on MRCOG as a whole) and fund financial statements. The focus is on either the MRCOG as a whole or major individual funds (fund financial statements). The government-wide statements for MRCOG include only government type activities which 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 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).

Interfund activity is eliminated in the government-wide financial statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - Fund Financials: The fund financial statements presented, emphasis is on the major funds in the governmental category. 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.

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, Rio Metro 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 and major funds:

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

The major special revenue fund for MRCOG is the Rio Metro fund - (Program No. 49, 85, 89, 454, 467, 490) - A special revenue fund that was created by a professional services agreement with Rio Metro. It includes the personnel costs of the operation and administration and other various costs of operating and administering Rio Metro's transit, rail and planning activities.

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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual and both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally, sixty days). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues 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 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. The 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 and improvement	40 years

MRCOG did not own any infrastructure assets as of June 30, 2016.

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 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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For budgetary purposes, the general fund treats principal and interest payments on its debt as an operating cost. These expenditures are then transferred out and allocated out to certain other funds.

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

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Position. Net position on the Statement of Net Position includes the following:

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

Restricted - the component of net position that reports the difference between assets and liabilities of 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 position as of June 30, 2016.

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

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 specific future use. 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. The MRCOG’s Board of Directors committed fund balance of \$500,000 to be maintains for the protection to the local member governments, including potential claims against the MRCOG due to financial reductions.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 government funds.

The 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.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Subsequent Events. Management has evaluated subsequent events through December 9, 2016, the date the financial statements were available to be issued.

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS

The 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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

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, 2016, the amount of the MRCOG's bank balance of \$2,180,976 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 545,682
Uninsured and collateral held by pledging bank's trust department not in MRCOG's name	1,135,294
Insured	<u>500,000</u>
Total	<u>\$ 2,180,976</u>

Following are the descriptions of the cash and repurchase agreements as of June 30, 2015:

	Book Balance	Bank Balance
Repurchase agreement sweep account	\$ 1,182,673	\$ 1,182,673
Checking account	1,123,652	1,500,000
Business savings account	<u>680,976</u>	<u>680,976</u>
	<u>\$ 2,987,301</u>	3,363,649
Outstanding checks		(376,335)
Other Adjustments		(13)
Per financial statements		<u>\$ 2,987,301</u>

NOTE 3. INTERFUND RECEIVABLES/PAYABLES

Interfund accounts were as follows at June 20, 2016:

	<u>Due To</u>	<u>Due From</u>
Due to General fund from major and nonmajor funds	\$ -	\$ 371,738
Due from Rio Metro operations	274,914	-
Due to nonmajor funds from general fund	-	310,706
Due from nonmajor funds to general fund	<u>407,530</u>	-
	<u>\$ 682,444</u>	<u>\$ 682,444</u>

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3. INTERFUND RECEIVABLES/PAYABLES (CONTINUED)

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, 2016 to be repaid within one year.

Matching funds transfers are made by the General Fund as required to meet the matching requirements of grants. During 2016, \$391,382 was transferred from the general fund to the non-major special revenue funds.

NOTE 4. CAPITAL ASSETS

Governmental Fund capital asset activity for the year ending June 30, 2016 is as follows:

	Balance, June 30, 2015	Additions	Deletions	Transfers	Balance, June 30, 2016
Nondepreciable					
Land	\$ 683,800	-	-	-	683,800
Depreciable					
Building and improvements	2,792,822	-	-	-	2,792,822
Furniture, fixtures and machinery	2,163,625	195,557	(22,421)	-	2,336,761
Total assets	<u>5,640,247</u>	<u>195,557</u>	<u>(22,421)</u>	<u>-</u>	<u>5,813,383</u>
Accumulated depreciation					
Building	(671,102)	(69,821)	-	-	(740,923)
Furniture, fixtures and machinery	(1,006,200)	(197,449)	17,771	-	(1,185,878)
Total accumulated depreciation	<u>(1,677,302)</u>	<u>(267,270)</u>	<u>17,771</u>	<u>-</u>	<u>(1,926,801)</u>
Total capital assets, net	<u>\$ 3,962,945</u>	<u>(71,713)</u>	<u>(4,650)</u>	<u>-</u>	<u>3,886,582</u>

Furniture, equipment and machinery have been provided from grants accounted for in Special Revenue Funds in the amount of \$2,336,761, including on hand at June 30, 2016, \$66,248 in surplus (idle) equipment that is fully depreciated and included in the capital assets.

Depreciation expense for the year ended June 30, 2016 was \$267,270. It was charged to the general activities function in the Statement of Activities.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 1,200 will be converted at 3 hours of sick to 2 hours of vacation.

Employees may not carry over more than 1,200 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 results of employee resignations or retirements, or if the amounts have been funded through reimbursements from programs or grants.

In accordance with the above criteria, the MRCOG has accrued a liability using payroll rates in effect at June 30, 2016, 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 the Uniform Guidance.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5. ACCRUED VACATION AND SICK LEAVE (CONTINUED)

The accumulated leave for the year ended June 30, 2016, has been recorded as a liability in the Government-Wide Statement of Net Position as current portion due \$357,818 and long-term portion due \$112,182. Typically, General funds are used to liquidate this liability, which totaled \$112,182 at June 30, 2016. Funds accumulated from grantor reimbursements are used to liquidate the funded portion of the liabilities, which total \$470,000 at June 30, 2016. Detail of accumulated leave for the year is as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$ 431,456	\$ 330,207	\$ (291,663)	\$ 470,000	\$ 357,818

NOTE 6. CHANGES IN LONG-TERM DEBT

On December 12, 2013, the MRCOG amended and restated its capital lease agreement with Bernalillo County. The new agreement refinances the principal balance of \$2,362,644 over seventeen years of 0.65% interest rate. The principal balance includes an additional \$750,000 for renovations to the building. Annual payments are approximately \$147,000 under the restated lease agreements. MRCOG estimated savings of about \$700,000 in interest expense under the new agreement.

