



RIO METRO REGIONAL TRANSIT DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2013

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 (Vice-Chair)	Rey Garduño
City of Albuquerque	Councilor	Don Harris
City of Albuquerque	Councilor	Isaac Benton
City of Albuquerque	Councilor	Janice Arnold-Jones
City of Albuquerque	Councilor	Roxanna Meyers
City of Belen	Mayor	Rudy Jaramillo
Bernalillo County	Commissioner	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	Robert Vialpando
Los Ranchos de Albuquerque	Mayor (Chair)	Larry Abraham
City of Rio Rancho	Councilor	Lonnie Clayton
City of Rio Rancho	Councilor	Tamara Gutierrez
Sandoval County	Commissioner	Darryl Madalena
Valencia County	Commissioner	Mary Andersen

Report of Independent Auditors

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
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, 2013, 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 in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013 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
and
Mr. Hector H. Balderas
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, 2013, 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 and the respective budgetary comparisons for the year ended June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15 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.

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

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.

Other 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 accompanying *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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *Schedule of Joint Powers Agreements and Memorandums of Understanding* and *Schedule of Pledged Collateral* required by the *New Mexico State Audit Rule* are presented for purposes of additional analysis and are not a required part of the financial statements.

The *Schedule of Expenditures of Federal Awards*, the *Schedule of Joint Powers Agreements and Memorandums of Understanding*, and *Schedule of Pledged Collateral* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards*, *Schedule of Joint Powers Agreements and Memorandums of Understanding*, and *Schedule of Pledged Collateral* are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors
Rio Metro Regional Transit District
and
Mr. Hector H. Balderas
New Mexico State Auditor

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013 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 2, 2013

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2013**

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, 2013**

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, Valencia, and Santa Fe 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, 2013**

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. The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on 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 twenty-four 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 Transit, Transit Operations, Commuter Rail Operations, Gross Receipts Tax Rail, and Federal Transit Administration all of which are considered to be major funds.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2013**

Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statement can be found on pages 18-19 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-36 of this report.

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 \$12.5 million at the close of the most recent fiscal year. The net position increased by approximately \$50,000.

Rio Metro's overall financial position continues to grow and 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, 2013**

Net Position

Table A-1 summarizes the Rio Metro's net position for the fiscal year ended June 30, 2013. Net position is presented on a consolidated basis and is reflected on a full accrual basis.

Table A-1
Rio Metro's Net Position

	Governmental Activities 6/30/13	Governmental Activities 6/30/12
Current assets	\$ 17,780,474	\$ 14,994,630
Capital assets, net of accumulated depreciation	<u>3,305,459</u>	<u>2,428,392</u>
Total assets	<u><u>21,085,933</u></u>	<u><u>17,423,022</u></u>
Total current liabilities	7,781,018	4,047,094
Long-term debt	<u>776,461</u>	<u>900,108</u>
Total liabilities	<u><u>8,557,479</u></u>	<u><u>4,947,202</u></u>
Net Position		
Net investment in capital assets	2,405,352	1,408,918
Restricted	10,617	10,617
Unrestricted	<u>10,112,485</u>	<u>11,056,285</u>
Total liabilities and net position	<u><u>\$ 21,085,933</u></u>	<u><u>\$ 17,423,022</u></u>

During the year, \$577,000 of regional gross receipts tax budgeted originally in Transit operations was transferred to NMRX operations to cover unanticipated capital expenditures on NMRX rolling stock and NMRX maintenance of railway. These expenditures were necessary to maintain NMRX service through the year, and were caused by equipment failure on locomotives and emergency track repairs necessitated by monsoon storms.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2013**

Changes in net position: Rio Metro's change in net position for fiscal year 2013 was an increase of \$52,634. The table below reflects the changes in net position:

Table A-2

Changes in Rio Metro's Net Position

	Governmental Activities 6/30/13	Governmental Activities 6/30/12
Expenses – governmental activities	\$ (40,593,513)	\$ (35,138,986)
Add: charges for services	4,798,844	4,072,057
operating grants	<u>13,103,523</u>	<u>10,119,867</u>
Subtotal	<u>(22,691,146)</u>	<u>(20,947,062)</u>
General revenues – total	<u>22,743,780</u>	<u>22,941,126</u>
Change in net position	52,634	1,994,064
Net position – beginning of year	<u>12,475,820</u>	<u>10,481,756</u>
Net position – end of year	<u>\$ 12,528,454</u>	<u>12,475,820</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2013**

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 \$10.1 million, a decrease of \$944 thousand in comparison with prior year.

Rio Metro's total Governmental Funds expenditures during the year were nearly \$41.7 million dollars for year ending June 30, 2013, compared to \$35.2 million in 2012. Thirty-four percent (34%) 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 6/30/13	Governmental Funds 6/30/12
Revenues:		
State	\$ 603,808	\$ 852,501
Federal	11,949,220	8,616,917
Local	22,792,049	22,940,008
Charges for service	3,091,515	2,717,313
BNSF/AMTRAK	1,707,329	1,354,744
Interest and other	551,160	137,336
Total revenues	<u>40,695,081</u>	<u>36,618,819</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2013**

	Governmental Funds 6/30/13	Governmental Funds 6/30/12
Expenditures:		
Operations	\$ 39,549,177	\$ 33,087,591
Capital outlay	<u>2,089,704</u>	<u>2,193,473</u>
Total expenditures	<u>41,638,881</u>	<u>35,281,064</u>
 Change in fund balance		
Revenues over (under) expenditures	(943,800)	1,337,755
Beginning fund balances	<u>11,066,902</u>	<u>9,729,147</u>
Ending fund balances	<u>\$ 10,123,102</u>	<u>\$ 11,066,902</u>

Analysis of Major Funds

General Fund (Fund 010): Revenues in the General Fund were \$665, which was interest income. There were no other revenues or expenses in the General Fund during the fiscal year.

GRT - Transit (Fund 048): The GRT - Transit fund is where Rio Metro includes the transit portion of Gross Receipts Tax Revenue when it is received. When Rio Metro allocates revenue at the end of each month, the GRT - Transit revenue is allocated to the various transit funds as needed to cover expenses. As of June 30, 2013, the fund balance in the GRT - Transit fund was \$10.1 million, a decrease of \$944,465 from last year (For FY13, management anticipated using \$1.6 million in fund balance to cover operational needs and service upgrades, and budgeted accordingly. Actual fund balance used was less than budgeted). The decrease is the result operating transfers made during the year: \$367,552 was transferred to Transit Operations, and \$576,913 was transferred to Commuter Rail Operations.

