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# Mesilla Valley Regional Dispatch Authority

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*Financial Statements  
and  
Independent Auditors' Report  
June 30, 2011*



CPAs | Business & Financial Advisors

# Mesilla Valley Regional Dispatch Authority

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**Mesilla Valley Regional Dispatch Authority**  
**June 30, 2011**

BOARD OF DIRECTORS

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2011, are:

Dolores Connor	Chair
Travis Brown	Vice-Chairman
Richard Williams	Board Member
Robert Garza	Board Member
Scott Krahling	Board Member
Joaquin Graham	Board Member
Todd Garrison	Board Member
Robert Monsivaiz	Board Member
Brian Haines	Board Member
Danny Ross	Board Member
Kevin Hoban	Board Member
Martin Resendiz	Board Member

## Independent Auditors' Report

Mr. Hector Balderas, State Auditor of New Mexico and  
The Board of Directors of the Mesilla Valley Regional Dispatch Authority

We have audited the accompanying financial statements of the governmental activities and the general fund of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2011, which collectively comprise MVRDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of MVRDA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of MVRDA as of June 30, 2011, and the respective changes in its financial position and general fund budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011, on our consideration of MVRDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MVRDA's basic financial statements. The accompanying schedules of pledged collateral and deposit accounts and investments are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REDW LLC

November 22, 2011

# **Mesilla Valley Regional Dispatch Authority**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2011**

This Management's Discussion and Analysis presents an overview of the Mesilla Valley Regional Dispatch Authority's (MVRDA) financial performance during the fiscal year ended June 30, 2011. It is intended to be read in conjunction with MVRDA's financial statements, which follow this section.

MVRDA operates under a joint powers agreement between the City of Las Cruces, Dona Ana County, Town of Mesilla, Village of Hatch, and City of Sunland Park, New Mexico. The primary mission of MVRDA is to provide dispatch and emergency communications functions for all emergency response agencies in the City of Las Cruces and Dona Ana County. In addition, the MVRDA provides necessary National Crime Information Center data to all officers requesting such assistance, and possesses the statutory authority to do so. In the event of a natural or man-made disaster, MVRDA will perform in the role of the emergency communications network for disaster response, relief, and recovery.

The Board of Directors and its management value fiscal and programmatic accountability. MVRDA is the steward of contributions from participating governments, and operates as a governmental fund.

#### **Overview of Financial Statements**

This annual report consists of the following:

1. Management's discussion and analysis
2. Basic financial statements
3. Notes to the basic financial statements
4. Supplementary information

The basic financial statements combine the organization-wide and fund financial statements. These statements present different views of the organization.

The statement of net assets and the statement of activities are organization-wide financial statements that provide information about MVRDA's overall financial status. The organization-wide financial statements are designed to provide readers with a broad overview of MVRDA's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of MVRDA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the organization is improving or deteriorating.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2011**

The statement of activities presents information showing how MVRDA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items. For example, accrued vacation leave will only result in cash flows in future fiscal periods.

MVRDA's basic services are reported in the general fund, which focuses on how cash and other financial assets flow, and the balances remaining at year-end that are available for spending. Consequently, the general fund provides a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance MVRDA's programs.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail. The statements are followed by a section of supplementary information.

**Fiscal Agent**

The City of Las Cruces (CLC) is the fiscal agent for MVRDA. As fiscal agent, the City establishes funds to control and manage money for a particular purpose, or in order to demonstrate that it is meeting legal responsibilities for the use of monies.

**Financial Analysis of Mesilla Valley Regional Dispatch Authority as a Whole**

*Net Assets*—Governmental net assets increased to \$292,612 at June 30, 2011, from \$278,933 at June 30, 2010. Actual revenues slightly exceeded expenditures resulting in a change in net assets of \$13,679 for fiscal year 2011.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2011**

Table 1 summarizes the net assets of governmental activities.

**Table 1**  
**MVRDA's Net Assets**  
**As of June 30,**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets	\$ 246,821	\$ 215,362
Capital assets, net	<u>190,286</u>	<u>238,689</u>
Total assets	<u>\$ 437,107</u>	<u>\$ 454,051</u>
<b>Liabilities</b>		
Current liabilities	<u>\$ 144,495</u>	<u>\$ 175,118</u>
Total liabilities	<u>144,495</u>	<u>175,118</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	190,286	238,689
Unrestricted	<u>102,326</u>	<u>40,244</u>
Total net assets	<u>292,612</u>	<u>278,933</u>
Total liabilities and net assets	<u>\$ 437,107</u>	<u>\$ 454,051</u>

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2011**

*Changes in Net Assets*—Total revenues for the year ended June 30, 2011, were \$2,725,072 compared with expenses of \$2,711,393. Table 2 summarizes the changes in net assets for 2011 and 2010, respectively.