A summary of long-term debt and changes in long-term debt for the year ended June 30, 2016 is as follows:

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

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. CHANGES IN LONG-TERM DEBT (CONTINUED)

Schedule of Capital Lease Payable:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>
	\$	
2017	134,104	12,733
2018	134,978	11,859
2019	135,859	10,978
2020	136,744	10,092
2021-2025	697,211	36,973
2026-2030	720,236	13,947
2031	<u>61,082</u>	<u>99</u>
	<u>2,020,214</u>	<u>96,681</u>
Less current portion	<u>(134,104)</u>	
Long-term portion of debt	<u>\$ 1,186,110</u>	

	<u>June 30,</u> <u>2015</u>	<u>Reductions</u>	<u>Additions</u>	<u>June 30,</u> <u>2016</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Capital lease	<u>\$ 2,153,450</u>	<u>\$ (133,236)</u>	<u>\$ -</u>	<u>\$ 2,020,214</u>	<u>\$ 134,104</u>

NOTE 7. RIO METRO REIMBURSEMENTS/INCURRED COSTS

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

Reimbursement to MRCOG	
Rio Metro RTD Revenue	\$ 6,011,471
Incurred on behalf of Rio Metro	
Operating Expenses	6,011,471

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8. PERA PENSION PLAN

Plan Description. Substantially all of the MRCOG's full-time employees participate in the 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 PERA, PO 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.

Employer Pickup. During March 2016, Governmental Accounting Standards Board (GASB) issued Statement No.82, Pension Issues, which clarifies that payments made by an employer to satisfy member contribution requirements should be classified as member contributions for purposes of GASB Statement No. 67. As encouraged by GASB No. 82, PERA has adopted the Statement as of June 30, 2015. As such, PERA's FY15 financial statements no longer contain a line item for the employer paid member contributions that met the prior GASB No. 67 requirement and those member contributions that were required to be separately classified in FY14 as paid by the employer are included as member contributions for FY15. See Note 12 in PERA's FY15 Financial Statements for detailed Net Pension Liability information.

Restatement. Pension costs of \$515,166 from the prior year were expensed and recorded as a prior period adjustment as required by GASB Statement No. 82. GASB Statement No. 82 requires a restatement of employer "pickup" contributions that are now considered employee contributions for purposes of calculations of the employer allocation percentage in GASB Statement No. 68 entries.

Contributions. The contribution requirements of defined benefit plan members and the MRCOG are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 31 through 32 of the PERA FY15 annual audit report at [http://saunm.org/media/audits/366 Public Employees Retirement Association FY2015.pdf](http://saunm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf). The PERA coverage option that applies to the Mid-Region Council of Governments is Municipal Plan 3. Statutorily required contributions to the pension plan from the Mid-Region Council of Governments were \$502,679 and employer paid member benefits that were "picked up" by the employer were \$518,996 for the year ended June 30, 2016.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8. PERA PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Mid-Region Region Council of Government's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

During fiscal years 2015 and 2016, the MRCOG was not reported as a separate employer agency under PERA, but was reported under the City of Albuquerque. The City of Albuquerque provided the MRCOG with their proportionate share information.

At June 30, 2016, the MRCOG reported a liability of \$6,295,269 for its proportionate share of the net pension liability in PERA. At June 30, 2015, the MRCOG's proportion was 3.3 percent of the City of Albuquerque's 19.2677 percent of the Municipal General PERA Fund, which was .1444 lower from its proportion measured as of June 30, 2014 of 19.4121.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8. PERA PENSION PLAN (CONTINUED)

For the year ended June 30, 2016, the MRCOG's recognized pension expense of \$327,416. At June 30, 2016, the MRCOG reported deferred outflows of resources and deferred inflows or resources related to pension from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(143,599)
Changes in assumptions	-	(2,525)
Net difference between projected and actual earnings on pension plan investments	-	(20,507)
Changes in proportion and differences between MRCOG Contributions and proportionate share of contributions	-	(28,386)
MRCOG contributions subsequent to the measurement date	<u>502,679</u>	-
	<u>\$ 502,679</u>	<u>(195,017)</u>

Deferred outflows totaling \$502,679 are related to pensions resulting from MRCOG's contributions subsequent to the measurement date of June 30, 2015 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (180,494)
2018	(180,494)
2019	(180,494)
2020	346,465
2021	<u>-</u>
	<u>\$ 195,017</u>

Actuarial Assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8. PERA PENSION PLAN (CONTINUED)

There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date:	June 30, 2014
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of pay, open
Amortization period:	Solved for based on statutory rates
Asset valuation method:	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Project benefit payment	100 years
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate
• Morality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees, before retirement age) with projection to 2018 using Scale AA.
• Experience Study Dates	July 1, 2008 to June 30, 2013

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	4.0%	4.15%
Total	<u>100.0%</u>	

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8. PERA PENSION PLAN (CONTINUED)

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67.

Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the MRCOG's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the MRCOG's net pension liability in each PERA Fund Division that the MRCOG participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 11,037,771	6,295,269	2,695,796

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report.

The report is available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2015.pdf>.

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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016:

Insurer and Policy Type	Term	Coverage
New Mexico Mutual (worker’s compensation)	2/12/16 – 2/12/17	Injury by accident (\$1,000,000 each accident) Bodily injury by disease (\$1,000,000 each employee) Bodily injury by disease (\$1,000,000 policy limit)
Alliant Insurance Services, Inc. Public Officials Liability	9/29/15 – 9/29/16	\$1,000,000 each occurrence, No general aggregate limit
Scottsdale Insurance Co. General liability	9/29/15 – 9/29/16	\$1,000,000/each occurrence, \$1,000,000 aggregate
Risk Placement Services Property	7/1/15—7/1/16	Boiler and machining property \$10,000,000 aggregate, other limitations apply
Government Crime Policy	7/1/15 -7/1/16	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

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.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 11. POST-EMPLOYMENT BENEFITS (CONTINUED)

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.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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 2% of each participating employee's annual salary; each participating employee is required to contribute 1% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The MRCOG's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$105,304, \$104,625 and \$100,081, respectively, which equal the required contributions for each year.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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.