Transit Operations (Fund 049): The Transit Operations fund includes the operation, administration, budget, utilities and other costs associated with operating and administering Rio Metro's transit activities. As of June 30, 2013, the fund balance in the Transit Operations fund was zero.

Commuter Rail Operations (Fund 089): The Rio Metro Regional Transit district is the designated operator of the New Mexico Rail Runner Express commuter rail service. Operating dollars are used to contract for the operation and maintenance of the commuter rail service, communications and dispatch, as well as marketing and oversight of the contract operator. As of June 30, 2013, the fund balance in the Commuter Rail Operations fund was zero.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2013**

GRT - Rail (Fund 099): The GRT - Rail fund is where Rio Metro includes the rail portion of Regional Transit Gross Receipts Tax Revenue when it is received. When Rio Metro allocates revenue at the end of each month, the GRT - Rail revenue is allocated to the various rail funds as needed to cover expenses. As of June 30, 2013, the fund balance in the GRT - Rail fund was \$10,617.

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 – additional funding sources became available during the year and were added in the final budget. Alameda Bike Path project, permitting and state railroad crossing funding sources increased by \$1.7 million. The federal, GRT, farebox and BSNF/Amtrak revenues did not materialize as expected and the budget was adjusted by approximately \$1.6 million to reflect these decreases. The net adjustment was approximately \$100,000 increase.
- Rail Program expenditures – the original budget was providing for a moderate contractual increases in customer service and maintenance expenses. However, resources were reallocated to capital and the contractual increases along with RMRTD Operations service upgrades (non-rail) were reprioritized due to unanticipated capital needs as discussed above.
- Transit Program expenditures and revenues – the original budgets were decrease by approximately \$4.5 million due to reprioritization during the fiscal year. This included management decisions to defer park and ride lot acquisition and service expansion to cover unanticipated capital needs of the Rail Program and rail emergency maintenance.

Fund Balances

The fund balances at June 30, 2013 were as follows:

- The fund balance in the General fund was \$4,378, which was interest income earned during the year.
- The fund balance in the GRT – Transit decreased by \$944, 645. In fiscal year 2013, management anticipated using \$1.6 million of fund balance to help cover FY13 operational needs and service upgrades, and budgeted accordingly. Actual fund balance used was \$944,465, leaving fund balance of \$10,108,109 as of year-end.
- The fund balance in the GRT - Rail fund was \$10,617.

**RIO METRO REGIONAL TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Year Ended June 30, 2013**

Capital Assets

The Rio Metro's net investment in capital assets (net of debt) as of June 30, 2013 amounted to \$2,405,352. The capital assets consist of buildings and vehicles. Depreciation expense of \$672,787 was recorded in the current year. Additions of \$1,500,415 were added during the year ended June 30, 2013, consisting of several vans for transit operations, software, and the El Pueblo property.

Debt

At the end of the fiscal year, Rio Metro RTD had total debt outstanding of \$900,107. 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 the Rio Metro RTD is the Regional Transit Gross Receipts Tax. While this tax is dependent on the state of the economy, the Rio Metro RTD 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 2013 to 2014.

Request for Information

This financial report is designed to provide a general overview of the Rio Metro RTD'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, 2013**

	Governmental Activities
ASSETS	
Current	
Cash and cash equivalents	\$ 9,082,436
Accounts receivable	4,525,979
Gross receipts taxes receivable	1,970,077
Grants receivable	1,701,946
Related entity receivable	500,036
Total current assets	<u>17,780,474</u>
Noncurrent	
Capital assets, net of accumulated depreciation	<u>3,305,459</u>
Total Assets	<u><u>\$ 21,085,933</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current	
Accounts payable	\$ 7,555,951
Related entity payable	101,421
Capital lease obligation	123,646
Total current liabilities	<u>7,781,018</u>
Long-term	
Capital lease obligation	<u>776,461</u>
Total liabilities	<u>8,557,479</u>
NET POSITION	
Net investment in capital assets	2,405,352
Restricted	
Rail Operations	10,617
Unrestricted	10,112,485
Total net position	<u>12,528,454</u>
Total liabilities and net position	<u><u>\$ 21,085,933</u></u>

See Notes to Financial Statements.

RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

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	\$ 26,701,566	4,710,257	10,056,465	(11,934,844)
Transit activities	13,891,947	88,587	3,047,058	(10,756,302)
Total governmental activities	\$ 40,593,513	4,798,844	13,103,523	(22,691,146)
General Revenues				
New Mexico Gross Receipts Taxes				\$ 22,792,049
Other				(48,934)
Interest				665
Total general revenues				<u>22,743,780</u>
Change in net position				<u>52,634</u>
Net position, beginning of year				<u>12,475,820</u>
Net position, ending of year				<u><u>\$ 12,528,454</u></u>

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013**

	Major Funds						Other Governmental Funds	Total Governmental Funds
	Special Revenue Funds							
	General #10	GRT - Transit #48	Transit Operations #49	Commuter Rail Oper. #89	GRT - Rail #99	FTA 5307 NMRX #307		
ASSETS								
Cash and cash equivalents	\$ 9,082,436	-	-	-	-	-	-	9,082,436
Accounts receivable	9,030	-	31,500	1,448,048	2,487,889	-	549,512	4,525,979
Gross receipts taxes receivable	-	1,970,077	-	-	-	-	-	1,970,077
Grant reimbursements receivable	-	-	30,712	-	-	774,098	897,136	1,701,946
Related entity receivable	500,036	-	-	-	-	-	-	500,036
Interfund receivables	-	8,138,030	4,871,887	-	-	193,524	212,322	13,415,763
Total assets	\$ 9,591,502	10,108,107	4,934,099	1,448,048	2,487,889	967,622	1,658,970	31,196,237
LIABILITIES								
Accounts payable	\$ -	-	4,934,099	916,871	-	967,622	737,359	7,555,951
Related entity payable	-	-	-	101,071	-	-	350	101,421
Interfund payables	9,587,124	-	-	430,106	2,477,272	-	921,261	13,415,763
Total liabilities	9,587,124	-	4,934,099	1,448,048	2,477,272	967,622	1,658,970	21,073,135
FUND BALANCES								
Unassigned	4,378	-	-	-	-	-	-	4,378
Restricted	-	10,108,107	-	-	10,617	-	-	10,118,724
Total fund balance	4,378	10,108,107	-	-	10,617	-	-	10,123,102
Total liabilities and fund balances	\$ 9,591,502	10,108,107	4,934,099	1,448,048	2,487,889	967,622	1,658,970	31,196,237