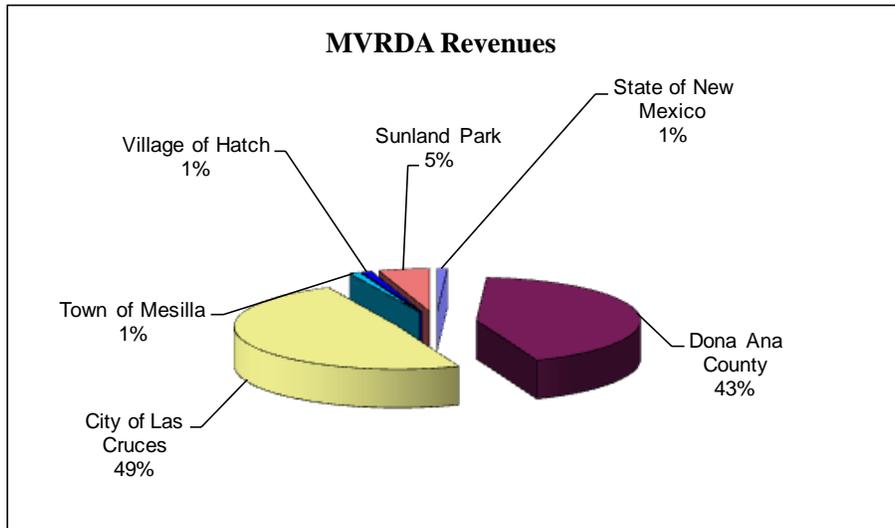
**Table 2**  
**Changes in Net Assets**  
**For the Year Ended June 30,**

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 2,683,164	\$ 2,681,707
Operating grants	19,249	8,753
General revenues		
Other income	23,984	58,061
Investment income (loss)	<u>(1,325)</u>	<u>5,290</u>
Total revenue	2,725,072	2,753,811
<b>Expenses-public safety</b>	2,711,393	2,733,704
Contributed capital	<u>-</u>	<u>214,904</u>
Change in net assets	13,679	235,011
Net assets, beginning of year	<u>278,933</u>	<u>43,922</u>
<b>Net assets, end of year</b>	<u>\$ 292,612</u>	<u>\$ 278,933</u>

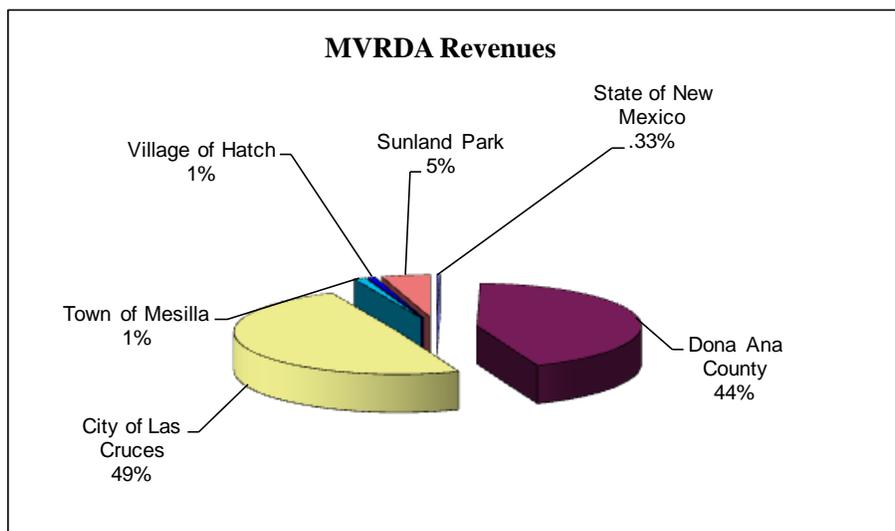
**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2011**

Charts 1 and 2 show the revenues by source for fiscal years 2011 and 2010, respectively.

