



RIO METRO REGIONAL TRANSIT DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2015

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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BOARD MEMBERS

City of Albuquerque	Mayor	Richard J. Berry
City of Albuquerque	Councilor (Chair)	Rey Garduño
City of Albuquerque	Councilor	Don Harris
City of Albuquerque	Councilor	Isaac Benton
City of Albuquerque	Councilor	Ken Sanchez
City of Albuquerque	Councilor	Diane Gibson
City of Belen	Mayor	Jerah Cordova
Bernalillo County	Commissioner (Vice Chair)	Maggie Hart Stebbins
Bernalillo County	Commissioner	Lonnie Talbert
Bernalillo County	Commissioner	Debbie O'Malley
Town of Bernalillo	Mayor	Jack S. Torres
Village of Bosque Farm	Mayor	Wayne Ake
Village of Corrales	Councilor	John Alsobrook
Village of Los Lunas	Mayor	Charles Griego
Los Ranchos de Albuquerque	Mayor	Larry Abraham
City of Rio Rancho	Councilor	Lonnie Clayton
City of Rio Rancho	Councilor	Dawn Robinson
Sandoval County	Commissioner	Darryl Madalena
Valencia County	Commissioner	Charles Eaton

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rio Metro Regional Transit District (Rio Metro), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Rio Metro's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of Rio Metro's non-major governmental funds and the budgetary comparisons, presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, and the aggregate remaining fund information of Rio Metro as of June 30, 2015, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund as of June 30, 2015 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.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements and the combining and individual fund financial statements and budgetary comparisons that collectively comprise Rio Metro's basic financial statements. The schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of joint powers agreements and memorandums of understanding, description of non-major special revenue funds, and schedule of pledged collateral, as required by Section 2.2.2. NMAC, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the schedule of joint powers agreements and memorandums of understanding, description of non-major special revenue funds, and schedule of pledged collateral are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

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

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of Rio Metro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rio Metro's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
December 15, 2015

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015**

Rio Metro Regional Transit District (Rio Metro or RMRTD) management's discussion and analysis provides an overview of Rio Metro's mission and function, recent program opportunities, and a brief discussion of the basic financial statements and the significant differences in information they provide.

Rio Metro's Mission and Function

New Mexico regional transit districts are made up of multiple government agencies for the purpose of planning, financing and operating a regionally unified public transportation system. Transit districts are governed by representatives of the local member agencies to ensure a balance between local and regional transportation needs.

The Rio Metro Regional Transit District was formed to develop a cohesive regional transit system that provides economical transportation alternatives for the residents of Bernalillo, Sandoval and Valencia counties. The Rio Metro Regional Transit Plan identifies future transit services and infrastructure needs for the three county service area. A programmatic approach, which included gathering input from recently completed and relevant planning studies, community comments and technical analyses, was applied to define the service and infrastructure investments identified in the plan.

The services currently provided within the transit district are comprised of independently operated systems. The public transportation modes included in the Rio Metro Transit District service area include the New Mexico Rail Runner Express commuter train and ABQ Ride's Rapid Ride bus service, as well as local fixed-route buses, neighborhood circulator services, flex route services and Dial-a-Ride systems. Transit passenger facilities and amenities are important elements necessary to support transit operations and to build and maintain patronage. Common passenger facilities include bus stops, transit centers and park-and-ride facilities.

Transportation services receive funding from the following sources: passenger fares, county regional transit gross receipts taxes, advertising, interest income and Federal Transit Administration funds.

The Rio Metro Regional Transit District operates the New Mexico Rail Runner Express (NMRX) through several agreements with the New Mexico Department of Transportation (NMDOT), which includes limited funding for capital maintenance and improvements. NMRX capital assets, such as the infrastructure and rail engines and cars, are owned by NMDOT. NMRX operations are funded primarily from Federal Transit Administration grant funds and Regional Transit Gross Receipts Tax funds, fare box proceeds and Burlington Northern Santa Fe/Amtrak gross ton mileage fees.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Regional Transit Gross Receipts Tax was established by State Statute and individual County ballot measures. Accordingly, "revenue from the county regional transit gross receipts tax will be used by the Rio Metro Regional Transit District in equal portions for the management, operations, capital, construction or maintenance of the NMRX, and for the management, operations, capital, construction or maintenance of the Rio Metro Regional Transit District system", pursuant to the Regional Transit District Act. Furthermore, the Regional Transit District Act defines "regional transit system" to mean "a property, improvement or system designed to be compatible with established state and local transportation plans that transports or conveys passengers within a region by means of a high-occupancy vehicle, including an automobile, truck, bus, van or railcar." As a matter of practice, RMRTD budgets only 50% of the Regional Transit Gross Receipts Tax proceeds for NMRX operations and maintenance. However, the law allows a higher percentage and leaves that discretion to the district.

RMRTD budgeting practice is to limit the GRT revenue dedicated to the NMRX to 50% of that collected in the district. However, from time to time, RMRTD may perform budget adjustments that will increase NMRX's share of the Regional Transit Gross Receipts Tax above the 50% in order to meet unexpected revenue shortfalls in other funds and when emergencies arise.

REGIONAL TRANSIT GROSS RECEIPTS TAX

Rio Metro began receiving Regional Transit Gross Receipts Taxes as of September 2009. Regional Transit Gross Receipts Taxes are received from Bernalillo, Sandoval, and Valencia Counties.

Regional Transit Gross Receipts Taxes provide the primary source of funding for continuing operations of the New Mexico Rail Runner Express. Regional Transit Gross Receipts Taxes are also used to develop and improve transit operations within the transit district, specifically in Bernalillo, Sandoval, and Valencia Counties.

OVERVIEW OF FINANCIAL STATEMENTS

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

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Rio Metro maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Gross Receipts Tax Rail, Gross Receipts Tax Transit, Federal Transit Administration (FTA) 5307 Large Urban, and FTA 5337 State of Good Repair all of which are considered to be major funds.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Data from the other fourteen 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

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

FINANCIAL ANALYSIS OF RIO METRO

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Rio Metro, assets exceeded liabilities by \$13.1 million at the close of the most recent fiscal year. The net position increased by \$884,509.

Rio Metro's overall financial position continues to remain strong. Regional transit gross receipts taxes provide a stable source of funding for transit services in the region. The gross receipts taxes also provide a source of local funding that can be used to match various federal and state grants. Gross receipts taxes are dependent on the economy; therefore, the amount of gross receipts taxes available in future years will depend on the state of the regional economy. However, Rio Metro is confident that there will be sufficient revenues available in future years to provide adequate transit services to area residents.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Net Position

Table A-1 summarizes the Rio Metro's net position for the fiscal year ended June 30, 2015. Net position is presented on a consolidated basis and is reflected on a full accrual basis.