Reconciliation

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

3,305,459

Capital lease obligations are not recorded as liabilities in the governmental funds, but recorded as long-term liabilities in the statement of net position

(900,107)

Net position of governmental activities

\$ 12,528,454

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, 2013**

	Major Funds							Total Governmental Funds
	General #10	GRT - Transit #48	Transit Operations #49	Commuter Rail Oper. #89	GRT - Rail #99	FTA 5307 NMRX #307	Other Governmental Funds	
REVENUES								
Intergovernmental								
Federal	\$ -	-	242,891	-	-	8,846,749	2,859,580	11,949,220
State	-	-	-	-	-	-	603,808	603,808
New Mexico Gross Receipts Tax	-	-	7,340,195	9,040,894	-	2,211,687	4,199,273	22,792,049
Farebox	-	-	-	3,002,928	-	-	88,587	3,091,515
BNSF/Amtrak	-	-	-	1,510,412	-	-	196,917	1,707,329
Special projects and other	665	-	31,500	81,932	-	-	437,063	551,160
Total revenues	665	-	7,614,586	13,636,166	-	11,058,436	8,385,228	40,695,081
EXPENDITURES								
Current								
Operating	-	-	7,871,596	14,203,172	-	11,058,436	6,415,973	39,549,177
Capital outlay	-	-	110,542	9,907	-	-	1,969,255	2,089,704
Total expenditures	-	-	7,982,138	14,213,079	-	11,058,436	8,385,228	41,638,881
Excess of revenue over expenditures	665	-	(367,552)	(576,913)	-	-	-	(943,800)
OTHER FINANCING SOURCES/USES								
Operating transfers in	-	-	367,552	576,913	-	-	-	944,465
Operating transfers out	-	(944,465)	-	-	-	-	-	(944,465)
Net change in fund balance	665	(944,465)	-	-	-	-	-	(943,800)
Fund balance, beginning of year	3,713	11,052,572	-	-	10,617	-	-	11,066,902
Fund balance, end of year	\$ 4,378	10,108,107	-	-	10,617	-	-	10,123,102
Reconciliation								
Change in fund balance-total government funds								(943,800)
Amounts reported for governmental activities in the statement of activities are different because:								
Depreciation is not recorded as a financial use								(672,787)
Capital assets additions used in governmental activities are not financial resources and, therefore, are not reported								1,598,788
Loss on disposal of capital assets								(48,934)
Principal payments on capital lease obligations								119,367
Change in net position of governmental activities								\$ 52,634

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Rio Metro provides a variety of transportation services to residents of Bernalillo, Sandoval and Valencia counties and is funded through a combination of participation fees, gross receipts taxes, advertising, interest income and federal grants. Rio Metro is the primary government and is not a component unit of any other entity. It is the financial reporting entity, and it did not have any component units during the fiscal year ended June 30, 2013.

Rio Metro and Mid-Region Council of Governments of New Mexico (MRCOG), a related governmental entity, have entered into a Professional Services Agreement, through which MRCOG is the administrative entity and provides personnel, insurance, documentation, administration, monitoring, oversight and other fiscal services until such time as Rio Metro has the organizational and financial capability to assume these responsibilities. Rio Metro does not have employees and relies on MRCOG's financial system and internal control structure. Rio Metro contracts with Herzog Companies, Inc. to manage and operate the Rail Runner.

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.

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

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basic Financial Statements – The basic financial statements include both government-wide (based on Rio Metro as a whole) and fund financial statements. The new reporting model focus is on either Rio Metro as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on an economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Rio Metro did not have any business-type activities during the year ended June 30, 2013.

Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements and Rio Metro does not have these types of activities to report.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses by related program revenues, charges for services, operating and capital grants. Rio Metro reports several functions as reflected in the Statement of Activities. The program revenues consist of grants received for specific projects. The net cost is normally covered by general revenues. Rio Metro does not currently employ indirect cost allocation systems.

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

This government-wide focus is more on the sustainability of Rio Metro as an entity and in aggregate financial position resulting from the activities of the current fiscal period. The government-wide financial statements are prepared in accordance with generally accepted accounting principles generally accepted in the United States of America

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(GAAP), unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

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

Basis of Presentation – Fund Financials: The fund financial statements' emphasis is on the major funds in the governmental category only, since there are no business-type categories. Non-major funds are summarized into a single column. The governmental fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how Rio Metro's actual experience conforms to the budget of fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page of each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

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

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

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

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

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the requirements of GASB #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:

- **GRT - Transit (No. 048)** – Transit fund is where Rio Metro includes the transit portion of New Mexico Regional Transit Gross Receipts Tax (GRT) revenue when it is received. When Rio Metro allocates revenue at the end of the month, the GRT - Transit revenue is allocated to the various transit funds as needed to cover expenses.
- **Transit Operations (No. 049)** – The Transit Operations fund includes the operation, administration, budget, utilities, and other costs associated with operating and administering Rio Metro transit activities. Rio Metro was created by the New Mexico Regional Transit District Act (Chapter 73, Article 25, NMSA 1978).
- **Commuter Rail Operations (No. 089)** – Provides for the operations of the Commuter Rail between Belen and Bernalillo. These funds are also authorized by the U.S. Department of Transportation, Public Law 109-59 Safe, Accountable, Flexible Efficient Transportation Equity Act. Funding paid to Rio Metro on a cost reimbursement basis. Rio Metro was created by the New Mexico Regional Transit District Act (Chapter 73, Article 25, NMSA 1978).
- **Gross Receipts Taxes – Rail (No. 099)** – Rail fund is where Rio Metro includes the rail portion of New Mexico Regional Transit Gross Receipts Tax (GRT) revenue when it is received. When Rio Metro allocates revenue at the end of the month, the GRT – Rail revenue is allocated to the various rail funds as needed to cover expenses.
- **FTA 5307 NMRX (Separate fund required by grantor) (No. 307)** – Federal funding provided for preventative maintenance items including, but not limited to Maintenance of Equipment and Maintenance of Way related to the New Mexico Rail Runner Express train.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (RMRTD’s Board of Directors) and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the management.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Basis of Accounting

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

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

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

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, i.e., the dollar value above which asset acquisitions are added to the capital assets, is \$5,000 per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Vehicles	5-10 years
Building	40 years

Rio Metro did not own any infrastructure assets as of June 30, 2013.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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; 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.