In the normal course of business, MRCOG is party to certain pending lawsuits and claims. In the opinion of management these lawsuits and claims will be covered by MRCOG's insurance. The ultimate outcome of these lawsuits and claims cannot be determined at this time.

NOTE 13. 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. The employees that work on Rio Metro and WCCNM are not employees of Rio Metro and WCCNM but are employees of the MRCOG. MRCOG invoices Rio Metro and WCCNM for their portion of salaries relating to the use of MRCOG employees as well as rent and other operating expenses. The MRCOG reimbursed the City of Albuquerque \$9,439,012 for payroll, fringe benefits and processing costs and \$7,442 for fuel charges. The MRCOG was reimbursed \$6,079,004 by Rio Metro and \$773,368 by WCCNM for payroll and other operating expenses.

NOTE 14. RELATED ENTITY TRANSACTIONS

Rio Metro Regional Transit District (Rio Metro). The MRCOG's accounts receivable balance from Rio Metro was \$469,163 and the accounts payable balance to Rio Metro was \$1,516 at June 30, 2016. MRCOG also had from Rio Metro a cash advance balance of \$550,528 at June 30, 2016.

Workforce Connection of Central New Mexico (WCCNM). The MRCOG's accounts receivable balance from WCCNM was \$122,165 at June 30, 2016.

Payments made to related entities the year ended June 30, 2016:

Bernalillo County—loan payments	\$ 159,073
Rio Metro	110,605

In addition, MRCOG received payments from its members under grant agreements, contracts and MOUs related to projects.

REQUIRED SUPPLEMENTARY INFORMATION

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF MRCOG'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITIES
Public Employees Retirement Association (PERA) Plan
June 30,2016

	2016	2015
MRCOG's proportion of the net pension liability	0.6358%	0.6139%
MRCOG's proportionate share of the net pension liability	\$ 6,295,269	4,788,854
MRGOG's covered-employee payroll	5,263,654	5,007,828
MRGOG's proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.59%	95.63%
Plan's fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

The amounts presented were determined as of June. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the MRCOG will present information for those years for which information is available.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF MRCOG'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
June 30, 2016

	2016	2015
Contractually required contribution	\$ 502,679	499,414
Contributions in relation to the contractually required contribution	502,679	499,414
Contribution deficiency (excess)	-	-
Mid-Rio Council of Governments' covered-employee payroll	5,263,654	5,229,462
Contribution as a percentage of covered-employee payroll	9.55%	9.55%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Mid-Region Council of Governments' will present information for those years for which information is available.

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY 16 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

For detail about changes in the actuarial assumption, see Appendix B on page 60 of the report.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
DESCRIPTION OF NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2016

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for various grants from Federal, State, and Local agencies and other sources which are restricted by the granting agency to use for expenditures for specified purposes. The following is a description of the purpose of the Non-major Special Revenue Funds. 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 (No. 20) – The Council serves as the administrative entity and fiscal agent for the Workforce Connection of Central New Mexico (WCCNM). The Council administers the Federal Workforce Investment Act (WIA) program to ensure that quality workforce development services are provided in the Central Local Area, and ensure compliance with the Workforce Investment Act and all applicable regulations.

Ortho Digital Photography (No. 29) – Provides for the acquisition of regional digital orthophotography and digital terrain data on a 2-year cycle. The project includes working with Federal, state and local agencies to fully fund the project.

Salt Missions Trail Scenic Byway (No. 32) - COG's mission is to foster economic development on the Salt Missions Trail Scenic Byway. Under the agreement with the NM Dept. of Tourism, the COG is to establish a sustainable Scenic Byways Organization, update the 1998 Corridor Management Plan (CMP) and to implement projects in the new CMP pursuant to Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. Funding source is 80% FHWA.

Regional Planning Organization (No.33) – Provides for transportation planning efforts in the non-metropolitan areas of the MRCOG district, including technical assistance to local governments for transportation planning, project development, and coordination of transportation improvements.

Local and Regional Studies (No. 50 & 51) – From time to time, MRCOG's government members request MRCOG's assistance in the performance of studies and analysis of transportation issues in the region. These studies are funded by the local agencies requesting assistance.

Metropolitan Transportation Planning (MPO) – Federal Highway Administration (FHWA) (No. 52) – Provides for the conduct of the cooperative, coordinated, comprehensive (3c) transportation system planning process in the Albuquerque

SUPPLEMENTARY INFORMATION

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
DESCRIPTION OF NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2016

Metropolitan Planning Area, with emphasis on improving safety, reducing traffic congestion, improving efficiency in freight movement, and increasing intermodal connectivity. Service and products include maintenance of the Metropolitan Planning Organization (MPO) process, coordination of urban transportation planning activities, and provision of traffic data and forecasts, base socio-economic data and forecasts, special studies, and technical assistance 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: A Legacy for Users (SAFETEA-LU).

Metropolitan Transportation Planning Organization - Federal Transit Administration (No. 53) - Provides for the conduct of the cooperative, coordinated, comprehensive (3c) transportation system planning process in the Albuquerque Metropolitan Planning Area, with emphasis on the development of cost effective multimodal transportation improvement programs which include the planning, engineering, and designing of Federal Transit projects. These funds are authorized by the U.S. Department of Transportation, Public Law 109-59 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

Metropolitan Transportation Planning Organization (MPO) - Other local funds (No. 55,) - Rio Metro and other local government's participation in MPO and other transportation planning activities.

Regional Travel Demand Survey (No. 56) - Provides inputs to the regional travel demand model for the Albuquerque Metropolitan Planning Area (AMPA). The survey is comprised of a household survey and an on-board travel survey. The surveys are projected to be completed by June 2015.

Communities Leading Health Change (REACH) (No. 62) – The REACH grant focus is healthy living and access to environments that support physical activity for residents living in the metro area. REACH is a CDC grant which is passed through Presbyterian Health Services.

Complete Streets Bernalillo (No. 63) - Complete streets provides for the consideration of opportunities to help incorporate the needs of all roadway users.