Table A-1
Rio Metro's Net Position

	Governmental Activities <u>6/30/15</u>	Governmental Activities <u>6/30/14</u>
Current assets	\$ 14,379,495	\$ 17,681,306
Capital assets, net of accumulated depreciation	<u>2,268,677</u>	<u>2,729,322</u>
Total assets	<u>\$ 16,648,172</u>	<u>\$ 20,410,628</u>
Total current liabilities	\$ 3,033,833	\$ 7,548,126
Long-term debt	<u>515,709</u>	<u>648,381</u>
Total liabilities	<u>3,549,542</u>	<u>8,196,507</u>
Net Position		
Net investment in capital assets	1,620,294	1,952,861
Restricted	1,068,205	-
Unrestricted	<u>10,410,131</u>	<u>10,261,260</u>
	<u>13,098,630</u>	<u>12,214,121</u>
Total liabilities and net position	<u>\$ 16,648,172</u>	<u>\$ 20,410,628</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Changes in net position: Rio Metro's change in net position for fiscal year 2015 was an increase of \$884,509. The table below reflects the changes in net position:

Table A-2

Changes in Rio Metro's Net Position

	Governmental Activities <u>6/30/15</u>	Governmental Activities <u>6/30/14</u>
Expenses – governmental activities	\$ (44,264,938)	\$ (41,130,431)
Add: charges for services	4,744,935	4,980,645
operating grants	<u>15,763,327</u>	<u>12,646,966</u>
	<u>(23,756,676)</u>	<u>(23,502,820)</u>
General revenues – total	<u>24,641,185</u>	<u>23,188,487</u>
Change in net position	884,509	(314,333)
Net position, beginning of year	<u>12,214,121</u>	<u>12,528,454</u>
Net position, end of year	<u>\$ 13,098,630</u>	<u>\$ 12,214,121</u>

Financial Analysis of the Government's Funds

As noted earlier, Rio Metro's uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Rio Metro's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Rio Metro's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Rio Metro's governmental fund reported combined ending fund balances of \$11.5 million, an increase of \$1.2 million in comparison with prior year.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Rio Metro's total Governmental Funds expenditures during the year were nearly \$43.9 million dollars for year ending June 30, 2015, compared to \$40.7 million in 2014. Thirty-six percent (36%) of those expenditures were for operating the New Mexico Rail Runner Express commuter rail system. The Rail Runner is an ongoing activity and the commuter rail system has been in operations for several years. Transit operations; however, is a relatively new venture for Rio Metro and expenditures will increase as Rio Metro implements the projects outlined in the Regional Transit Plan.

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

Table A-3

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

	Governmental Funds <u>6/30/15</u>	Governmental Funds <u>6/30/14</u>
Revenues		
State	\$ 864,704	\$ 160,300
Federal	14,186,228	12,026,971
Local	24,641,185	23,188,487
Charges for service	2,684,092	3,267,276
BNSF/AMTRAK	2,060,842	2,051,090
Other	<u>712,395</u>	<u>121,730</u>
	<u>45,449,446</u>	<u>40,815,854</u>
Expenditures		
Operations	41,688,726	39,009,121
Capital outlay	<u>2,243,644</u>	<u>1,668,575</u>
	<u>43,932,370</u>	<u>40,677,696</u>
Revenues over expenditures	1,217,076	138,158
Beginning fund balances	<u>10,261,260</u>	<u>10,123,102</u>
Ending fund balances	<u>\$ 11,478,336</u>	<u>\$ 10,261,260</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Analysis of Major Funds

General Fund (Fund 1000): Beginning in fiscal year 2014, Rio Metro reorganized the chart of the accounts. Previously, Rio Metro reported revenues such as BNSF/Amtrak, NMRX farebox, bike locker, special projects, advertising, merchandising, and permitting in rail operations. In fiscal year 2015, these revenues totaling \$5.3 million were reported in the General Fund.

Rail Gross Receipt Tax (Fund 1200): The Rail GRT fund is where Rio Metro includes the transit portion of Gross Receipts Tax revenue when it is received. In fiscal year 2015, Rio Metro also reported rail operations in this fund. When Rio Metro allocates revenue at the end of each month, the Rail GRT revenue is allocated to the various rail funds as needed to cover expenses. As of June 30, 2015, the fund balance in the Rail GRT fund was \$1.1 million, an increase of \$1.1 million from last year.

Transit Gross Receipts Tax (Fund 1300): The Transit GRT fund is where Rio Metro includes the transit portion of Gross Receipts Tax revenue when it is received. In fiscal year 2015, Rio Metro also reported transit operations in this fund. When Rio Metro allocates revenue at the end of each month, the Transit GRT revenue is allocated to the various transit funds as needed to cover expenses. As of June 30, 2015, the fund balance in the Transit GRT fund was \$10.3 million, a decrease of \$14,754 from last year.

FTA Direct (Fund 2100): Federal funding received directly from FTA. Funds may be used for capital projects to finance the planning, acquisition, construction, cost-effective lease, improvement, and maintenance of equipment and facilities for use in transit. Funds may also be used to finance operating costs in urbanized areas with populations under 200,000. Expenditures approximated \$9.9 million and there is no fund balance as of the end of the year.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Significant Variations between Original and Final Budget Amounts

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

- Rail Program revenues – the federal and state program revenues did not materialize as expected and the budget was adjusted by approximately \$14.1 million to reflect these decreases.
- Rail Program expenditures – anticipated capital outlays for the fixed guideway and communication information systems did not materialized. The budget was adjusted downward by \$5.5 million.
- Transit Program revenues – the federal and state program revenues did not materialize as expected and the budget was adjusted by approximately \$8.6 million to reflect these decreases.
- Transit Program expenditures - the original budgets were adjusted to actual expenditures which decreased by approximately \$4.5 million due primarily to anticipate capital outlays not materializing for land acquisition, vehicles, and equipment.

Fund Balances

Fund balances as of June 30, 2015 were as follows:

- The fund balance in the General fund increased by \$163,627 leaving a fund balance of \$163,627 as of year-end.
- The fund balance in the Transit GRT decreased by \$14,754 leaving a fund balance of \$10.2 million as of year-end.
- The fund balance in the Rail GRT increased of \$1.1 million leaving a fund balance of \$1.1 million as of year-end.

Capital Assets

The Rio Metro's net investment in capital assets (net of debt) as of June 30, 2015 amounted to \$1,620,294. Capital assets consist of buildings, vehicles and equipment. Depreciation expense of \$636,738 was recorded in the current year. Additions of \$176,091 were added during the year ended June 30, 2015, consisting of vehicles, equipment and software.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2015**

Debt

As of June 30, 2015, Rio Metro had total debt outstanding of \$648,383. This amount relates solely to the capital lease of the 550 Station building, located at 301 Rail Runner Ave, Bernalillo, NM.

Economic Factors and Next Year's Budgets

The primary source of funding for Rio Metro is the Regional Transit Gross Receipts Tax. While this tax is dependent on the state of the economy, Rio Metro is confident that there will be sufficient funding available to operate the New Mexico Rail Runner Express and provide transit services in the region. Federal programs remain relatively consistent from fiscal year 2015 to 2016.