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.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position on the Statement of Net Position include the following:

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

Restricted - the component of net position that reports the difference between assets and liabilities of 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. Restricted net position at June 30, 2013 consists of restricted net position for Rail Operations of \$10,617 which consists of GRT collected for NMRX operations in excess of expenditures carried over from 2012.

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

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

Use of Estimates

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

NOTE 2. DEPOSIT AND INVESTMENT ACCOUNTS

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, 2013

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, 2013, the amount of Rio Metro's bank balance of \$4,400,014 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,129,639
Uninsured and collateral held by pledging bank's trust department not in Rio Metro's name	1,909,417

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, 2013:

Bank balance	
Sweep Account – Wells Fargo Bank	\$ 5,960,152
Demand deposit – Wells Fargo Bank, Albuquerque, New Mexico	4,400,014
Deposits in transit	526
Outstanding checks	<u>(1,278,256)</u>
Cash and equivalents per financial statements	<u>\$ 9,082,436</u>

NOTE 3. ACCOUNTS RECEIVABLES

The accounts receivables balance as of June 30, 2013 consisted of:

Burlington Northern Santa Fe Railway	\$ 1,687,767
Other receivables	<u>2,838,212</u>
Total accounts receivable	<u>\$ 4,525,979</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4. INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS

Interfund receivables and payables were as follows at June 30, 2013:

	To (Interfund Pay)	From (Interfund Rec)
Due to major and non major funds from General Fund	\$ 9,587,124	-
Due to General fund from GRT-Rail fund #99	2,477,272	-
Due to General Fund from Rail Operations fund #89	-	-
General fund due to GRT-Transit fund #48	430,106	8,138,030
General fund due to Transit Operations fund #49	-	<u>4,871,887</u>
Subtotal	<u>12,494,502</u>	<u>13,009,917</u>
Due to General fund from nonmajor funds	921,261	-
Due from General fund to nonmajor funds	-	<u>405,846</u>
Subtotal	<u>921,261</u>	<u>405,846</u>
Total	<u>\$13,415,763</u>	<u>13,415,763</u>

Interfund accounts occur because expenditures are paid for by the General Fund because the Special Revenue Funds are on a reimbursement basis. When the Special Revenue Funds receive the reimbursements from the grantors, the General Fund is repaid. Management expects all of interfund balances at June 30, 2013 to be repaid within one year.

Interfund transfers were as follows for the year ended June 30, 2013:

	To	From
GRT - Transit #48	\$ -	944,465
Transit operations #49	367,552	-
Commuter Rail Operations #89	<u>576,913</u>	-
Total	<u>\$ 944,465</u>	<u>944,465</u>

This transfer was made to utilize unexpended fund balance for transit and rail operations in 2013.

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5. CAPITAL ASSETS

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

	June 30, 2012	Additions	Deletions	June 30, 2013
Assets not depreciated:				
Land-El Pueblo	\$ -	98,373	-	98,373
Assets being depreciated:				
Building	1,262,300	-	-	1,262,300
Building-El Pueblo Purchase	-	279,986	-	279,986
Software	-	388,614	-	388,614
Vehicles & Equipment	1,807,994	831,815	(65,245)	2,574,564
Total assets	<u>3,070,294</u>	<u>1,500,415</u>	<u>(65,245)</u>	<u>4,505,464</u>
Accumulated depreciation				
Building	(78,894)	(31,558)	-	(110,452)
Building-El Pueblo Purchase	-	(6,533)	-	(6,533)
Software	-	(63,563)	-	(63,563)
Vehicles & Equipment	(563,008)	(571,133)	16,311	(1,117,830)
Total accumulated depreciation	<u>(641,902)</u>	<u>(672,787)</u>	<u>16,311</u>	<u>(1,298,378)</u>
Net capital assets being depreciated	<u>2,428,392</u>	<u>827,628</u>	<u>(48,934)</u>	<u>3,207,086</u>
Net capital assets	<u>\$ 2,428,392</u>	<u>926,001</u>	<u>(48,934)</u>	<u>3,305,459</u>

Depreciation expense for the year ended June 30, 2013 was \$672,787. It was charged to the transit activities function in the Statement of Activities.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

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, 2013:

Insurer and Policy Type	Term	Coverage
New Mexico Mutual (worker’s compensation)	2/12/12 – 2/12/13	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	9/29/11 - 9/29/12	\$1,000,000 each occurrence, No general aggregate limit
Alliant Insurance Services, Inc. Commercial general liability	9/29/12 - 9/29/13	\$1,000,000 each occurrence, No general aggregate limit
Auto liability – Owned and non-owned vehicles	9/29/12 - 9/29/13	Combined single limit \$1,000,000
Special Property Insurance Program	7/1/12 - 7/1/13	Boiler and machining property \$25,000,000 aggregate other limitation apply
Employee Dishonesty Bond	7/1/12 – 7/1/13	\$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, 2013**

NOTE 6. INSURANCE COVERAGE (CONTINUED)

Insurer and Policy Type	Term	Coverage
MRCOG owned		\$1,000,000 - per person for single occurrence
General Star Indemnity Company		
Excess Auto	11/10/12 - 11/10/13	\$4,000,000 - Aggregate
National Indemnity Company		
Commercial Automobile	11/10/12 - 11/10/13	\$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	11/10/12 - 11/10/13	\$2,000,000 - General Aggregate \$1,000,000- Each Occurrence \$1,000,000- Personal &Advertising Injury \$5,000-MedicalPayments / Any one person \$100,000- Damage to Premises
Evanston Insurance Company		
Excess Liability	11/10/12- 11/10/13	\$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, 2012 through June 30, 2013.