Transportation Surveillance Program (No. 67) – Provides for the collection and processing of traffic data for routine monitoring of the transportation network and special needs traffic counts. Directional volume data are collected on all major roads in the Albuquerque Metropolitan Planning Area (AMPA).

Travel Time Program (No. 68) – Provides for the acquisition of regional travel time information for the top 30 congested roadways, Interstate 25 and Interstate 40 in the Albuquerque Metropolitan Area (AMPA)

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
DESCRIPTION OF NON-MAJOR SPECIAL REVENUE
June 30, 2016

Agribusiness (No. 70) – Provides for technical and planning assistance to entities relating to regional agricultural issues. The funding for the program is collaborative effort between local government and the private sector.

Economic Development Administration (No. 72) – Provides for technical and planning assistance to entities seeking funds from the U.S. Department of Commerce, Economic Development Administration and maintenance of the region's Comprehensive Economic Development Strategy (CEDs).

EDA Innovation Center (No. 74) – 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.

Transportation and Logistics Hub Feasibility Study (No. 75) – A multi-agency funded project to analyze the capacity of the Albuquerque Metropolitan Planning Area to serve as a primary transportation and logistics hub, the results of which capacity analysis could increase economic development opportunities and enhance the Area's potential as a major corridor.

Locality Planning Assistance (No. 93) – 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.

Veterans Initiative Website Admin (No. 350, 351, 352) – Funding provided by the U.S. Department of Transportation, Federal Transit Administration, to develop an extensive media campaign, to design and produce brochures and other announcements, to distribute informational items among all participating partners and veteran-related organizations throughout the four county area of central New Mexico relating to the regional One-Call/One-Click Center.

Job Access/Reverse Commute (No. 450) – Funding provided by the Federal Transit Administration to develop transportation services to connect welfare recipients and low-income persons to employment and support services.

New Freedom (No. 452 and 453) – Funding provided by the Federal Transit Administration to form new public transportation services and public transportation alternatives beyond those required by the American with Disabilities Act, to assist individuals with disabilities with transportation, including transportation to and from jobs and employment support services.

UNM/CNM Transportation Study (No. 460) – Funding is provided by Federal Transit Administration and the Federal Highway Administration's Transportation and community and System Preservation program to perform a comprehensive study of transportation issues associated with the UNM and CNM main campuses and surrounding areas.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
DESCRIPTION OF NON-MAJOR SPECIAL REVENUE
June 30, 2016

Regional Criminal Justice (No. 480) – UNM/CNM Transportation Study (No. 480)
Funding is provided by Federal Transit Administration, and is separate funding from FHWA's TCSP funds, to perform a comprehensive study of transportation issues associated with the UNM and CNM campuses and surrounding areas.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2016**

	Workforce Investment #20	Ortho Digital Photography #29	Salt Mission Trail Scenic Byway #32	Regional Planning Organization #33	Local and State Studies #50/51	Metropolitan Transportation Planning Organization FHWA #52	Metropolitan Transportation Planning Organization FTA #53
ASSETS							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Other receivables	-	213,000	-	-	-	-	-
Interfund receivables	-	122,579	1,214	-	-	-	-
Related entity receivables	122,165	-	-	-	-	-	-
Grants reimbursements receivable	-	-	-	15,650	-	202,369	18,165
Total assets	\$ 122,165	335,579	1,214	15,650	-	202,369	18,165
LIABILITIES							
Accounts payable	\$ -	110,046	-	-	-	4,158	-
Accrued payroll liabilities	23,337	14	-	4,574	-	29,555	9,807
Interfund payables	98,828	-	-	10,076	-	168,656	8,358
Unearned grant advances	-	225,519	1,214	1,000	-	-	-
Total liabilities	122,165	335,579	1,214	15,650	-	202,369	18,165
FUND BALANCES							
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 122,165	335,579	1,214	15,650	-	202,369	18,165

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING BALANCE SHEET (CONTINUED)
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2016**

	Metropolitan Transportation Planning Rio Metro 55	Regional Travel Demand Survey 56	Communities Leading Health Change 62	Complete Streets Bernalillo 63	Transportation Surveillance Program 67	Travel Time Program 68	Agribusiness 70	Economic Development Administration 72
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Other receivables	3,532	2,411	-	-	-	-	-	-
Interfund receivables	-	-	-	1,660	-	-	22,653	-
Related entity receivables	16,009	-	-	-	-	-	-	-
Grants reimbursements receivable	-	-	5,247	-	76,042	17,570	-	13,578
Total assets	\$ 19,541	2,411	5,247	1,660	76,042	17,570	22,653	13,578
LIABILITIES								
Accounts payable	\$ 1,607	-	-	-	837	8,256	-	2,870
Accrued payroll liabilities	1,086	-	-	39	9,134	821	427	2,223
Interfund payables	16,848	2,411	5,247	-	66,071	8,493	-	8,125
Unearned grant advances	-	-	-	1,621	-	-	22,226	360
Total liabilities	19,541	2,411	5,247	1,660	76,042	17,570	22,653	13,578
FUND BALANCES								
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 19,541	2,411	5,247	1,660	76,042	17,570	22,653	13,578

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING BALANCE SHEET (CONTINUED)
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2016**

	Transportation Logistics Hub Feasibility Study 75	Locality Planning Assistance 93	Veteran's Initiative Website - Admin #350/351/352	Job Access Reverse Commute #450	New Freedom \$452/453	Transportation Study UNM/ CNM #460	Transportation Study UNM/ CNM/FTA #480	Total
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Other receivables	35,913	-	-	-	-	9,725	-	264,581
Interfund receivables	150,857	7,901	1,569	995	1,278	-	-	310,706
Related entity receivables	-	-	-	-	-	-	-	138,174
Grants reimbursements receivable	-	-	1,396	-	5	-	12,764	362,786
Total assets	\$ 186,770	7,901	2,965	995	1,283	9,725	12,764	1,076,247
LIABILITIES								
Accounts payable	\$ 30,913	-	1,516	-	-	-	2,647	162,850
Accrued payroll liabilities	199	7,901	119	995	1,283	2,352	3,073	96,939
Interfund payables	-	-	-	-	-	7,373	7,044	407,530
Unearned grant advances	155,658	-	1,330	-	-	-	-	408,928
Total liabilities	186,770	7,901	2,965	995	1,283	9,725	12,764	1,076,247
FUND BALANCES								
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 186,770	7,901	2,965	995	1,283	9,725	12,764	1,076,247