**Chart 1**  
**Revenues by Source—2011**



**Chart 2**  
**Revenues by Source—2010**



**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2011**

*Budgetary Information*—The board of directors approves the annual budget and, when necessary, revisions to the existing budget. MVRDA makes every effort to ensure operational expenditures do not exceed funds available.

The Board adopts a budget for the general fund. Budgetary information is presented in the basic financial statements. Table 3 summarizes the variance between the budgeted and actual expenditures for the year ended June 30, 2011.

**Table 3**  
**General Fund Budgetary Comparison**  
**For the Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 2,679,287	\$ 2,679,287	\$ <b>2,683,164</b>	\$ 3,877
Operating grants	9,000	9,000	<b>19,249</b>	10,249
Investment income (loss)	-	-	<b>(1,325)</b>	(1,325)
General revenues	<u>22,053</u>	<u>22,053</u>	<b><u>23,984</u></b>	<u>1,931</u>
Total revenue	<u>2,710,340</u>	<u>2,710,340</u>	<b><u>2,725,072</u></b>	<u>14,732</u>
<b>Expenditures</b>				
Operations	<u>2,710,340</u>	<u>2,762,340</u>	<b><u>2,662,990</u></b>	<u>99,350</u>
Total expenditures	<u>2,710,340</u>	<u>2,762,340</u>	<b><u>2,662,990</u></b>	<u>99,350</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (52,000)</u>	<b><u>\$ 62,082</u></b>	<u>\$ 114,082</u>

In fiscal year 2011 the differences between the original budget and the final budget result from an increase in operating grants from the State of New Mexico Department of Finance & Administration (DFA). Approximately \$10,000 was reimbursed for various trainings such as CPR and Emergency Medical Dispatch. The remaining \$9,000 was reimbursed by DFA for a GIS program that was implemented mid-fiscal year. The differences between the final expenditures budget and the actual expenditures of \$99,350 are the result of efforts to control expenditures throughout the year. Salaries were overspent by \$100,817; however, there was a savings in repair and maintenance expenditures of \$142,982.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2011**

**Capital Assets**

*Capital Assets*—As of June 30, 2011, the organization's capital assets totaled \$190,286 net of accumulated depreciation of \$362,460.

**Table 4**  
**Capital Assets and**  
**Accumulated Depreciation**  
**June 30,**

	2011	2010
Equipment	\$ 552,745	\$ 592,782
Accumulated depreciation	(362,459)	(354,093)
Capital assets, net	\$ 190,286	\$ 238,689

There were no capital asset additions for MVRDA in fiscal year 2011.

**Economic Outlook**

Changes in the general economic conditions of the City of Las Cruces and the surrounding area influence the economic condition of MVRDA. While the regional area has started to experience a return to a more positive growth environment, the effects of the national recession are continuing to linger. The most recent economic indicators show that the rate of employment growth has made a positive turn and increased slightly. The area has also experienced positive revenue gains from public construction projects by the city, federal government, and the local school district. The area has begun to record monthly job growth and the expectation is for the coming year to reflect a gradually improving economy.

The region continues to benefit from quality of life elements, including climate, culture, higher education opportunities at the university campus, advances in alternative energy, and growth in health care services. Population migration to the City has slowed; however, the area remains a popular retirement destination. Attractiveness as a residential community for people who work in the El Paso Region, will continue to provide Las Cruces with growth opportunities. As the economy continues to make slow progress, these items will enhance the economic recovery opportunities in the future.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2011**

**Contacting the Financial Management**

The financial report is designed to provide the community and others with a general overview of the MVRDA's finances and demonstrate the organization's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to the Chair of the MVRDA Board at:

Dolores Connor  
PO Box 20000  
700 N. Main St.  
Las Cruces, NM 88001  
(575) 541-2066

## Financial Statements

**Mesilla Valley Regional Dispatch Authority**  
**General Fund Balance Sheet and Statement of Net Assets**  
**As of June 30, 2011**

	General Fund	Adjustments (Note 8)	Statement of Net Assets
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 232,462	\$ -	\$ 232,462
Due from other governments	14,359	-	14,359
Total current assets	246,821	-	246,821
Capital assets			
Equipment, net	-	190,286	190,286
Total assets	\$ 246,821	\$ 190,286	\$ 437,107
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 3,991	\$ -	\$ 3,991
Accrued payroll liabilities	140,504	-	140,504
Total current liabilities	144,495	-	144,495
<b>Fund Balance/Net Assets</b>			
Fund balance			
Unassigned	102,326	(102,326)	-
Total liabilities and fund balance	\$ 246,821		
Net assets			
Invested in capital assets, net of related debt		190,286	190,286
Unrestricted		102,326	102,326
Total net assets		292,612	292,612
Total liabilities and net assets		\$ 190,286	\$ 437,107

The accompanying notes are an integral part of these financial statements.