**RIO METRO REGIONAL TRANSIT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013**

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:

2014	153,420
2015	153,420
2016	153,420
2017	153,420
2018	153,420
Thereafter	242,915
Amount representing interest	<u>(109,908)</u>
	900,107
Current	<u>(123,646)</u>
Long-term	<u>\$ 776,461</u>

NOTE 9. OPERATING LEASES

Rio Metro is committed under various operating leases, primarily on a month to month basis. Rent expenditures were \$290,232 for the year ended June 30, 2013.

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

**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 \$4,877,945 during the year ended June 30, 2013.

Herzog Transit Services, Inc. is the major service provider contracted through September 21, 2013 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, 2013 was \$19,856,633 (Operations: \$13,950,363, Maintenance: \$5,291,084, Management Fee: \$615,222).

NOTE 11. RIO METRO REIMBURSEMENTS/INCURRED COSTS

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

	Transit Operations 049	Travel Demand Management 411	Commuter Rail Operations 089	UNM/CNM FTA 480
Reimbursement to MRCOG				
Rio Metro RTD Revenue	<u>\$1,474,943</u>	<u>410,766</u>	<u>1,276,277</u>	<u>21,696</u>
Incurred on behalf of Rio Metro				
Operating Expenses	1,468,176	410,766	1,276,277	21,696
Capital Outlay	<u>6,767</u>	-	-	-
Total Expenditures	<u>1,474,943</u>	<u>410,766</u>	<u>1,276,277</u>	<u>21,696</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 11. RIO METRO REIMBURSEMENTS/INCURRED COSTS (CONTINUED)

	JARC	Rio Rancho Transit	Valencia Transit	Rio Metro Service Plan
	451	425	430	445
Reimbursement of Rio Metro Costs to MRCOG				
Rio Metro RTD Revenue	\$ 101,649	453,807	932,120	82,434
Incurred on behalf of Rio Metro				
Operating Expenses	101,649	453,807	932,120	82,434
Capital Outlay	-	-	-	-
Total Expenditures	<u>101,649</u>	<u>453,807</u>	<u>932,120</u>	<u>82,434</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Rio BRT NW Study FTA 467	Sandoval Easy Express 435	Total
Reimbursement of Rio Metro Costs to MRCOG			
Rio Metro RTD Revenue	\$ 77,347	51,483	4,882,522
Incurred on behalf of Rio Metro			
Operating Expenses	77,347	51,483	4,875,755
Capital Outlay	-	-	6,767
Total expenditures	<u>77,347</u>	<u>51,483</u>	<u>4,882,522</u>
Excess revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>

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 \$500,036 at June 30, 2013. Rio Metro's accounts payable balance to MRCOG was \$101,421 at June 30, 2013.

Regional Transit Gross Receipts Taxes Receivable. The taxes receivable balance of \$4,457,968 is comprised of taxes receivables from Bernalillo, Sandoval, Santa Fe, and Valencia Counties, members of Rio Metro at June 30, 2013.

SUPPLEMENTARY INFORMATION

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2013**

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.

- **Travel Demand Management (No. 050) (Separate fund required by grantor)** – Provides public education, outreach efforts and responds to inquiries regarding urban area transit and rail services.
- **TDM NM95X014 (No. 51) (Separate fund required by grantor)** – Provides public education, outreach efforts and responds to inquiries regarding urban area transit and rail services.
- **TDM NM95X016 (No. 53) (Separate fund required by grantor)** – Provides public education, outreach efforts and responds to inquiries regarding urban area transit and rail services.
- **JARC-AMPA (No. 054) (Separate fund required by grantor)** – The Bernalillo County Job Access and Reverse Commute (JARC) program focuses its efforts on regional; transportation, transportation planning, coordination and management within the Albuquerque Metropolitan Planning Area (AMPA).
- **Sandoval Easy Express (No. 057) (Separate fund required by grantor)** – Provides rural, public transit service within Sandoval County, the Town of Bernalillo and communities located along N.M. 4, N.M. 22 and U.S. 550. Also provides service to and from the Sandoval County/U.S. 550 Rail Runner station and the Kewa Rail Runner station.
- **Rio Transit (No. 058) (Separate fund required by grantor)** – Operates primarily within the City of Rio Rancho, NM. Provides door-to-door paratransit service for residents 55 years of age or older, or those with a mobility impairment.

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2013**

- **Valencia Transit (No. 059) (Separate fund required by grantor)** – Provides rural, public transit service within the County of Valencia. Also provides service to and from the Belen Rail Runner station.
- **Purple Route (No. 067) (Separate fund required by grantor)** – Provides public transit service to the New Mexico Rail Runner Express passenger train with stops at the Alvarado Transit Center, Los Ranchos/Journal Center Rail Runner Station, the Sandoval/US 550 Rail Runner Station, and the Santa Fe/NM 599 Rail Runner Station with connecting service to Los Alamos.
- **Commuter Rail Permitting (No. 083) (Separate fund required by grantor)** – Provides for services funded by private organization such as flagging services and private use of the Rail Runner by the film industry.
- **Commuter Rail Capital (No. 090) (Separate fund required by grantor)** – Provides for track maintenance and repairs.
- **Commuter Rail Crossings State (No. 95) (Separate fund required by grantor)** – State funding to provide capital improvements to rail crossings.
- **Isleta Pueblo QZ and RR and Rail Road Crossing (No. 205) – (Separate fund required by grantor)** Federal funding to design and construct commuter rail Isleta Pueblo quiet zone.
- **ARRA – Photovoltaic (No. 214) (Separate fund required by grantor)** – Provides for the installation of solar photovoltaic cells at the Belen and Sandoval County 550 rail stations to offset utility costs.
- **New Freedom – Trapeze Software (No. 325) (Separate fund required by grantor)** – Federal funding for the acquisition and installation of software, hardware and related items for bus dispatch, scheduling and monitoring of operations.
- **State of Good Repair (No. 335) – (Separate fund required by grantor)**— Federal funding for the replacement/spare rural transit vehicles.
- **5316 JARC – Trapeze Software (No. 345) (Separate fund required by grantor)** – Federal funding for the acquisition and installation of software, hardware and related items for bus dispatch, scheduling and monitoring of operations.