Request for Information

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

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Current	
Cash and cash equivalents	\$ 3,882,374
Accounts receivable	5,511,087
Related party receivables	4,986,034
Total current assets	<u>14,379,495</u>
Noncurrent	
Capital assets, net of accumulated depreciation	<u>2,268,677</u>
Total Assets	<u><u>\$ 16,648,172</u></u>
LIABILITIES	
Current	
Accounts payable	\$ 2,332,192
Related party payables	568,967
Capital lease obligation	132,674
Total current liabilities	<u>3,033,833</u>
Long-term	
Capital lease obligation	<u>515,709</u>
Total liabilities	<u><u>3,549,542</u></u>
NET POSITION	
Net investment in capital assets	1,620,294
Restricted - Rail operations	1,068,205
Unrestricted	10,410,131
Total net position	<u>13,098,630</u>
Total liabilities and net position	<u><u>\$ 16,648,172</u></u>

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Charges for Services	Program Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position for Governmental Activities
GOVERNMENTAL ACTIVITIES				
General government				
Commuter rail activities	\$ 31,133,846	\$ 4,648,041	\$ 12,984,882	\$ (13,500,923)
Transit activities	13,131,092	96,894	2,778,445	(10,255,753)
	<u>\$ 44,264,938</u>	<u>\$ 4,744,935</u>	<u>\$ 15,763,327</u>	<u>(23,756,676)</u>
GENERAL REVENUES				
New Mexico gross receipts taxes				<u>24,641,185</u>
CHANGE IN NET POSITION				884,509
NET POSITION, BEGINNING OF YEAR				<u>12,214,121</u>
NET POSITION, END OF YEAR				<u>\$ 13,098,630</u>

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	Major Funds					
	Special Revenue Funds					
	General	GRT - Rail	GRT - Transit	FTA Direct	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,882,374	\$ -	\$ -	\$ -	\$ -	\$ 3,882,374
Accounts receivable	1,029,690	281,853	-	1,640,238	2,559,306	5,511,087
Related entity receivable	500,036	2,506,393	1,932,025	-	47,580	4,986,034
Interfund receivables	-	-	8,726,061	-	83,261	8,809,322
Total assets	<u>\$ 5,412,100</u>	<u>\$ 2,788,246</u>	<u>\$ 10,658,086</u>	<u>\$ 1,640,238</u>	<u>\$ 2,690,147</u>	<u>\$ 23,188,817</u>
LIABILITIES						
Accounts payable	\$ 31,863	\$ 911,562	\$ 161,232	\$ 1,062,897	\$ 164,638	\$ 2,332,192
Related entity payable	-	109,851	250,350	206,600	2,166	568,967
Interfund payables	5,216,610	698,628	-	370,741	2,523,343	8,809,322
Total liabilities	<u>5,248,473</u>	<u>1,720,041</u>	<u>411,582</u>	<u>1,640,238</u>	<u>2,690,147</u>	<u>11,710,481</u>
FUND BALANCES						
Unassigned	163,627	-	10,246,504	-	-	10,410,131
Restricted	-	1,068,205	-	-	-	1,068,205
Total fund balance	<u>163,627</u>	<u>1,068,205</u>	<u>10,246,504</u>	<u>-</u>	<u>-</u>	<u>11,478,336</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,412,100</u>	<u>\$ 2,788,246</u>	<u>\$ 10,658,086</u>	<u>\$ 1,640,238</u>	<u>\$ 2,690,147</u>	<u>\$ 23,188,817</u>
RECONCILIATION						
Fund balance						\$ 11,478,336
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund						2,268,677
Capital lease obligations are not recorded as liabilities in the governmental funds, but recorded as long-term liabilities in the statement of net position						<u>(648,383)</u>
Net position of governmental activities						\$ 13,098,630

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Major Funds					
	Special Revenue Funds				Other	Total
	General	GRT - Rail	GRT - Transit	FTA - Direct	Governmental	Governmental
					Funds	Funds
REVENUES						
Intergovernmental						
Federal	\$ -	\$ -	\$ -	\$ 7,858,598	\$ 6,327,630	\$ 14,186,228
State	-	-	-	-	864,704	864,704
New Mexico Gross Receipts Tax	-	13,418,647	11,222,538	-	-	24,641,185
Farebox	2,587,199	-	-	-	96,893	2,684,092
BNSF/Amtrak	2,060,842	-	-	-	-	2,060,842
Special projects and other	691,895	-	-	-	20,500	712,395
	<u>5,339,936</u>	<u>13,418,647</u>	<u>11,222,538</u>	<u>7,858,598</u>	<u>7,309,727</u>	<u>45,149,446</u>
EXPENDITURES						
Current						
Operating	329,385	15,548,920	7,940,661	9,888,386	7,981,374	41,688,726
Capital outlay	-	96,072	23,665	-	2,123,907	2,243,644
	<u>329,385</u>	<u>15,644,992</u>	<u>7,964,326</u>	<u>9,888,386</u>	<u>10,105,281</u>	<u>43,932,370</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>5,010,551</u>	<u>(2,226,345)</u>	<u>3,258,212</u>	<u>(2,029,788)</u>	<u>(2,795,554)</u>	<u>1,217,076</u>
OTHER FINANCING SOURCES/USES						
Operating transfers in	-	16,844,993	7,964,324	2,029,788	2,795,554	29,634,659
Operating transfers out	<u>(4,846,924)</u>	<u>(13,550,443)</u>	<u>(11,237,292)</u>	<u>-</u>	<u>-</u>	<u>(29,634,659)</u>
NET CHANGE IN FUND BALANCE	163,627	1,068,205	(14,756)	-	-	1,217,076
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>10,261,260</u>	<u>-</u>	<u>-</u>	<u>10,261,260</u>
FUND BALANCE, END OF YEAR	<u>\$ 163,627</u>	<u>\$ 1,068,205</u>	<u>\$ 10,246,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,478,336</u>
RECONCILIATION						
Change in fund balance-total government funds						\$ 1,217,076
Amounts reported for governmental activities in the statement of activities are different because:						
Depreciation is not recorded as a financial use						(636,738)
Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported						176,091
Principal payments on capital lease obligations						<u>128,080</u>
Change in net position of governmental activities						\$ 884,509

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Under the requirements of GASB Statement No. 34, Rio Metro is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

General Fund. The primary operating fund of Rio Metro accounts for all financial resources, except those required to be accounted for in other funds, and is always a major fund.

Special Revenue Funds - Major Funds:

- Rail Gross Receipts Tax (1200) – Rail fund where Rio Metro includes the rail portion of the New Mexico Regional Transit Gross Receipts Tax (GRT) revenue when it is received. Rail operations are also reported in this fund. When Rio Metro allocates revenue at the end of the month, the Rail GRT revenue is allocated to the various rail funds as needed to cover expenses.
- Transit Gross Receipts Tax (1300) – Transit fund where Rio Metro includes the transit portion of New Mexico Regional Transit Gross Receipts Tax (GRT) revenue when it is received. Transit operations are also reported in this fund. When Rio Metro allocates revenue at the end of the month, the Transit GRT revenue is allocated to the various transit funds as needed to cover expenses.
- FTA Direct (2100) – Federal funding received directly from the Federal Transit Administration (FTA) for various projects.

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

- Non-spendable – fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- Committed – fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (RMRTD's Board of Directors) and does not lapse at year-end.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Assigned – 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 – positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Basis of Accounting

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

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

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual and both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally, 60 days). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33 the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient. Grant revenues are not recognized until eligibility requirements are met. New Mexico Gross Receipts Taxes (GRT) received after 60 days as a result of delinquent accounts is not known or able to be estimated, or measured and, therefore, is not recorded.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets acquired are recorded as expenditures in the funds which finance the acquisitions and are capitalized at cost (except for those related to the NMRX for which DOT holds title) and depreciated over their estimated useful lives (no salvage value) in the government wide financial statements. Contributed capital assets are recorded at their estimated fair market value at the time received. Additions, including software, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and interest is not capitalized in regards to the Rio Metro's capital assets. Rio Metro's capitalization policy, the dollar value above which asset acquisitions are added to the capital assets, is \$5,000 per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Vehicles	5-10 years
Building	40 years

Rio Metro did not own any infrastructure assets as of June 30, 2015.