**Mesilla Valley Regional Dispatch Authority**  
**General Fund Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance and Statement of Activities**  
**For the Year Ended June 30, 2011**

	General Fund	Adjustments (Note 8)	Statement of Net Assets
<hr/>			
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 2,683,164	\$ -	\$ 2,683,164
Operating grants	19,249	-	19,249
General revenues			
Other income	23,984	-	23,984
Investment income (loss)	(1,325)	-	(1,325)
Total revenues	<u>2,725,072</u>	<u>-</u>	<u>2,725,072</u>
<b>Expenditures/Expenses</b>			
Current			
Public safety			
Salaries and benefits	2,312,567	-	2,312,567
Telephone	61,444	-	61,444
Insurance	63,098	-	63,098
Repairs and maintenance	104,338	-	104,338
Supplies	59,476	-	59,476
Travel	6,078	-	6,078
Services	40,857	-	40,857
Other	15,132	-	15,132
Depreciation	-	48,403	48,403
Total expenditures/expenses	<u>2,662,990</u>	<u>48,403</u>	<u>2,711,393</u>
Revenues (under) over expenditures/expenses	62,082	(48,403)	13,679
Fund balance/net asset (deficit), beginning of the year	<u>40,244</u>	<u>238,689</u>	<u>278,933</u>
<b>Fund balance/net assets,</b> end of the year	<u>\$ 102,326</u>	<u>\$ 190,286</u>	<u>\$ 292,612</u>

The accompanying notes are an integral part of these financial statements.

**Mesilla Valley Regional Dispatch Authority**  
**General Fund Statement of Revenues, Expenditures and Changes in**  
**Fund Balance—Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 2,679,287	\$ 2,679,287	\$ <b>2,683,164</b>	\$ 3,877
Operating grants	9,000	9,000	<b>19,249</b>	10,249
General revenues	22,053	22,053	<b>23,984</b>	1,931
Investment income	-	-	<b>(1,325)</b>	(1,325)
Total revenues	<u>2,710,340</u>	<u>2,710,340</u>	<u><b>2,725,072</b></u>	<u>14,732</u>
<b>Expenditures</b>				
Current				
Public safety				
Salaries and benefits	2,211,750	2,211,750	<b>2,312,567</b>	(100,817)
Telephone	80,000	80,000	<b>61,444</b>	18,556
Insurance	73,000	73,000	<b>63,098</b>	9,902
Repairs and maintenance	195,120	247,320	<b>104,338</b>	142,982
Supplies	62,100	67,959	<b>59,476</b>	8,483
Travel	8,000	8,000	<b>6,078</b>	1,922
Services	40,870	43,870	<b>40,857</b>	3,013
Other	39,500	30,441	<b>15,132</b>	15,309
Total expenditures	<u>2,710,340</u>	<u>2,762,340</u>	<u><b>2,662,990</b></u>	<u>99,350</u>
Change in fund balance	-	(52,000)	<b>62,082</b>	114,082
Fund balance, beginning of the year	<u>40,244</u>	<u>40,244</u>	<u><b>40,244</b></u>	<u>-</u>
<b>Fund balance, end of the year</b>	<u><u>\$ 40,244</u></u>	<u><u>\$ (11,756)</u></u>	<u><u>\$ 102,326</u></u>	<u><u>\$ 114,082</u></u>

The accompanying notes are an integral part of these financial statements.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

**1) Summary of Significant Accounting Policies**

**Reporting Entity**

On September 5, 2006, the City of Las Cruces, Dona Ana County, the Town of Mesilla, the Village of Hatch, and the City of Sunland Park entered into a Joint Powers Agreement to establish and govern the Mesilla Valley Regional Dispatch Authority (MVRDA). MVRDA is a governmental joint venture established to operate a combined communications center to dispatch and coordinate the emergency response departments for police, fire, and emergency medical services for the City-County area. This agreement is perpetual unless the City or County desires to terminate its participation.