**RIO METRO REGIONAL TRANSIT DISTRICT
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2013**

- **CNM/UNM Study (No. 347)** – The purpose of this study is to perform a comprehensive study of transportation issues associated with the UNM and CNM main campuses and surrounding areas. This is for the local match for the grant and is being contributed to MRCOG who is the recipient of the grant.
- **FTA BRT – NW Study (No. 350) (Separate fund required by grantor)** – The purpose of this study is to investigate the possibility over the short and long term to implement Bus Rapid Transit or other high capacity modes of transport in the study area. The study area will encompass a large part of the northwest side of Albuquerque and Rio Rancho, Paseo del Norte, and the Journal Center area to the East.

**RIO METRO REGIONAL TRANSIT DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	Special Revenue Funds							
	TDM FTA #50	TDM NM95X014 #51	TDM NM95X016 #53	JARC AMPA #54	Sandoval Easy Express #57	Rio Transit #58	Valencia Transit #59	Purple Route #67
ASSETS								
Cash and cash equivalents	\$ -			-	-	-	-	-
Accounts receivable	-	5		-	-	-	246	-
Due from other funds	350	-	-	-	27,067	56,416	74,412	8,750
Related entity receivable	-	-	-	-	-	-	-	-
Grant reimbursements receivable	-	112,513	63,748	54,460	100,947	-	19,640	-
Total assets	\$ 350	112,518	63,748	54,460	128,014	56,416	94,298	8,750
LIABILITIES								
Accounts payable	\$ -	-	54,079	42,977	128,014	56,416	94,298	8,750
Related entity payable	350	-	-	-	-	-	-	-
Due to other funds	-	112,518	9,669	11,483	-	-	-	-
Total liabilities	350	112,518	63,748	54,460	128,014	56,416	94,298	8,750
FUND BALANCES								
Unassigned	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 350	112,518	63,748	54,460	128,014	56,416	94,298	8,750

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012**

	Special Revenue Funds, continued										
	Commuter Rail Permitting #83	Commuter Rail Capital #90	Commuter Rail State #95	Isleta Pueblo QZ and RR Crossing #205	ARRA Photovoltaic #214	5316 JARC Trapeze Software #325	State of Good Repair #335	5316 JARC Trapeze Software #345	CNM/UNM Study #347	BRT NW Study FTA #350	TOTAL
ASSETS											
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-	-	-
Accounts receivable	91,467	77,135	290,085	90,574	-	-	-	-	-	-	549,512
Due from other funds	-	-	-	-	-	-	-	2,416	6,682	36,229	212,322
Related entity receivable	-	-	-	-	-	-	-	-	-	-	-
Grant reimbursements receivable	1	202,197	170,242	-	-	148,005	-	-	-	25,383.00	897,136
Total assets	\$ 91,468	279,332	460,327	90,574	-	148,005	-	2,416	6,682	61,612	1,658,970
LIABILITIES											
Accounts payable	\$ 25,424	73,104	128,335	45,759	-	9,493.00	-	2,416	6,682	61,612	737,359
Related entity payable	-	-	-	-	-	-	-	-	-	-	350
Due to other funds	66,044	206,228	331,992	44,815	-	138,512	-	-	-	-	921,261
Total liabilities	91,468	279,332	460,327	90,574	-	148,005	-	2,416	6,682	61,612	1,658,970
FUND BALANCES											
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 91,468	279,332	460,327	90,574	-	148,005	-	2,416	6,682	61,612	1,658,970

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, 2013**

	Special Revenue Funds							
	TDM FTA #50	TDM NM95X014 #51	TDM NM95X016 #53	JARC AMPA #54	Sandoval Easy Express #57	Rio Transit #58	Valencia Transit #59	Purple Route #67
REVENUES								
Intergovernmental								
Federal	\$ 176,402	272,608	63,748	244,954	691,309	70,000	304,314	-
State	-	-	-	-	-	-	-	-
New Mexico Gross Receipts Tax	33,855	46,456	10,864	316,262	642,427	427,922	853,365	105,000
Farebox	-	-	-	-	30,871	36,637	21,079	-
BNSF/AMTRAK	-	-	-	-	-	-	-	-
Special projects and other	-	-	-	-	-	6,523	-	-
Total revenues	\$ 210,257	319,064	74,612	561,216	1,364,607	541,082	1,178,758	105,000
EXPENDITURES								
Current:								
Operating	\$ 210,257	319,064	74,612	561,216	1,364,607	541,082	1,178,758	105,000
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	210,257	319,064	74,612	561,216	1,364,607	541,082	1,178,758	105,000
Change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-	-	-

RIO METRO REGIONAL TRANSIT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Special Revenue Funds, continued										TOTAL
	Commuter Rail Permitting #83	Commuter Rail Capital #90	Commuter Rail State #95	Isleta Pueblo QZ and RR Crossing #205	ARRA Photovoltaic #214	5316 JARC Trapeze Software #325	State of Good Repair #335	5316 JARC Trapeze Software #345	CNM/UNM Study #347	BRT NW Study FTA #350	
REVENUES											
Intergovernmental											
Federal	\$ -	-	-	90,574	3,527	262,167	498,960	-	-	181,017	2,859,580
State	-	220,664	383,144	-	-	-	-	-	-	-	603,808
NM Gross Receipts Tax	-	1,149,572	481	-	-	75,035	139,752	177,430	12,644	208,208	4,199,273
Farebox	-	-	-	-	-	-	-	-	-	-	88,587
BNSF/AMTRAK	-	196,917	-	-	-	-	-	-	-	-	196,917
Special projects and other	120,598	64,900	245,042	-	-	-	-	-	-	-	437,063
Total revenues	\$ 120,598	1,632,053	628,667	90,574	3,527	337,202	638,712	177,430	12,644	389,225	8,385,228
EXPENDITURES											
Current:											
Operating	\$ 120,598	-	628,667	90,574	3,527	-	638,712	177,430	12,644	389,225	6,415,973
Capital outlay	-	1,632,053	-	-	-	337,202	-	-	-	-	1,969,255
Total expenditures	120,598	1,632,053	628,667	90,574	3,527	337,202	638,712	177,430	12,644	389,225	8,385,228
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 REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RAIL PROGRAM
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variances Favorable (unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 10,015,000	9,000,000	8,940,850	(59,150)
New Mexico Gross Receipts Tax	12,505,400	12,374,000	12,402,634	28,634
Farebox	3,278,900	3,087,000	3,002,928	(84,072)
BNSF/AMTRAK	2,000,000	1,700,000	1,707,329	7,329
State and other	240,000	1,977,000	1,116,280	(860,720)
Total revenues	\$ 28,039,300	28,138,000	27,170,021	(967,979)
EXPENDITURES				
Current:				
Operating	\$ 25,850,900	25,274,000	25,273,963	37
Noncurrent:				
Capital outlay	511,700	2,473,000	2,472,971	29
Total expenditures	26,362,600	27,747,000	27,746,934	66
Excess of revenues and other financing sources over expenditures	1,676,700	391,000	(576,913)	(968,045)
Other financing sources (uses)				
Transfers in	-	577,000	576,913	(87)
Transfers out	-	-	-	-
	-	577,000	576,913	(87)
Change in fund balance	1,676,700	968,000	-	967,958
Fund Balance, beginning of year	10,617	10,617	10,617	10,617
Fund Balance, end of year	\$ 1,687,317	978,617	10,617	978,575

See Notes to Financial Statements.