Budgets and Budgetary Accounting

Rio Metro's Executive Director prepares an overall budget by project fund for Rio Metro which is adopted by the Board. Rio Metro is required to prepare budgets for each program for submission directly to that program's funding source. In addition, it submits the budgets to the Department of Finance and Administration Local Government Division (DFA-LGD) for approval. Each funding's source has its own requirements as to the timing of budget preparation and interim reports, line items and categories to be used and amounts to be included. Some require a report of grantor expenditures only, while others require a report of total program expenditures. The budgets, used by Rio Metro to monitor each program, are also used for comparisons in the accompanying financial statements. Therefore, Rio Metro approves its budget by total expenditures by program. Rio Metro has two programs: Rail Program and Transit Program.

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

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Due To and From Other Funds

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

Grants and Receivables

Grant reimbursements receivable represent qualified expenditures made under grant agreements for which reimbursements are due but not yet received. Rio Metro also records receivables for the New Mexico gross receipts taxes owed by taxpayers as of year-end and received within 60 days of year-end. An allowance for doubtful accounts is not provided for, since most receivables are from the federal, state, or local governments and are deemed to be fully collectible. All other receivables are expected to be collected and, therefore, no allowance has been deemed necessary.

Revenues

Revenues are recognized as follows:

- 1) Special and capital outlay appropriations require project and draw down approval from the New Mexico Department of Finance and Administration (DFA) Board of Finance. Rio Metro considers this part of the eligibility requirements and does not recognize the revenues and receivables until the approval is obtained.
- 2) Federal and other grants revenues are recognized when the applicable eligibility criteria, including time requirements, are met and the resources are available. Resources received for which applicable eligibility criteria have not been met are reflected as deferred revenues in the accompanying financial statements.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3) Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded, as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.
- 4) Derived tax revenue, the New Mexico regional transit gross receipts tax revenue, is recognized net of estimated refunds and uncollectible amounts, in the period when the exchange transaction occurred or when the resources were received, whichever occurs first.

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

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

Net Position

Net position includes the following components:

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

Restricted - the component of net position that reports the difference between assets and liabilities of Rio Metro that consists of assets with constraints placed on their use that are legally enforceable by legislation and the like to be used only for the purposes specified. Rio Metro had no restricted net position at June 30, 2015.

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

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Rio Metro's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Use of Estimates

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

New Accounting Pronouncement

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures.

Management has completed its assessment of GASB Statement No. 68 and has determined that since Rio Metro does not have employees and does not directly contribute to a defined benefit pension plan, this Statement does not direct apply to Rio Metro and no adjustments have been made to the financial statements for the year ended June 30, 2015.

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS

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

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS (CONTINUED)

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

Custodial credit risk is the risk that in the event of a bank failure, Rio Metro's deposits may not be returned to it. Rio Metro's deposit policy is to collateralize one half of the uninsured public money in each account. As of June 30, 2015, the amount of Rio Metro's bank balance of \$5,200,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$2,475,000
Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name	3,021,940

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

Following are the descriptions of the Rio Metro cash and certificates of deposit held as of June 30, 2015:

Bank balance	
Sweep Account – Wells Fargo Bank	\$ 4,622,613
Demand deposit – Wells Fargo Bank, Albuquerque, New Mexico	5,200,000
Deposits in transit	-
Outstanding checks	<u>(5,940,239)</u>
Cash and equivalents per financial statements	<u>\$ 3,882,374</u>

NOTE 3. ACCOUNTS RECEIVABLES

Rio Metro has not estimated an allowance for uncollectible amounts on accounts receivable as all balances are expected to be fully collected. The accounts receivables balance as of June 30, 2015 consisted of the following:

Billed accounts receivable	\$ 9,715,232
Related party receivables (Note 12)	<u>781,889</u>
	<u>\$ 10,497,121</u>

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund receivables and payables were as follows as of June 30, 2015:

	Due To (Interfund Pay)	Due From (Interfund Rec)
General Fund #1000	\$5,216,610	\$ -
GRT Rail Fund #1200	695,328	-
GRT Transit Fund #1300	-	8,722,761
FTA Direct Fund #2100	370,741	-
FTA 5307 Large Urban Fund #2101	83,292	-
FTA 5307 Small Urban Fund #2102	66,819	-
FTA 5337 State of Good Repair Fund #2104	815,632	-
FTA Thru MRCOG Fund #2300	47,580	-
FTA Thru NMDOT Fund #2500	-	63,273
FTA 5311 Formula Grants Rural Areas Fund #2502	-	19,988
Other Federal Fund #3100	131,767	-
FHWA Highway Safety Improvement Fund #3105	880,171	-
State Fund # 4100	488,677	-
Other Fund # 6100	<u>9,405</u>	<u>-</u>
Total	<u>\$ 8,806,022</u>	<u>\$ 8,806,022</u>

Interfund accounts occur because expenditures are paid for by the General Fund because the Special Revenue Funds are on a reimbursement basis. When the Special Revenue Funds receive the reimbursements from the grantors, the General Fund is repaid. Management expects all of interfund balances as of June 30, 2015 to be repaid within one year.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

Interfund transfers were as follows for the year ended June 30, 2015:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General #1000	\$ -	\$ 4,846,924
GRT – Rail #1200	16,844,993	13,550,443
GRT Transit #1300	7,964,324	11,237,292
FTA Direct #2100	2,029,788	-
FTA 5307 Large Urban #2101	931,861	-
FTA 5307 Small Urban #2102	511,256	-
FTA 5337 Good Repair #2104	651,578	-
FTA Thru MRCOG #2300	4,323	-
FTA 5317 New Freedom MRCOG #2304	3,671	-
FTA Thru NMDOT #2500	483,876	-
FTA 5311 Formula Grants Rural Areas #2502	95,251	-
FTA 5316 JARC NMDOT #2503	68,484	-
Other Federal #3100	3,750	-
FHWA Congestion Air Quality #3101	26,709	-
FHWA Surface Transportation #3102	<u>14,795</u>	<u>-</u>
Total	<u>\$29,634,659</u>	<u>\$ 29,634,659</u>

These transfers made to utilize funds for transit and rail operations during the year ended June 30, 2015.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5. CAPITAL ASSETS