MVRDA is governed by a board comprised of 12 members. The day-to-day operations are handled by a director hired by the MVRDA Board. The responsibility for the financial statements rests with the MVRDA Board. MVRDA does not have any component units.

The City of Las Cruces is the fiscal agent for MVRDA, and accounts for its resources as agency funds.

**Basis of Presentation, Measurement Focus, and Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. MVRDA applies all applicable pronouncements of the Government Accounting Standards Board (GASB) and applicable FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. MVRDA has also elected to apply FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

*Government-Wide Financial Statements*—The governmental-wide financial statements include the statement of net assets and statement of activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

*General Fund Financial Statements*—The general fund finances all functions of MVRDA. The acquisition, use and balances of MVRDA's expendable financial resources and the related liabilities are accounted for in the general fund. The general fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. MVRDA considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

Expenditures are recorded when the related fund liability is incurred, except for long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the general fund.

Cash and Cash Equivalents

MVRDA participates in a pool of cash and investments with the Treasurer of the City of Las Cruces. All pooled cash and investments are fully insured or collateralized. Amounts are immediately available to MVRDA and are therefore considered cash equivalents.

Capital Assets

Capital assets are recorded at cost or, in the case of donated assets, at their fair market value at the date of receipt and are depreciated over the estimated useful lives of the related assets. The initial purchase of software meeting MVRDA's capital asset definition is capitalized; however, periodic costs for software upgrades are not capitalized due to the rapid change in technology. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years. MVRDA capitalizes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year.

Nonexchange Transactions

Nonexchange transactions, in which MVRDA gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Budgets

MVRDA's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of anticipated revenues and expenditures.

New Mexico State law prohibits MVRDA from making an expenditure in excess of approved appropriations. If a fund is not overspent, it is in compliance with state law. The budget may be amended by MVRDA's Board; however, approval of the State of New Mexico Department of Finance and Administration must be obtained for budget increases.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

New Accounting Pronouncements

The following accounting pronouncements have been recently issued, but not yet adopted by MVRDA. Management anticipates that, upon adoption by MVRDA, none of these statements will have a significant impact on the Agency's financial position or results of operations. Pronouncements that are not applicable have been omitted.

- ♦ Statement No. 57: OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.
- ♦ Statement No. 62: Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- ♦ Statement No. 64: Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53.

**2) Cash and Cash Equivalents**

MVRDA participates in a pool of cash and investments maintained by the Treasurer of the City of Las Cruces. Pooled cash and investments are reported at fair value and are reported as cash and cash equivalents since they are immediately available to MVRDA.

MVRDA's equity in the City's cash and investment pool at June 30, 2011, is \$232,462. At June 30, 2011, the City's cash and investment pool consist of the following:

Carrying amount of bank deposits	\$ 19,495,666
Investments at fair value	108,749,340
Accrued interest	<u>709,515</u>
Total	<u>\$ 128,954,521</u>

Bank Balance of Deposits

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's investment ordinance requires collateralization of 100% of the uninsured portion of the City's deposits with financial institutions. Securities pledged by financial institutions are accepted at market value, except obligations of the state of New Mexico and its subdivisions, which are accepted at par value. As of June 30, 2011, the City's deposits, totaling \$24,352,237, was insured by FDIC or collateralized by securities held in trust by a third-party bank for the depository bank in the City's name and thus was not exposed to custodial credit risk.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

Investments

The City's investment policy allows investment in: a) U.S. Treasury obligations; b) U.S. government agency and instrumentality obligations; c) repurchase agreements whose underlying securities and/or collateral consist of allowed investments described in (a) or (b) above; d) commercial paper rated not less than A-1, P-1, F-1, or equivalent by a nationally recognized rating agency; e) pooled funds maintained by the State Treasurer; and f) mutual funds whose portfolios consist solely of allowed investments.

As of June 30, 2011, the City's investment pool consisted of U.S. agency bonds with a weighted average maturity of less than three months.

*Interest Rate Risk.* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment pool includes step-up coupon securities that total \$108,749,340 issued by U.S. government agencies that are callable by the issuer under certain circumstances. For purposes of calculating weighted average maturity, the City assumes callable securities will be called at the first call option, based on their interest rate, current market interest rate and the City's recent experience with these securities being called at the first call date.