**RIO METRO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
TRANSIT PROGRAM
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (unfavorable)
REVENUES				
Intergovernmental				
Federal	\$ 4,685,000	3,148,000	3,008,370	(139,630)
New Mexico Gross Receipts Tax	13,276,000	10,292,000	10,389,415	97,415
Farebox	52,000	89,000	88,587	(413)
State and other	-	-	38,688	38,688
Total revenues	\$ 18,013,000	13,529,000	13,525,060	(3,940)
EXPENDITURES				
Current:				
Operating	\$ 13,558,000	12,358,000	12,352,960	5,040
Noncurrent:				
Capital outlay	4,455,000	1,539,000	1,538,987	13
Total expenditures	18,013,000	13,897,000	13,891,947	5,053
Excess of revenues and other financing sources over expenditures	-	(368,000)	(366,887)	(8,993)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(577,000)	(576,913)	87
	-	(577,000)	(576,913)	87
Change in fund balance	-	(945,000)	(943,800)	(8,906)
Fund Balance, beginning of year	11,052,574	11,052,574	11,056,285	11,056,285
Fund Balance, end of year	\$ 11,052,574	10,107,574	10,112,485	11,047,379

See Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF JOINT POWERS AGREEMENTS AND
MEMORANDUMS OF UNDERSTANDING
Year Ended June 30, 2013**

A	Participants	Party Responsible for Operations	Reference #	Program Description	Date of Agreement		Total Estimated Amount of Project and Portion Applicable to the Agency	FY13 Project Amount	Audit Responsibility	Agency Where Revenues/Expend itures Reported
					Begin	End				
A1	Sandoval County/RMRTD	RMRTD	MOA	Transfer Rural, TANF, JARC Programs to RMRTD	9/1/2008	In perpetuity	\$ - \$ -	-	RMRTD	Rio Metro
A2	Town of Bernalillo/RMRTD	RMRTD	MOA	Sandoval Easy Express Route 1	10/1/2008	In perpetuity	-	-	RMRTD	Rio Metro
A3	Bosque Farms/RMRTD	RMRTD	IGA	Park & Ride location scoping	2/20/2009	In perpetuity	-	-	RMRTD	Rio Metro
A4	North Central RTD/RMRTD	RMRTD	IGA	GRT distribution	4/29/2009	In perpetuity	-	-	RMRTD	Rio Metro
A5	NMDOT/MRCOG/RMRTD	RMRTD	M00940	Commuter rail service rights & responsibilities	10/20/2009	In perpetuity	-	-	RMRTD	Rio Metro
A6	MRCOG/RMRTD	RMRTD	MOA	MRCOG administrative agent for RMRTD	12/15/2009	In perpetuity	-	-	RMRTD	Rio Metro
A7	Rio Rancho/RMRTD	RMRTD	MOU	Transfer Rio Rancho operations to RMRTD	1/1/2010	In perpetuity	-	-	RMRTD	Rio Metro
A8	Los Lunas/RMRTD	RMRTD	MOU	Transfer Los Lunas operations to RMRTD	9/24/2010	In perpetuity	-	-	RMRTD	Rio Metro
A9	MRMPO/MRCOG/RMRTD	RMRTD	MOA	Cooperative regional planning	1/21/2011	In perpetuity	-	-	RMRTD	Rio Metro
A10	Admin Office Courts/RMRTD	RMRTD	MOU	VDWI client transportation	10/1/2011	6/30/2013	-	1,000	RMRTD	Rio Metro
A11	City Belen/RMRTD	RMRTD	MOA	Vehicle storage	7/1/2011	6/30/2013	-	-	RMRTD	Rio Metro
A12	Village Los Lunas/RMRTD	RMRTD	MOA	Vehicle maintenance	7/1/2011	6/30/2013	190,776	-	RMRTD	Rio Metro
A13	Minnesota/RMRTD	RMRTD	Cooperative Purchase Agreement	Purchase revenue vehicles	6/22/2012	In perpetuity	-	-	RMRTD	Rio Metro
A14	Workforce Connection of Central New Mexico/RMRTD	WCCNM/RMRTD	MOA	WIA/Job Access Service Integration	9/7/2012	6/30/2013			WCCNM/RMRTD	N/A
A15	NMDOT/RMRTD	RMRTD	MOA	Bus Purple Route	10/1/2012	9/30/2013	105,000	105,000	RMRTD	Rio Metro

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2013**

<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, 2013</u>	<u>Safe keeper</u>
Rio Metro Sweep					
	Repurchase Agreement	Shares	3128LLAS5	\$ 6,067,016	Wells Fargo
	Accrued Interest	Interest	3128LLAS5	12,339	Wells Fargo
	Total Collateral			<u>6,079,355</u>	
	Bank balance			<u>5,960,152</u>	
	Collateral required at 102%			<u>6,079,355</u>	
	Excess Collateral			<u>\$ -</u>	
MRCOG Sweep					
	Repurchase Agreement	Shares	3128LLBB1	\$ 1,191,656	Wells Fargo
	Accrued Interest	Interest	3128LLBB1	2,398	Wells Fargo
	Total Collateral			<u>1,194,054</u>	
	Bank balance			<u>1,170,641</u>	
	Collateral required at 102%			<u>1,194,054</u>	
	Excess Collateral			<u>\$ -</u>	