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

	June 30, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	June 30, <u>2015</u>
Assets not depreciated				
Land-El Pueblo	\$ <u>98,375</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>98,375</u>
Assets being depreciated				
Building	1,262,300	-	-	1,262,300
Building-El Pueblo Purchase	279,986	-	-	279,986
Software	388,421	96,072	-	484,493
Vehicles and equipment	<u>2,771,573</u>	<u>80,019</u>	<u>-</u>	<u>2,851,592</u>
Total assets	<u>4,702,280</u>	<u>176,091</u>	<u>-</u>	<u>4,878,371</u>
Accumulated depreciation				
Building	(142,009)	(31,557)	-	(173,566)
Building-El Pueblo Purchase	(17,732)	(11,199)	-	(28,931)
Software	(135,806)	(88,561)	-	(224,367)
Vehicles and equipment	<u>(1,775,784)</u>	<u>(505,421)</u>	<u>-</u>	<u>(2,281,205)</u>
Total accumulated depreciation	<u>(2,071,331)</u>	<u>(636,738)</u>	<u>-</u>	<u>(2,708,069)</u>
Net capital assets being depreciated	<u>2,630,949</u>	<u>(460,647)</u>	<u>-</u>	<u>2,170,302</u>
Net capital assets	<u>\$ 2,729,322</u>	<u>\$ (460,647)</u>	<u>\$ -</u>	<u>\$ 2,268,677</u>

Depreciation expense for the year ended June 30, 2015 totaled \$636,738 and was expensed to the transit activities function in the statement of activities.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6. INSURANCE COVERAGE

Rio Metro is subject to various risks of loss, which are covered through the purchase of commercial insurance and participation in the City of Albuquerque's Risk Management Pool. Since Rio Metro employees are covered under the Mid-Region Council of Governments of New Mexico (MRCOG), they are covered by MRCOG's insurance. The following insurance coverage was in effect at June 30, 2015:

<u>Insurer and Policy Type</u>	<u>Term</u>	<u>Coverage</u>
New Mexico Mutual (worker's compensation)	2/12/15 - 2/12/16	Injury by accident (\$1,000,000) each accident) Bodily injury by disease (\$1,000,000) each employee) Bodily injury by disease (\$1,000,000 policy limit)
Allied World Assurance Co. Commercial general liability	9/29/13 - 9/29/14	\$1,000,000 each occurrence, No general aggregate limit
Alliant Insurance Services, Inc. Commercial general liability	9/29/14 - 9/29/15	\$1,000,000 each occurrence, No general aggregate limit
Auto liability - Owned and non-owned vehicles	9/29/14 - 9/29/15	Combined single limit \$1,000,000
Special Property Insurance Program	7/1/14 - 7/1/15	Boiler and machining property \$25,000,000 aggregate other limitation apply
Employee Dishonesty Bond	7/1/14 - 7/1/15	\$1,000,000 faithful performance/employee honesty
City of Albuquerque Risk Management Fund		Covered under limits of the Tort Claims Act of NM
Auto vehicles liability -	Continuous policy	\$1,000,000 - property damage

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6. INSURANCE COVERAGE (CONTINUED)

<u>Insurer and Policy Type</u>	<u>Term</u>	<u>Coverage</u>
MRCOG owned		\$1,000,000 - per person for single occurrence
General Star Indemnity Company		
Excess Auto	11/10/14 - 11/10/15	\$4,000,000 - Aggregate
National Indemnity Company		
Commercial Automobile	11/10/14 - 11/10/15	\$1,000,000 - Single Limit \$5,000-Medical Payments Any one person \$1,000,000 -Uninsured Motorist CSL \$1,272,069 - Collision \$1,272,069 - Comprehensive
Essex Insurance Company		
Commercial General Liability	11/10/14 - 11/10/15	\$2,000,000 - General Aggregate \$1,000,000- Each Occurrence \$1,000,000- Personal & Advertising Injury \$5,000-Medical Payments / Any one person
Evanston Insurance Company		\$100,000- Damage to Premises
Excess Liability	11/10/14- 11/10/15	\$4,000,000 - Annual Aggregate \$4,000,000- Each Occurrence

According to the Memorandum of Agreement between Rio Metro, NMDOT, and MRCOG, Rio Metro and NMDOT have the joint duty of paying for all premiums for all property insurance and commercial liability insurance policies secured by the NMDOT to cover the New Mexico Rail Runner Express (NMRX), including liability insurance policies to fully insure Rio Metro and MRCOG from all risks and liability arising from, or on account of, Rio Metro's operation, maintenance, and administration of the NMRX or any other activity performed by Rio Metro with respect to the NMRX, including the selection, procurement, and oversight of the service of an operator and manager of the daily operations of the NMRX and NMDOT's participation in the NMRX. To satisfy these requirements, NMDOT obtained coverage through Risk Management Division of the State of New Mexico General Services Department and paid the premiums for the period July 1, 2014 through June 30, 2015.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7. CONTINGENCIES

Amounts received or receivable from the grantors are subject to audit and adjustment by those grantors. Any disallowed claims, including amounts already collected, may constitute a liability of Rio Metro. The amount, if any, of expenditures which may be disallowed by those grantors cannot be determined at this time, although Rio Metro's management expects such amounts, if any, to be immaterial.

NOTE 8. CAPITAL LEASE

Rio Metro has entered into a lease purchase agreement with Sandoval County for the purchase of land and building in the amount of \$1,262,300. Rio Metro has an option to purchase the property for the outstanding balance anytime during the term of the lease. The term of the agreement is 10 years and the interest rate is 3.5285%

The following amounts are outstanding as of June 30:

2016	\$ 153,420
2017	153,420
2018	153,420
2019	153,420
Thereafter	89,495
Amount representing interest	<u>(54,792)</u>
	648,383
Current	<u>(132,674)</u>
Long-term	<u>\$ 515,709</u>

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

June 30, <u>2014</u>	<u>Payments</u>	June 30, <u>2015</u>
\$776,463	\$ (128,080)	\$ 648,383

NOTE 9. OPERATING LEASES

Rio Metro is committed under various operating leases, primarily on a month to month basis. Rent expenditures were \$389,258 for the year ended June 30, 2015.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10. OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES AGREEMENT

Rio Metro has entered into an agreement with the MRCOG for operating services. MRCOG handles all payroll processing for Rio Metro and then invoices them for their share. Therefore, there is no payroll on Rio Metro's books. MRCOG also provides operational and administrative support, such as office space, computer equipment and technical support, vehicles and vehicle maintenance, human resources, legal services, insurance, and other fiscal services. MRCOG provided operating services in the amount of \$5,790,199 during the year ended June 30, 2015.

Herzog Transit Services, Inc. is the major service provider contracted through September 20, 2018 with Rio Metro's administrative entity, Mid Region Council of Governments, to operate and maintain the New Mexico Rail Runner Express. This vendor contract may be terminated by MRCOG for cause by giving written notice to Herzog ten days prior to the effective date of termination. MRCOG may also terminate the contract for convenience at any time by giving at least twenty days notice in writing to Herzog. The amount paid from the Commuter Rail Operations fund during the year ended June 30, 2015 was \$19,006,865 (Operations: \$11,142,675, Maintenance: \$7,263,763, Management Fee: \$600,427).

NOTE 11. RIO METRO REIMBURSEMENTS/INCURRED COSTS

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

Reimbursement to MRCOG	
Rio Metro RTD Revenue	<u>\$ 6,062,577</u>
Incurred on behalf of Rio Metro	
Operating Expenses	<u>6,062,577</u>
Total Expenditures	<u>6,062,577</u>
Excess revenues over	
Expenditures	<u>\$ -</u>

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12. RELATED ENTITY RECEIVABLES AND PAYABLES

Mid Region Council of Governments of New Mexico (MRCOG). Rio Metro's accounts receivable balance from MRCOG was \$547,615 at June 30, 2015. Rio Metro's accounts payable balance to MRCOG was \$537,774 at June 30, 2015. Rio Metro had revenues of \$96,902 and expenditures of \$6,057,418 relating to MRCOG.