*Credit Risk.* The City's investment policy lists the criteria for selecting investments and the order of priority as follows: 1) safety; 2) liquidity; and 3) yield. As of June 30, 2011, the City's investments in coupon bonds of U.S. agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's money market fund investments were rated AAAM by Standard & Poor's and/or Aaa by Moody's. The external investment pools of the NM State Investment Council are not rated.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities held in street name with a broker or dealer be insured, and that all other securities be held by the City or a third-party safekeeping financial institution acting as trustee for the City. As of June 30, 2011, all of the City's securities are held by a third-party financial institution in the City's name.

*Concentration of Credit Risk.* The City's formal investment policy places no limit on the amount the City may invest in any one issuer. As of June 30, 2011, 37% of the City's investment pool was in Federal Home Loan Mortgage Corporation (FHLMC), 53% in Fannie Mae (FNMA) and 10% in Federal Home Loan Bank (FHLB).

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

**3) Due From Other Governments**

MVRDA obtains funding from several governmental agencies including the New Mexico Department of Finance and Administration, the Village of Hatch, the County of Dona Ana, the Town of Mesilla, City of Sunland Park and the City of Las Cruces. At June 30, 2011, \$14,227 was receivable from the New Mexico Department of Finance and Administration.

**4) Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balances June 30, 2010	Additions	Retirements	Balances June 30, 2011
Equipment	\$ 592,783	\$ -	\$ 40,038	\$ 552,745
Less accumulated depreciation	354,094	48,403	(40,038)	362,459
Capital assets, net	\$ 238,689	\$ (48,403)	-	\$ 190,286

In 2011, MVRDA had no equipment purchases. Several computers were retired and sold at auction. Depreciation expense was \$48,403 for the year ended June 30, 2011.

**5) Joint Powers Agreement**

In accordance with the JPA, financial contribution amounts are required from the City of Las Cruces and the County of Dona Ana. In-kind services are also provided under this agreement, such as fiscal agent services provided by the City and facilities services provided by Dona Ana County. According to the JPA, the City shall contribute fifty-three percent (53%) and the County of Dona Ana shall contribute forty-seven percent (47%) of the total operating budget of MVRDA for each fiscal year, excluding amounts covered by other revenue sources. The amount of contributions to the MVRDA budget from the Village of Hatch, the City of Sunland Park, and the Town of Mesilla are determined by the MVRDA Board on an annual basis. The contributions are based on the number of calls expected for responses within Hatch, Sunland Park, and Mesilla and are not based upon a percentage of the MVRDA budget. During fiscal year 2011, operating contributions include \$1,326,486 from the City, \$1,176,315 from the County, \$23,026 from Hatch, \$126,299 from Sunland Park, and \$31,038 from Mesilla.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

**6) Employee Benefit Plans**

Retirement Plan

Substantially all full-time employees of MVRDA participate in a defined benefit contributory retirement plan through the Public Employees' Retirement Act (PERA) of the State of New Mexico, a cost-sharing multiple employer public employee retirement system. Benefit provisions are established and may only be amended by state statute.

Information pertaining to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting PERA's progress in accumulating sufficient assets to pay benefits when due is not available by individual government agencies participating in the plan. Actuarial pension data for the State of New Mexico, as employer, is provided at the statewide level in a separately issued audit report of PERA. That report may be obtained by writing to PERA, P.O. Box 2123, 1120 Paseo de Peralta, Santa Fe, NM, 87504-2123 or on their internet website at [www.state.nm.us/pera/](http://www.state.nm.us/pera/).

*Retirement Eligibility*

Eligibility for receiving the monthly benefit equal to the number of years of credited service times 3.0% of their final average monthly salary, the 36 consecutive months of credited service producing the largest average, is as follows:

- ◆ Employees may retire at:
  - Any age with 25 or more years of credited service
  - Age 60 or older with 20 or more years of credit service
- ◆ All employees are eligible for retirement at:
  - Age 61 or older with 17 or more years of credited service
  - Age 62 or older with 14 or more years of credited service
  - Age 63 or older with 11 or more years of credited service
  - Age 64 or older with 8 or more years of credited service
  - Age 65 or older with 5 or more years of credited service
- ◆ Benefits vest after five years of credited service

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

*Disability Benefits*

Members or vested former members with five or more years of credited service will receive their normal retirement pension based on credited service and final average salary at the time of disability or retirement. The five-year service requirement is waived if the disability is incurred in the line of duty. Disability retirements are subject to reevaluation until the member reaches normal retirement. Payment of the disability pension is suspended for the balance of any year in which a disability-retired member does not submit an annual statement of earnings from gainful employment by June 30<sup>th</sup> of each year or if the amount of earnings in the previous year is more than the amount that causes the suspension of, or a decrease in, the Social Security Old Age Benefit for a 65-year old.