Combined 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, 2013</u>	<u>Location of Safekeeper</u>
Wells Fargo	FN	Bonds	12/1/2040	3138A2BQ1	\$ 8,578	Bank of New York Mellon
Wells Fargo	FN	Bonds	12/1/2040	3138A2BX6	9,263	Bank of New York Mellon
Wells Fargo	FN	Bonds	12/1/2025	3138A2CB3	16,771	Bank of New York Mellon
Wells Fargo	FN	Bonds	3/1/2026	3138AAAX9	20,050	Bank of New York Mellon
Wells Fargo	FN	Bonds	3/1/2041	3138AAYX3	80,659	Bank of New York Mellon
Wells Fargo	FN	Bonds	4/1/2041	3138ACCA3	46,719	Bank of New York Mellon
Wells Fargo	FN	Bonds	7/1/2041	3138AMUC7	9,617	Bank of New York Mellon
Wells Fargo	FN	Bonds	10/1/2041	3138AULU9	93,774	Bank of New York Mellon
Wells Fargo	FN	Bonds	3/1/2042	3138E5LF3	70,130	Bank of New York Mellon
Wells Fargo	FN	Bonds	3/1/2042	3138ECCY7	34,875	Bank of New York Mellon
Wells Fargo	FN	Bonds	11/1/2041	3138EHB50	8,187	Bank of New York Mellon
Wells Fargo	FN	Bonds	1/1/2043	3138MRF30	19,227	Bank of New York Mellon
Wells Fargo	FN	Bonds	6/1/2036	31407HZE9	1,981,046	Bank of New York Mellon
Wells Fargo	FN	Bonds	9/1/2042	31417DAK9	59,513	Bank of New York Mellon
Wells Fargo	FN	Bonds	1/1/2043	31417EKY7	19,258	Bank of New York Mellon
Wells Fargo	FN	Bonds	1/1/2043	31417EM57	47,974	Bank of New York Mellon
Wells Fargo	FN	Bonds	2/1/2043	31417FNF1	72,480	Bank of New York Mellon
Wells Fargo	FN	Bonds	8/1/2040	31418WPP9	17,608	Bank of New York Mellon
Wells Fargo	FN	Bonds	11/1/2040	31419FFW1	98,829	Bank of New York Mellon
Total Pledged Collateral					<u>\$ 2,714,558</u>	
Bank Account Balances						
MRCOG Checking					\$ 600,000	
MRCOG Savings					678,107	
Rio Metro Checking					<u>4,400,014</u>	
Total Bank Balances					<u>5,678,121</u>	
FDIC Coverage					<u>(750,000)</u>	
Uninsured Amount					4,928,121	
Collateral required at 50%					2,464,061	
Pledged Collateral					<u>(2,714,558)</u>	
Excess Collateral					<u>\$ (250,497)</u>	

RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Federal Grantor/Program Title	Federal CFDA Number	Award / Pass Through Number	Internal Fund #	Federal Expenditures
U.S. Department of Energy				
Passed through State of New Mexico Energy, Minerals & Natural Resources Department				
State Energy Program- ARRA	81.041	10-521-R1DOE00001-0171	214	\$ 3,527
Total U.S. Department of Energy				<u>3,527</u>
U.S. Department of Transportation				
Federal Transit Administration (FTA)				
Federal Transit Cluster				
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X011-01	050	176,402
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X014-01	051	272,608
Federal Transit Formula Grants (Travel Demand Management)	20.507	NM-95-X016-01	053	63,748
Federal Transit Formula Grants (5307 NMRX)	20.507	NM-90-X106-00	307	2,600,906
Federal Transit Formula Grants (5307 NMRX)	20.507	NM-90-X111-00	307	6,245,844
Federal Transit Formula Grants (5307 BRT)	20.507	NM-95-X009-00	350	181,017
Passed through Mid-Region Council of Governments				
Federal Transit - Capital Investment Grants (5309 SGR)	20.500	M01050	335	498,960
Total Federal Transit Cluster				<u>10,039,485</u>
U.S. Department of Transportation				
Passed through Mid-Region Council of Governments:				
Transit Services Program Cluster:				
Job Access and Reverse Commute Program (Section 5316)	20.516	NM-37-X018-00	054/059	259,520
New Freedom Program (Section 5317)	20.521	NM-57-X003-00	058	70,000
New Freedom Program (Section 5317)	20.521	NM-57-X006-00	325	262,167
Passed Through the New Mexico Department of Transportation:				
Job Access/Reverse Commute Program (Section 5316)	20.516	M01125/M01163	057/059	206,442
Total Transit Services Program Cluster				<u>798,129</u>
U.S. Department of Transportation				
Passed through State of New Mexico Department of Transportation				
Federal Highway Planning and Construction (Federal Highway Administration/Highway Safety Improvement Program)				
Formula Grants for Rural Areas (Section 5311)	20.205	D13744	205	90,574
	20.509	M01124/M01162	049/057/059	1,017,505
Total U.S. Department of Transportation Pass-through Awards				<u>1,108,079</u>
Total Expenditures of Federal Awards				<u>\$ 11,949,220</u>

See Notes to Schedule of Federal Awards

RIO METRO REGIONAL TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rio Metro under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. OUTSTANDING LOANS AND SUBRECIPIENTS

Rio Metro does not receive non-cash assistance, have outstanding loans, nor provides federal awards to subrecipients.

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
and
Mr. Hector H. Balderas
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, 2013, 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 2, 2013.

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
and
Mr. Hector H. Balderas
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 2, 2013

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
and
Mr. Hector H. Balderas
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, 2013. 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
and
Mr. Hector H. Balderas
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, 2013.

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
and
Mr. Hector H. Balderas
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 2, 2013

**RIO METRO REGIONAL TRANSIT DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013**

None

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

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 programs:

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

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

CFDA Number Name of Federal Program or Cluster

20.500 / 20.507 Federal Transit Cluster

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

Auditee qualified as low-risk auditee? Yes No

**RIO METRO REGIONAL TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2013**

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, 2013**

An exit conference was held on November 25, 2013 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
Connie Vigil	Chief Financial Officer
Larry Abraham	Board Chair
Terry Doyle	Director of Rio Metro Regional Transportation District
Thaddeus Lucero	Director of Planning and General Services
Josephine Vigil	Rio Metro Finance Manager
Amy Myer, CPA	MRCOG Finance Manager

Representing Moss Adams LLP:

Scott Eliason, CPA	Partner
Jason Galloway, CPA	Senior Manager

PREPARATION OF FINANCIAL STATEMENTS

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