Regional Transit Gross Receipts Taxes. The taxes receivable balance of \$4,438,420 is comprised of taxes receivables from Bernalillo, Sandoval, Santa Fe, and Valencia Counties, members of Rio Metro at June 30, 2015. Rio Metro had revenues of \$24,373,024 and expenditures of \$153,420 relating to Gross Receipts Taxes at June 30, 2015.

City of Albuquerque. Rio Metro had expenditures of \$4,755,000 relating to the City of Albuquerque at June 30, 2015.

City of Belen. Rio Metro had expenditures of \$358 relating to the City of Belen at June 30, 2015.

City of Rio Rancho. Rio Metro's accounts payable balance to the City of Rio Rancho was \$5,500 at June 30, 2015. Rio Metro had revenues of \$47,325 and expenditures of \$64,527 relating to the City of Rio Rancho at June 30, 2015.

Village of Los Lunas. Rio Metro's accounts payable balance to the Village of Los Lunas was \$25,693 at June 30, 2015. Rio Metro had expenditures of \$228,209 relating to the Village of Los Lunas at June 30, 2015.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 13. RECONCILIATION OF BUDGETARY COMPARISONS

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

	<u>Per Budget Schedules</u>			<u>Total Per</u>
	<u>Rail</u>	<u>Transit</u>	<u>Reclassifications</u>	<u>Financial</u>
	<u>Program</u>	<u>Program</u>	<u>Eliminations</u>	<u>Statements</u>
Revenues	\$ 31,051,570	\$ 14,097,877	\$ 1	\$ 45,149,448
Expenditures	(31,169,740)	(12,762,631)	(1)	(43,932,370)
Transfers in	1,200,000	-	28,434,657	29,634,657
Transfers out	<u>-</u>	<u>(1,200,000)</u>	<u>(28,434,659)</u>	<u>(29,634,659)</u>
Change in fund balance	<u>\$ 1,081,830</u>	<u>\$ 135,246</u>	<u>\$ -</u>	<u>\$ 1,217,076</u>

SUPPLEMENTARY INFORMATION

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

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

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

RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2015

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

RIO METRO REGIONAL TRANSIT DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue Funds														
	FTA 5307 Large Urban #2101	FTA 5307 UA SMALL URBAN #2102	STATE OF GOOD REPAIR #2104	FTA Thru MRCOG #2300	FTA 5317 NEW FREEDOM MRCOG #2304	FTA Thru NMDOT #2500	FTA 5311 FORMULA GRANTS RURAL AREAS #2502	FTA 5316 JARC NMDOT #2503	OTHER FEDERAL #3100	FHWA CONGESTION AIR QUALITY #3101	FHWA SURFACE TRANSPORTATION #3102	FHWA SAFETY IMPROVEMENT #3105	STATE #4100	OTHER #6100	TOTAL
ASSETS															
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	83,292	66,819	815,632	-	-	61,517	-	-	147,698	-	-	880,171	488,677	15,500.00	2,559,306
Due from other funds	-	-	-	-	-	63,273	19,988	-	-	-	-	-	-	-	83,261
Related entity receivable	-	-	-	47,580	-	-	-	-	-	-	-	-	-	-	47,580
Total assets	\$ 83,292	66,819	815,632	47,580	-	124,790	19,988	-	147,698	-	-	880,171	488,677	15,500	2,690,147
LIABILITIES															
Accounts payable	\$ -	-	-	-	-	122,624	19,988	-	15,931	-	-	-	-	6,095	164,638
Related entity payable	-	-	-	-	-	2,166	-	-	-	-	-	-	-	-	2,166
Due to other funds	83,292	66,819	815,632	47,580	-	-	-	-	131,767	-	-	880,171	488,677	9,405	2,523,343
Total liabilities	83,292	66,819	815,632	47,580	-	124,790	19,988	-	147,698	-	-	880,171	488,677	15,500	2,690,147
FUND BALANCES															
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 83,292	66,819	815,632	47,580	-	124,790	19,988	-	147,698	-	-	880,171	488,677	15,500	2,690,147

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue Funds														TOTAL
	FTA 5307 Large Urban #2101	FTA 5307 UA SMALL URBAN #2102	STATE OF GOOD REPAIR #2104	FTA Thru MRCOG #2300	FTA 5317 NEW FREEDOM MRCOG #2304	FTA Thru NMDOT #2500	FTA 5311 FORMULA GRANTS RURAL AREAS #2502	FTA 5316 JARC NMDOT #2503	OTHER FEDERAL #3100	FHWA CONGESTION AIR QUALITY #3101	FHWA SURFACE TRANSPORTATION #3102	FHWA SAFETY IMPROVEMENT #3105	STATE #4100	OTHER #6100	
REVENUES															
Intergovernmental															
Federal	\$ 1,001,209	511,257	2,606,318	17,290	14,685	486,958	118,158	68,484	11,250	156,730	86,826	1,248,465	-	-	6,327,630
State	-	-	-	-	-	-	-	-	-	-	-	-	864,704	-	864,704
NM Gross Receipts Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farebox	47,277	16,350	-	-	-	21,183	12,083	-	-	-	-	-	-	-	96,893
BNSF/AMTRAK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	-	-	-	-	-	-	-	-	20,500	20,500
Total revenues	\$ 1,048,486	527,607	2,606,318	17,290	14,685	508,141	130,241	68,484	11,250	156,730	86,826	1,248,465	864,704	20,500	7,309,727
EXPENDITURES															
Current:															
Operating	\$ 1,980,347	1,038,863	3,177,877	21,613	1,856	992,017	225,492	136,968	15,000	183,439	10,552	81,738	95,112	20,500	7,981,374
Capital outlay	-	-	80,019	-	16,500	-	-	-	-	-	91,069	1,166,727	769,592	-	2,123,907
Total expenditures	1,980,347	1,038,863	3,257,896	21,613	18,356	992,017	225,492	136,968	15,000	183,439	101,621	1,248,465	864,704	20,500	10,105,281
Excess of revenue over expenditures	(931,861)	(511,256)	(651,578)	(4,323)	(3,671)	(483,876)	(95,251)	(68,484)	(3,750)	(26,709)	(14,795)	-	-	-	(2,795,554)
OTHER FINANCING SOURCES/USES															
Operating transfers in	931,861	511,256	651,578	4,323	3,671	483,876	95,251	68,484	3,750	26,709	14,795	-	-	-	2,795,554
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RAIL PROGRAM
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 24,394,000	11,634,988	11,634,988	-
New Mexico Gross Receipts Tax	13,603,000	13,418,647	13,418,647	-
Farebox	3,149,000	2,587,199	2,587,199	-
BNSF/AMTRAK	1,800,000	2,060,842	2,060,842	-
State and other	2,206,000	1,349,894	1,349,894	-
Total revenues	\$ 45,152,000	31,051,570	31,051,570	-
EXPENDITURES				
Current:				
Operating	\$ 26,922,000	28,949,761	28,949,761	-
Noncurrent:				
Capital outlay	7,738,000	2,219,979	2,219,979	-
Total expenditures	34,660,000	31,169,740	31,169,740	-
Excess of revenues and other financing sources over expenditures	10,492,000	(118,170)	(118,170)	-
Other financing sources (uses)				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers out	-	-	-	-
	1,200,000	1,200,000	1,200,000	-
Change in fund balance	11,692,000	1,081,830	1,081,830	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ 11,692,000	1,081,830	1,081,830	-