*Funding Policy*

Both participants and MVRDA are required to contribute 7% of eligible employee wages to the plan. Below represents the schedule of contributions for the years ended June 30:

	Contribution		Eligible Wages	Percentage Contributed
	Participant	MVRDA		
2011	\$ 93,591	\$ 93,591	\$ 1,332,614	100%
2010	99,693	99,693	1,424,178	100%
2009	88,148	88,148	1,261,838	100%

If a member’s employment is terminated before the member is eligible for other benefits under PERA, the member may receive a refund of the member’s contribution and interest accrued based on rates established biannually by the retirement board.

The remaining salaries and wages expense is for employees not eligible to participate in the plan.

Retiree Health Care Plan

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public services in New Mexico. The Retiree Health Care Authority (the “Authority”) is the administrator of the plan and determines required contributions under authority of the Act. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

Eligible employers include institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act, or the Magistrate Retirement Act.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period for contributions becomes the time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.666 percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to 0.833 percent of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator and made no contributions to the plan. After retirement, premiums are paid to the Authority by the retiree.

Mesilla Valley Regional Dispatch Authority has paid all of the employers' required contributions, which were as follows:

2011	\$	22,209
2010		14,797
2009		19,063

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

The Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd, NE, Suite 104, Albuquerque, New Mexico 87109.

**7) Risk Management**

MVRDA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters for which MVRDA carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**8) Adjustments**

The general fund surplus of \$102,326 differs from total net assets balance of \$292,612 reported on the statement of net assets and governmental funds balance sheet as follows:

Fund balance	\$	102,326
Capital assets are not financial resources and, therefore, are not reported in the general fund.		<u>190,286</u>
Total net assets	\$	<u><u>292,612</u></u>

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$62,082 differs from the net increase in net assets of \$13,679 reported on the statement of activities as follows:

Revenues over expenditures	\$	62,082
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount of depreciation expense as of June 30, 2011 is \$48,403.		<u>(48,403)</u>
Net change in net assets	\$	<u><u>13,679</u></u>

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2011**

**9) Fund Balance Policy**

Prior to fiscal year 2011, MVRDA reported the governmental fund balances as reserved and unreserved. Effective in fiscal year 2011, MVRDA has implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, and reports the governmental fund balances in one category:

1. Unassigned fund balance—is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Unassigned Fund Balance is only reported in the General Fund.

On June 15, 2011, the MVRDA board adopted a fund balance policy to establish a minimum fund balance reserve of 1/12 of budgeted expenditures effective fiscal year 2011. MVRDA's budgeted expenditures for fiscal year 2011 were \$2,762,340 and 1/12 of this amount is \$230,195. However, MVRDA's fund balance at June 30, 2011, is \$102,326. According to the fund balance policy, MVRDA has up to three years to meet the required reserve of 1/12 of budgeted expenditures.

## Supplementary Information

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Pledged Collateral**  
**June 30, 2011**

The City of Las Cruces is the fiscal agent of MVRDA. Therefore, MVRDA participates in the City's pooling of cash and investments. The schedule of collateral below represents the amounts that pertain to the City of Las Cruces pooled deposits.

Institution/Security	CUSIP #	Maturity Date	Safe Keeping Location	Market Value
<b>Wells Fargo Bank, NA</b>			Wells Fargo Bank	
FG G01838 5.000% 07/01/2035	3128LXBF8	7/1/2035		\$ 3,885
FG G04832 5.000% 10/01/2038	3128M6VZ8	10/1/2038		45,086
FG H01489 6.000% 04/01/2038	3128MTUN6	4/1/2038		41,496
FN 825776 6.00% 08/01/2035	31407BMZ9	8/1/2035		2,647
FN 868293 6.000% 04/01/2036	31409DUS0	4/1/2036		4,859
FN 888268 6.000% 03/01/2037	31410FZ99	3/1/2037		1,670
FN 933732 6.000% 04/01/2038	31412SY58	4/1/2038		1,951,736
FN 983377 5.5000% 08/01/2038	31415LM20	8/1/2038		694,215
				<u>\$ 2,745,594</u>