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 30,2016

	Workforce Investment #20	Ortho Digital Photography #29	Salt Mission Trail Scenic Byway #32	Regional Planning Organization #33	Local and State Studies #50/51	Metropolitan Transportation Planning Organization FHWA #52	Metropolitan Transportation Planning Organization FTA #53
REVENUES							
Intergovernmental							
Federal	\$ 733,878	-	-	81,089	-	816,462	145,122
State	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Local	-	122,017	7,036	-	40,000	-	-
Reimbursement of Rio Metro cost	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	733,878	122,017	7,036	81,089	40,000	816,462	145,122
EXPENDITURES							
Current							
Operating	733,878	11,971	7,036	101,361	-	912,682	181,402
Contractual	-	110,046	-	-	40,000	42,915	-
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Principal and interest	-	-	-	-	-	-	-
Total expenditures	733,878	122,017	7,036	101,361	40,000	955,597	181,402
OTHER FINANCING SOURCES/USES							
Operating transfers in	-	-	-	20,272	-	139,135	36,280
Operating transfers out	-	-	-	-	-	-	-
	-	-	-	20,272	-	139,135	36,280
Net changes in fund balance	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-
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 (CONTINUED)
 ALL NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30,2016

	Metropolitan Transportation Planning Rio Metro 55	Regional Travel Demand Survey 56	Communities Leading Health Change 62	Complete Streets Bernalillo 63	Transportation Surveillance Program 67	Travel Time Program 68	Agribusiness 70	Economic Development Administration 72
REVENUES								
Intergovernmental								
Federal	\$ -	83,166	39,436	-	313,700	74,772	-	64,165
State	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Local	1,924	-	-	363	-	-	16,627	-
Reimbursement of Rio Metro cost	89,490	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	91,414	83,166	39,436	363	313,700	74,772	16,627	64,165
EXPENDITURES								
Current								
Operating	1,924	-	31,316	363	364,284	-	15,868	105,742
Contractual	-	97,339	8,120	-	20,002	87,514	759	1,200
Incurred on behalf of Rio Metro	89,490	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	7,839	-	-	-
Principal and interest	-	-	-	-	-	-	-	-
Total expenditures	91,414	97,339	39,436	363	392,125	87,514	16,627	106,942
OTHER FINANCING SOURCES/USES								
Operating transfers in	-	14,173	-	-	78,425	12,742	-	42,777
Operating transfers out	-	-	-	-	-	-	-	-
	-	14,173	-	-	78,425	12,742	-	42,777
Net changes in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
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 (CONTINUED)
ALL NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30,2016

	75	93	Veteran's Initiative Website - Admin #350/351/352	Job Access Reverse Commute #450	New Freedom \$452/453	Transportation Study UNM/ CNM #460	Transportation Study UNM/ CNM/FTA #480	Total
REVENUES								
Intergovernmental								
Federal	\$ -	-	41,158	60,000	13,013	13,034	43,007	2,522,002
State	-	95,486	-	-	-	-	-	95,486
Charges for services	-	-	-	-	-	-	-	-
Local	55,254	3,880	-	-	-	-	-	247,101
Reimbursement of Rio Metro cost	-	-	-	-	-	-	10,222	99,712
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	55,254	99,366	41,158	60,000	13,013	13,034	53,229	2,964,301
EXPENDITURES								
Current								-
Operating	9,994	135,058	49,646	60,000	13,013	3,874	13,003	2,752,415
Contractual	45,260	126	524	-	-	11,379	30,533	495,717
Incurred on behalf of Rio Metro	-	-	-	-	-	-	10,222	99,712
Capital outlay	-	-	-	-	-	-	-	7,839
Principal and interest	-	-	-	-	-	-	-	-
Total expenditures	55,254	135,184	50,170	60,000	13,013	15,253	53,758	3,355,683
OTHER FINANCING SOURCES/USES								
Operating transfers in	-	35,818	9,012	-	-	2,219	529	391,382
Operating transfers out	-	-	-	-	-	-	-	-
	-	35,818	9,012	-	-	2,219	529	391,382
Net changes in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
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
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30,2016

	Workforce # 20				Ortho #29				Salt Mission Trail Scenic Byway # 32			
	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	\$ 780,000	780,000	733,878	(46,122)	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	400,000	400,000	122,017	(277,983)	9,000	9,000	7,036	(1,964)
Reimbursement of Rio Metro cost	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	780,000	780,000	733,878	(46,122)	400,000	400,000	122,017	(277,983)	9,000	9,000	7,036	(1,964)
EXPENDITURES												
Current												
General Government	780,000	780,000	733,878	46,122	400,000	400,000	122,017	277,983	9,000	9,000	7,036	1,964
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	780,000	780,000	733,878	46,122	400,000	400,000	122,017	277,983	9,000	9,000	7,036	1,964
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES/USES												
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Net changes in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30,2016

	RPO #33				Local Studies #50/51				PL - Federal Highway Administration # 52			
	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	\$ 85,000	85,000	81,089	(3,911)	-	-	-	-	795,342	862,617	816,462	(46,155)
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	40,000	40,000	-	-	-	-	-
Reimbursement of Rio Metro cost	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	85,000	85,000	81,089	(3,911)	-	40,000	40,000	-	795,342	862,617	816,462	(46,155)
EXPENDITURES												
Current												
General Government	106,250	106,250	101,361	4,889	-	40,000	40,000	-	930,878	1,009,617	955,597	54,020
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	106,250	106,250	101,361	4,889	-	40,000	40,000	-	930,878	1,009,617	955,597	54,020
Excess of revenues over expenditures	(21,250)	(21,250)	(20,272)	978	-	-	-	-	(135,536)	(147,000)	(139,135)	7,865
OTHER FINANCING SOURCES/USES												
Operating transfers in	21,250	21,250	20,272	(978)	-	-	-	-	135,536	147,000	139,135	(7,865)
Net changes in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30,2016