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSIT PROGRAM
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 6,781,614	2,551,240	2,551,240	-
New Mexico Gross Receipts Tax	9,300,000	11,222,538	11,222,538	-
Farebox	96,000	96,894	96,894	-
State and other	6,522,000	227,205	227,205	-
Total revenues	\$ 22,699,614	14,097,877	14,097,877	-
EXPENDITURES				
Current:				
Operating	\$ 15,405,515	12,738,966	12,738,966	-
Noncurrent:				
Capital outlay	1,453,485	23,665	23,665	-
Total expenditures	16,859,000	12,762,631	12,762,631	-
Excess of revenues and other financing sources over expenditures	5,840,614	1,335,246	1,335,246	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(1,200,000)	(1,200,000)	(1,200,000)	-
	(1,200,000)	(1,200,000)	(1,200,000)	-
Change in fund balance	4,640,614	135,246	135,246	-
Fund Balance, beginning of year	10,261,260	10,261,260	10,261,260	-
Fund Balance, end of year	\$ 14,901,874	10,396,506	10,396,506	-

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF JOINT POWERS AGREEMENTS AND
MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2015

	Participants	Party Responsible for Operations	Reference #	Program Description	Date of Agreement		Audit Responsibility	Agency Where Revenues/Expenditures Reported
					Begin	End		
A1	Sandoval County/RMRTD	RMRTD	MOA	Transfer Rural, TANF, JARC Programs to RMRTD	9/1/2008	In perpetuity	RMRTD	N/A
A2	Sandoval County/RMRTD	RMRTD	P-100	Building Lease/Purchase Option	1/19/2010	1/31/2020	RMRTD	RMRTD
A3	Town of Bernalillo/RMRTD	RMRTD	MOA	Sandoval Easy Express	10/1/2008	In perpetuity	RMRTD	N/A
A4	Bosque Farms/RMRTD	RMRTD	IGA	Park & Ride location scoping	2/20/2009	In perpetuity	RMRTD	N/A
A5	North Central RTD/RMRTD	RMRTD	IGA	GRT distribution	4/29/2009	In perpetuity	RMRTD	N/A
A6	NMDOT/RMRTD	RMRTD	M01245	Commuter rail service rights & responsibilities	8/12/2013	In perpetuity	RMRTD	N/A
A7	NMDOT/RMRTD	RMRTD	Master Agreement	NMRX Capital Improvements	6/10/2013	In perpetuity	RMRTD	N/A
A8	NMDOT/RMRTD	RMRTD	Master Agreement	NMRX Crossings & Signals	10/21/2010	In perpetuity	RMRTD	N/A
A9	MRMPO/MRCOG/RMRTD/Co. RMRTD	RMRTD	MOA	Cooperative regional planning	1/21/2011	In perpetuity	RMRTD	N/A
A10	Village Los Lunas/RMRTD	RMRTD	P - 63	Vehicle maintenance	7/1/2013	6/30/2015	RMRTD	RMRTD
A11	Village Los Lunas/RMRTD	RMRTD	2015-242	Facility Lease	1/1/2015	12/31/2024	RMRTD	RMRTD
A12	Village Los Lunas/RMRTD	RMRTD	2014-203	Snow Removal	2/24/2014	2/23/2016	RMRTD	RMRTD
A13	City Rio Rancho/RMRTD	RMRTD	P - 91	Facility Lease	1/1/2013	12/31/2015	RMRTD	RMRTD
A14	City Rio Rancho/RMRTD	RMRTD	P-228	Transit Service	12/17/2009	In perpetuity	RMRTD	RMRTD
A15	Santo Domingo	RMRTD	P-149	Rail Easement/Parking Lease	11/24/2008	In perpetuity	RMRTD	N/A
A16	Sandia Pueblo	RMRTD	P-98	Rail Station Lease	11/18/2010	8/2/2034	RMRTD	RMRTD
A17	Workforce Connection Central New Mexico/RMRTD	WCCNM/RMRTD	2013-147	WIA/Job Access Service Integration	9/7/2012	6/30/2014	WCCNM/ RMRTD	N/A
A18	Workforce Connection Central New Mexico/RMRTD	WCCNM/RMRTD	2014-213	550 Station Lease	7/10/2013	6/30/2018	WCCNM/ RMRTD	WCCNM/ RMRTD
A19	City of Albuquerque	RMRTD	2014-214	Job Access/ Bike shop coordination	7/1/2014	6/8/2017	RMRTD	N/A
	Town of Bernalillo	RMRTD	2014-223	NMRX Pedestrian Improvements	8/13/2014	12/31/2015	RMRTD	RMRTD

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2015

<u>Account</u>	<u>Description of Pledged Collateral</u>	<u>Type of Pledged Collateral</u>	<u>CUSIP Number</u>	<u>Sweep Collateral Value at June 30, 2015</u>	<u>Safe keeper</u>
Rio Metro Sweep					
	Repurchase Agreement	Shares	31419AQ83	\$ 4,700,365	Wells Fargo
	Accrued Interest	Interest	31419AQ83	14,700	Wells Fargo
	Total Collateral			<u>4,715,065</u>	
	Bank balance			<u>4,622,613</u>	
	Collateral required at 102%			<u>4,715,065</u>	
	Excess Collateral			<u>\$ -</u>	

Bank Accounts

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Type of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2015</u>	<u>Location of Safekeeper</u>
Wells Fargo	FG	Bonds	9/1/2040	312942FF7	\$ 541,024	Bank of New York Mellon
Wells Fargo	FG	Bonds	4/1/2043	3132J8P20	\$ 198,183	Bank of New York Mellon
Wells Fargo	FN	Bonds	12/1/2041	3138AWH63	\$ 4,216	Bank of New York Mellon
Wells Fargo	FN	Bonds	12/1/2026	3138AYLZ0	\$ 54,615	Bank of New York Mellon
Wells Fargo	FN	Bonds	12/1/2026	3138E0SF7	\$ 556,885	Bank of New York Mellon
Wells Fargo	FN	Bonds	12/1/2026	3138E2NF8	\$ 95,631	Bank of New York Mellon
Wells Fargo	FN	Bonds	2/1/2042	3138E67L4	\$ 6,963	Bank of New York Mellon
Wells Fargo	FN	Bonds	2/1/2042	3138E75F7	\$ 47,023	Bank of New York Mellon
Wells Fargo	FN	Bonds	2/1/2043	3138MJUN7	\$ 82,372	Bank of New York Mellon
Wells Fargo	FN	Bonds	1/1/2043	3138NXKJ5	\$ 30,109	Bank of New York Mellon
Wells Fargo	FN	Bonds	7/1/2043	3138W9AZ3	\$ 430,217	Bank of New York Mellon
Wells Fargo	FN	Bonds	6/1/2043	3138WTRV0	\$ 63,395	Bank of New York Mellon
Wells Fargo	FN	Bonds	7/1/2043	3138X0ZA9	\$ 64,853	Bank of New York Mellon
Wells Fargo	FN	Bonds	7/1/2037	31412XNY6	\$ 528,981	Bank of New York Mellon
Wells Fargo	FN	Bonds	4/1/2043	31417GEX0	\$ 63,291	Bank of New York Mellon
Wells Fargo	FN	Bonds	9/1/2033	31418AXN3	\$ 254,182	Bank of New York Mellon
Total Pledged Collateral					<u>\$ 3,021,940</u>	
Bank Account Balances						
Rio Metro Checking					<u>5,200,000</u>	
Total Bank Balances					<u>5,200,000</u>	
FDIC Coverage					<u>(250,000)</u>	
Uninsured Amount					4,950,000	
Collateral required at 50%					2,475,000	
Pledged Collateral					<u>(3,021,940)</u>	
Excess Collateral					<u>\$ (546,940)</u>	