	UPWP/FTA/NMSHTD #53				UPWP /Rio Metro #55				AWPA Wide Travel Survey #56			
	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	\$ 349,493	349,493	145,122	(204,371)	-	-	-	-	30,218	96,200	83,166	(13,034)
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	2,000	2,000	1,924	(76)	-	-	-	-
Reimbursement of Rio Metro cost	-	-	-	-	248,607	248,607	89,490	(159,117)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	349,493	349,493	145,122	(204,371)	250,607	250,607	91,414	(159,193)	30,218	96,200	83,166	(13,034)
EXPENDITURES												
Current												
General Government	436,866	436,866	181,402	255,464	2,000	2,000	1,924	76	35,367	112,594	97,339	15,255
Incurred on behalf of Rio Metro	-	-	-	-	248,607	248,607	89,490	159,117	-	-	-	-
Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	436,866	436,866	181,402	255,464	250,607	250,607	91,414	159,193	35,367	112,594	97,339	15,255
Excess of revenues over expenditures	(87,373)	(87,373)	(36,280)	51,093	-	-	-	-	(5,149)	(16,394)	(14,173)	2,221
OTHER FINANCING SOURCES/USES												
Operating transfers in	87,373	87,373	36,280	(51,093)	-	-	-	-	5,149	16,394	14,173	(2,221)
Net changes in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2016

	Communities Leading Health Change Grant #62				Complete Streets Bernalillo #63				CTCP #67			
	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	\$ 26,146	62,546	39,436	(23,110)	-	-	-	-	349,639	349,639	313,700	(35,939)
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	1,984	363	(1,621)	-	-	-	-
Reimbursement of Rio Metro cost	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	26,146	62,546	39,436	(23,110)	-	1,984	363	(1,621)	349,639	349,639	313,700	(35,939)
EXPENDITURES												
Current												
General Government	26,146	62,546	39,436	23,110	-	1,984	363	1,621	429,049	429,049	384,286	44,763
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent												
Capital outlay	-	-	-	-	-	-	-	-	8,000	8,000	7,839	161
Total expenditures	26,146	62,546	39,436	23,110	-	1,984	363	1,621	437,049	437,049	392,125	44,924
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	(87,410)	(87,410)	(78,425)	8,985
OTHER FINANCING SOURCES/USES												
Operating transfers in	-	-	-	-	-	-	-	-	87,410	87,410	78,425	(8,985)
Net changes in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30,2016

	Travel Time Program # 68				Agribusiness # 70				EDA #72			
	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	\$ 97,619	97,619	74,772	(22,847)	-	-	-	-	66,633	66,633	64,165	(2,468)
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	27,000	27,000	16,627	(10,373)	-	-	-	-
Reimbursement of Rio Metro cost	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>97,619</u>	<u>97,619</u>	<u>74,772</u>	<u>(22,847)</u>	<u>27,000</u>	<u>27,000</u>	<u>16,627</u>	<u>(10,373)</u>	<u>66,633</u>	<u>66,633</u>	<u>64,165</u>	<u>(2,468)</u>
EXPENDITURES												
Current												
General Government	114,254	114,254	87,514	26,740	27,000	27,000	16,627	10,373	111,055	111,055	106,942	4,113
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>114,254</u>	<u>114,254</u>	<u>87,514</u>	<u>26,740</u>	<u>27,000</u>	<u>27,000</u>	<u>16,627</u>	<u>10,373</u>	<u>111,055</u>	<u>111,055</u>	<u>106,942</u>	<u>4,113</u>
Excess of revenues over expenditures	<u>(16,635)</u>	<u>(16,635)</u>	<u>(12,742)</u>	<u>3,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,422)</u>	<u>(44,422)</u>	<u>(42,777)</u>	<u>1,645</u>
OTHER FINANCING SOURCES/USES												
Operating transfers in	16,635	16,635	12,742	(3,893)	-	-	-	-	44,422	44,422	42,777	(1,645)
Net changes in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2016

	Regional Transportation & Logistics #75				LPA #93				Veteran's Initiative Website #350, 351, & 352			
	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	\$ -	-	-	-	-	-	-	-	240,000	240,000	41,158	(198,842)
State	-	-	-	-	95,743	95,743	95,486	(257)	-	-	-	-
Local	-	90,000	55,254	(34,746)	-	-	3,880	3,880	-	-	-	-
Reimbursement of Rio Metro cost	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	90,000	55,254	(34,746)	95,743	95,743	99,366	3,623	240,000	240,000	41,158	(198,842)
EXPENDITURES												
Current												
General Government	-	90,000	55,254	34,746	191,486	191,486	135,184	56,302	300,000	300,000	50,170	249,830
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent												
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	90,000	55,254	34,746	191,486	191,486	135,184	56,302	300,000	300,000	50,170	249,830
Excess of revenues over expenditures	-	-	-	-	(95,743)	(95,743)	(35,818)	59,925	(60,000)	(60,000)	(9,012)	50,988
OTHER FINANCING SOURCES/USES												
Operating transfers in	-	-	-	-	95,743	95,743	35,818	(59,925)	60,000	60,000	9,012	(50,988)
Net changes in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 BUDGET AND ACTUAL
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30,2016

	Reverse Commute #450				New Freedom #452/453				TCSP CNM/UNM #460			
	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	\$ 60,000	60,000	60,000	-	27,731	27,731	13,013	(14,718)	800	13,439	13,034	(405)
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Rio Metro cost	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	60,000	60,000	60,000	-	27,731	27,731	13,013	(14,718)	800	13,439	13,034	(405)
EXPENDITURES												
Current												
General Government	60,000	60,000	60,000	-	27,731	27,731	13,013	14,718	1,000	16,799	15,253	1,546
Incurred on behalf of Rio Metro	-	-	-	-	-	-	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	60,000	60,000	60,000	-	27,731	27,731	13,013	14,718	1,000	16,799	15,253	1,546
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	(200)	(3,360)	(2,219)	1,141
OTHER FINANCING SOURCES/USES												
Operating transfers in									200	3,360	2,219	(1,141)
Net changes in fund balance	\$ -	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended June 30,2016**

	UNM/CNM Transportation Study - FTA #480			
	Initial Budget	Final Budget	Actual	Variances Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 200,487	200,487	43,007	(157,480)
State	-	-	-	-
Local	-	-	-	-
Reimbursement of Rio Metro cost	49,122	49,122	10,222	(38,900)
Miscellaneous	-	-	-	-
Total revenues	<u>249,609</u>	<u>249,609</u>	<u>53,229</u>	<u>(196,380)</u>
EXPENDITURES				
Current				
General Government	200,487	200,487	43,536	156,951
Incurred on behalf of Rio Metro	50,122	50,122	10,222	39,900
Noncurrent	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>250,609</u>	<u>250,609</u>	<u>53,758</u>	<u>196,851</u>
Excess of revenues over expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>(529)</u>	<u>471</u>
OTHER FINANCING SOURCES/USES				
Operating transfers in	<u>1,000</u>	<u>1,000</u>	<u>529</u>	<u>(471)</u>
Net changes in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Notes to Financial Statements.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2016

Account	Description of Pledged Collateral	Type of Pledged Collateral	CUSIP Number	Sweep Collateral Vault at June 30,2016	Safe keeper
MRCOG Sweep	Repurchase agreement	Shares	3128MJQ3	\$ 1,202,589	Wells Fargo
	Accrued Interest	Interest	3128MJQ3	<u>3,738</u>	Wells Fargo
	Total Collateral			<u>1,206,327</u>	
	Bank Balance			<u>1,182,673</u>	
	Collateral required at 102%			<u>1,206,326</u>	
	Excess collateral			<u>\$ 1</u>	

Combined Bank Accounts

Name of Depository	Description of Pledged Collateral	Type of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at 30-Jun-16	Location of Safe keeper
Wells Fargo	FNMA	Bonds	1/1/2026	3138AWVEO	\$ 1,135,294	BNY Mellon
	Bank account balances					
	Checking				1,500,000	
	Savings				<u>680,976</u>	
					<u>2,180,976</u>	
	FDIC coverage				<u>(500,000)</u>	
	Uninsured Amount				1,680,976	
	Collateral required at 50%				<u>840,488</u>	
	Excess collateral				<u>\$ 294,806</u>	

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Grant/ Pass Through Number	Fund #	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Commerce					
Economic Development Administration:					
Economic Development Support for Planning Organizations	11.302	08-83-04533	72	\$ -	\$ 38,327
Economic Development Support for Planning Organizations	11.302	FED16AUS3020006	72	-	25,838
Total U.S. Department of Commerce Direct				-	64,165
U.S. Department of Health and Human Services					
National Center of Chronic Disease Prevention (CDC)					
Passed through Presbyterian Healthcare Services					
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738	1U58DP0058568-01	62	-	18,831
	93.738	5NU58DP005868-02-00	62	-	20,605
Total U.S. Department of Health and Human Services				-	39,436
U.S. Department of Transportation					
Federal Transportation Administration (FTA)					
Transit Service Program Cluster:					
Job Access Reverse Commute Program	20.516	NM-37-X018-00	450	60,000	60,000
New Freedom Program	20.521	NM-57-X006-00	453	13,013	13,013
Total Transit Services Program Cluster				73,013	73,013
Federal Transit Cluster					
Federal Transit--Capital Investment Grants	20.500	NM-04-0030-00	350/351	-	35,772
Federal Transit--Formula Grants	20.507	NM-95-X012-00	10	45,622	45,622
Total Federal Transit Cluster				45,622	81,394
Public Transportation Research, Technical Assistance, and Training					
Training	20.514	NM-26-0004-00	352	-	5,386
Alternatives Analysis	20.522	NM-39-0001-00	480	-	43,007
Total Public Transportation Research, Technical Assistance, and Training				-	48,393
Total U.S. Department of Transportation Direct				118,635	202,800
U.S. Department of Transportation					
Passed through State of New Mexico Department of Transportation					
Highway Planning and Construction:					
Regional Planning Organization	20.205	M01037	33	-	81,089
Unified Planning Work Program	20.205	M01028	52	-	816,462
Unified Planning Work Program	20.205	M01028	53	-	145,122
Transportation Surveillance Program	20.205	M01028	67	-	313,700
AMPA Wide Travel Survey	20.205	M01028	56	-	83,166
Travel Time Program	20.205	80500-0000100923	68	-	74,772
TCSP Funds UNM/CNM Area Transportation and Land Use C	20.205	M01028	460	-	13,034
Total Highway Planning and Construction				-	1,527,345
Pass-through awards				-	-
Total Expenditures of Federal Awards				\$ 118,635	\$ 1,833,746

See Notes to Schedule of Expenditures of Federal Awards.

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Mid-Region Council of Governments of New Mexico (MRCOG) under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirement of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of MRCOG, it is not intended to and does not present the financial position, changes in net position or cash flows of MRCOG.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement

3. Non-cash Assistance, loans and indirect costs.

MRCOG received no non-cash federal assistance for the year, does not have any loans or loan grantees and does not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

MRCOG passes certain federal awards received from the Federal Transportation Administration to Rio Metro Regional Transit District (subrecipient). As Note 2 describes, MRCOG reports expenditures of Federal awards to subrecipients on the modified accrual basis.