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

<u>U.S. Department of Transportation</u>					
Federal Transit Administration (FTA)					
Federal Transit Cluster					
	Federal CFDA Number	Award Number	Fund Number	Activity Number	Federal Expenditures
Federal Transit Formula Grants (5307 LU Rail PM)	20.507	NM-90-X123	2100	2020	\$ 7,403,841
Federal Transit Formula Grants (5307 LU Rail PM)	20.507	NM-90-X130	2100	2037	126,000
Federal Transit Formula Grants (5307 Community Services)	20.507	NM-90-X125	2100	4062	110,058
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X020	2100	7020	218,699
Federal Transit Formula Grants (5307 Community Services) Closed	20.507	NM-90-X117	2101	1028	84,724
Federal Transit Formula Grants (5307 SU Rail Operations)	20.507	NM-90-X122	2101	2025	133,901
Federal Transit Formula Grants (5307 LU Operating)	20.507	NM-90-X124	2101	4061	697,092
Federal Transit Formula Grants (5307 BRT Study Phase II)	20.507	NM-90-X097	2101	6020	19,815
Federal Transit Formula Grants (5307 SU Transit)	20.507	NM-90-X118	2102	1025	511,257
State of Good Repair (5337)	20.525	NM-54-0001	2104	2023	2,537,786
State of Good Repair (5337)	20.525	NM-54-0001	2104	2024	68,532
Federal Transit Formula Grants (Transit Facility Equip & Signage)	20.507	NM-95-X015	3101	1006	5,187
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X018	3101	1043	151,543
Federal Transit Formula Grants (Rail PM Track Improvement)	20.507	NM-95-X017	3102	1012	86,826
Total Federal Transit Cluster Direct					12,155,261
Public Transportation Research, National Research Programs (Operation Lifesaver)	20.514	none	3100	2031	11,250
Total U.S. Department of Transportation Direct					12,166,511
<u>U.S. Department of Transportation</u>					
Passed through Mid-Region Council of Governments:					
Federal Transit Cluster					
Federal Transit Formula Grants (5307 Transit Amenities)	20.507	NM-95-X012	2101	1010	\$ 65,677
Federal Transit Formula Grants (5307 Transit Amenities)	20.507	NM-95-X012	2300	1011	17,290
Transit Services Program Cluster					
New Freedom Program (5317 Rail Mini-Hi)	20.521	MOA w/COG 5317	2304	1000	13,200
New Freedom Program (5317 Trapeze)	20.521	MOA w/COG 5317	2304	1018	1,485
Total U.S. Department of Transportation Pass-Through					97,652
<u>U.S. Department of Transportation</u>					
Passed through State of New Mexico Department of Transportation					
Highway Planning and Construction Cluster					
Federal Highway Planning and Construction (Federal Highway Administration/Highway Safety Improvement Program)	20.205	D13744	3105	1005	\$ 1,248,465
Formula Grants Cluster					
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01342	2500	4063	486,958
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01254	2502	1040	118,158
Formula Grants for Other Than Urbanized Areas (Section 5311)	20.509	M01254	2503	1041	68,484
Total U.S. Department of Transportation Pass-through Awards					1,922,065
Total Expenditures of Federal Awards					\$ 14,186,228

RIO METRO REGIONAL TRANSIT DISTRICT OF NEW MEXICO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rio Metro Regional Transit District of New Mexico (Rio Metro) under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirement of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of Rio Metro, it is not intended to and does not present the financial position, changes in net position or cash flows of Rio Metro.

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 OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Non-cash Assistance

Rio Metro received no non-cash federal assistance for the year.

4. Subrecipients

Rio Metro has no subrecipients.

OTHER INFORMATION

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF VENDORS
June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
2014-06	RFP	All Aboard America	\$ 14,128,560.00		Industrial Bus Lines, dba All Aboard America - 2520 Camino Entrada #C, Santa Fe, NM	In State	N/A	The RMRTD is seeking an Offeror to provide general public transportation bus service for six (6) existing commuter transit / shuttle routes in Bernalillo and Sandoval County. Additionally, RMRTD seeks an Offeror that can also provide Bus Replacement (Bus Bridge) services for the NMRX during rail system failures or service disruptions throughout the NMRX corridor on an as-needed basis.

COMPLIANCE SECTION

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rio Metro Regional Transit District (Rio Metro) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Rio Metro Regional Transit District's basic financial statements, and the combining and individual funds and related budgetary comparisons of Rio Metro presented as supplementary information, and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
December 15, 2015

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Rio Metro Regional Transit District's (Rio Metro), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rio Metro's major federal programs for the year ended June 30, 2015. Rio Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rio Metro's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rio Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, Rio Metro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Rio Metro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rio Metro's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rio Metro's internal control over compliance.

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

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

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

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

Mess Adams LLP

Albuquerque, New Mexico
December 15, 2015

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

No prior year audit findings noted.

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

☐ Yes ☒ No

- Significant deficiency(s) identified

☐ Yes ☒ None Reported

Non-compliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over Major Federal Programs:

- Material weakness (es) identified?

☐ Yes ☒ No

- Significant deficiency(s) identified?

☐ Yes ☒ None Reported

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

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133?

☐ Yes ☒ No

Identification of Major Federal Program

CFDA Number

Name of Federal Program or Cluster

20.500 / 20.507/20.525 Federal Transit Cluster
20.205 Highway Planning

Dollar threshold used to distinguish between type A
and type B programs

\$ 425,587

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD

None

**RIO METRO REGIONAL TRANSIT DISTRICT
EXIT CONFERENCE
Year Ended June 30, 2015**

An exit conference was held on December 3, 2015 in a closed session. The contents of this report were discussed. Present at the exit conference were:

Representing Rio Metro Regional Transit District:

Dewey Cave	Executive Director
Conni Vigil	Rio Metro Senior Finance Manager
Maggie Stebbins	Vice Chair
Terry Doyle	Director of Rio Metro Regional Transportation District
Josephine Vigil	Rio Metro Finance Manager
Amy Myer, CPA	MRCOG Senior Finance Manager

Representing Moss Adams LLP:

Kory Hoggan, CPA	Senior Manager
Michael McGinley, CPA	Senior Auditor

PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared with the assistance of Moss Adams LLP from the books and records of the Rio Metro Regional Transit District. The financial statements and related footnotes remain the responsibility of management.