As a pass-through, MRCOG has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

MRCOG provided services to Workforce Connection of Central New Mexico (WCCNM) in which they were paid with federal dollars. The relationships with this entity 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>
WCCNM	\$ 733,878
Total Federal Grants per the schedule	<u>1,833,746</u>
Total Federal grants and contracts revenue per the accompanying financial statements	\$ <u>2,567,624</u>

OTHER INFORMATION

MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 SCHEDULE OF VENDOR INFORMATION (purchases Exceeding \$60,000)
 For the year ended June 30, 2016

Agency Number	Agency Name	Agency Type	RFB# / RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
801	Mid-Region Council of Councils of Government	2015-01	2015-01	Competitive (RFP or RFB)	Sanborn Map	Winner	NTE \$350,000		1935 Jamboree Dr., Suite 100, Colorado Springs, CO 80920-5358	NO	NO	Orthophotography	NO
801	Mid-Region Council of Councils of Government	2015-01	2015-01	Competitive (RFP or RFB)	Bohanan Huston	Loser			7500 Jefferson St NE, Alb, NM 87109				
801	Mid-Region Council of Councils of Government	2015-01	2015-01	Competitive (RFP or RFB)	Control Cam	Loser			955-1 St. Johns Bluff Rd NE, Jacksonville, FL 32225				
801	Mid-Region Council of Councils of Government	2015-01	2015-01	Competitive (RFP or RFB)	Cooper Aerial Surveys	Loser			11402 N. Cave creek Rd, Phoenix, AZ 85007				
801	Mid-Region Council of Councils of Government	2015-01	2015-01	Competitive (RFP or RFB)	Cyent	Loser			330 Roberts St, Suite 400, East Hartford, CT 06108				
801	Mid-Region Council of Councils of Government	2015-01	2015-01	Competitive (RFP or RFB)	Digital Mapping	Loser			21062 Brookhurst St, Huntington Beach, CA 92646				
801	Mid-Region Council of Councils of Government	2015-02	2015-02	Competitive (RFP or RFB)	Cambridge Systematics, Inc.	Winner	NTE \$139,950		445 S. Figueroa St, Suite 3100, Los Angeles, CA 90071	NO	NO	Transportation & Logistics Hub Study	NO
801	Mid-Region Council of Councils of Government	2015-02	2015-02	Competitive (RFP or RFB)	Infirma Economics, Inc.	Loser			775 Ridge Lake, Blvd, Suite 400, Memphis, TN 38120				
801	Mid-Region Council of Councils of Government	2015-02	2015-02	Competitive (RFP or RFB)	Parsons Brinckerhoff	Loser			6100 Uptown Blvd NE, Suite 700, Alb, NM 87110				
801	Mid-Region Council of Councils of Government	2015-02	2015-02	Competitive (RFP or RFB)	UNM/Double L Consulting/Mode Consulting	Loser			1801 Gibson Blvd, App 3017, Alb, NM 87106				

COMPLIANCE

Ricci & Company LLC

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund, and each major special revenue funds, of the Mid-Region Council of Governments of New Mexico (MRCOG) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the MRCOG's basic financial statements, and the combining and individual funds and related budgetary comparisons of the MRCOG, as presented as supplemental information, and have issued our report thereon dated December 9, 2016.

Internal Control Over Financial Reporting

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

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

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

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

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 our tests disclosed an instances of noncompliance or other matters which is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

Management's Response to Findings

MRCOG's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. MRCOG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Ricci & Company LLC

Albuquerque, New Mexico
December 9, 2016

Ricci & Company LLC

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

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

Independent Auditor's Report

Mr. Timothy Keller, State Auditor and
To the Board of Directors
Mid-Region Council of Governments of New Mexico

Report on Compliance for each Major Federal Program

We have audited the Mid-Region Council of Governments of New Mexico's (MRCOG), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of MRCOG's major federal programs for the year ended June 30, 2016. MRCOG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MRCOG's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination on MRCOG's compliance.

Mr. Timothy Keller, State Auditor and
To the Board of Directors
Mid-Region Council of Governments of New Mexico

Opinion on Each Major Federal Program

In our opinion, MRCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of MRCOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MRCOG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ricci & Company LLC

Albuquerque, New Mexico
December 9, 2016

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015**

None

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2016**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' reported issued Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? Yes No

Major Federal Awards

Internal control over financial reporting:

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

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

Any audit findings disclosed that are required To be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Programs:

<u>CFDA Number</u>	<u>Name of Major Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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

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, 2016**

B. FINDINGS – FINANCIAL STATEMENTS

**2016-001 CHIEF PROCUREMENT OFFICER REPORTING AND CERTIFICATION
(Other Matter)**

CONDITION

The MRCOG's has designated a chief procurement officer and this officer has received training. However, the chief procurement officer has not completed the required certification process.

CRITERIA

In accordance with Section 13-1-95.2(A) NMSA 1978, local public bodies are required to designate and report the name of their chief procurement officer. In accordance with Section 13-1-95.2(E) NMSA 1978, only chief procurement officers certified by the New Mexico State General Services Department Purchasing Division may approve procurements and issue purchase orders.

EFFECT

Due to the lack of certification and registration there is an increased potential for disputes with those bidding on contracts.

CAUSE

MRCOG designated a new chief procurement officer during the current fiscal year and management did not insure that she completed the certification process.

RECOMMENDATION

We recommend that MRCOG ensure the new chief procurement officer obtains the required certification and registers with the New Mexico State General Services Department Purchasing Division.

MANAGEMENT RESPONSE

The chief procurement officer is scheduled to take the certification course and test in February 2017. Once the certification is completed, the chief procurement officer will register with the New Mexico State General Services Department Purchasing Division.

C. FINDINGS – FEDERAL AWARD

NONE

**MID-REGION COUNCIL OF GOVERNMENTS OF NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2016**

EXIT CONFERENCE

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

Representing the MRCOG:

Honorable Jack Torres
Dewey Cave
Amy Myer, CPA

Board member
Executive Director
Senior Finance Manager

Representing the Independent Auditor:

Wayne Brown
Larry Carmony
Lee Baldwin

A. PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared with the assistance of Ricci & Company, LLC from the books and records of the Mid-Region Council of Governments of New Mexico. The financial statements and related footnotes remain the responsibility of management.