**Summary of Collateralization**

**Wells Fargo Bank**

Ending bank balance	\$ 24,352,237
Less: FDIC insurance	<u>(21,610,567)</u>
Total uninsured public funds	<u>\$ 2,741,670</u>
Pledged collateral held by the pledging bank's trust department in the City's name	\$ 2,745,594
100% collateral requirement	<u>2,741,670</u>
Pledged collateral in excess of requirement	<u>\$ 3,924</u>
Uninsured and uncollateralized	<u>\$ -</u>

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2011**

The City of Las Cruces is the fiscal agent of MVRDA. Therefore, MVRDA participates in the City's pooling of cash and investments. Details of MVRDA's cash and cash equivalents are as follows:

Account	Type of Account	Pooled Cash & Investments	MVRDA Accounts	Total Reconciled Balance	On Deposit 6/30/2011
<b>Deposit Accounts</b>					
<i>Wells Fargo Bank</i>					
Community Development	Checking	\$ -	\$ -	\$ -	\$ 113,085
Community Development Home Rehab	Checking	-	-	-	20,717
Community Development Home Program	Checking	-	-	-	28,010
Community Development MONAS Loan	Checking	-	-	-	2,098
Metro Narcotics Agency	Savings	-	-	-	95,458
5375 Wells Fargo MM	Savings	-	-	-	1,395,488
8710 Wells Fargo MM	Savings	-	-	-	1,500,723
Treasury Fund - Operating	Checking	21,125,868	-	21,125,868	21,173,326
Payroll Direct Deposit Account	Checking	(37,867)	-	(37,867)	-
Accounts Payable	Checking	(1,822,344)	-	(1,822,344)	-
On Demand	Checking	5,349	-	5,349	23,332
Rio Grande Natural Gas Assoc Revenue	Checking	(154,870)	-	(154,870)	-
Depository	Checking	453,379	-	453,379	-
Credit Card	Checking	4,657	-	4,657	-
Electronic	Checking	(78,506)	-	(78,506)	-
Total deposit accounts		<u>19,495,666</u>	<u>-</u>	<u>19,495,666</u>	<u>\$ 24,352,237</u>
<b>Investments</b>					
<i>Wells Fargo Brokerage Services, LLC</i>					
FNMA	Investment	9,979,650	-	9,979,650	
<i>First Tennessee</i>					
FHLB	Investment	2,955,874	-	2,955,874	
FHLMC	Investment	29,130,836	-	29,130,836	
FNMA	Investment	38,235,570	-	38,235,570	
<i>Morgan Keegan</i>					
FHLB	Investment	7,955,680	-	7,955,680	
FHLMC	Investment	10,663,530	-	10,663,530	
FNMA	Investment	<u>9,828,200</u>	<u>-</u>	<u>9,828,200</u>	
Total investments		<u>108,749,340</u>	<u>-</u>	<u>108,749,340</u>	
Total deposits and investments		<u>128,245,006</u>	<u>-</u>	<u>128,245,006</u>	
<i>Accrued Interest Receivable</i>					
Accrued Interest – Pooled Investments		<u>709,515</u>	<u>-</u>	<u>709,515</u>	
Total cash and investments		<u>128,954,521</u>	<u>-</u>	<u>128,954,521</u>	
Less balances in City of Las Cruces funds		<u>128,722,059</u>	<u>-</u>	<u>128,722,059</u>	
MVRDA cash and cash equivalents		<u>\$ 232,462</u>	<u>\$ -</u>	<u>\$ 232,462</u>	

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

Mr. Hector Balderas, State Auditor of New Mexico and  
The Board of Directors of the Mesilla Valley Regional Dispatch Authority

We have audited the accompanying financial statements of the governmental activities and the general fund, and the budgetary comparison of the Mesilla Valley Regional Dispatch Authority (MVRDA), Las Cruces, New Mexico, as of and for the year ended June 30, 2011, which collectively comprise MVRDA's basic financial statements and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

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

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

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

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether MVRDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which would 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, MVRDA's management, the New Mexico Department of Finance Administration and the New Mexico State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

REDW LLC

November 22, 2011

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Findings**  
**For the Year Ended June 30, 2011**

There were no audit findings for the fiscal year ended June 30, 2011.

**Mesilla Valley Regional Dispatch Authority**  
**Exit Conference and Financial Statement Preparation**  
**For the Year Ended June 30, 2011**

**Exit Conference**

An exit conference was conducted on November 15, 2011, in a closed meeting of the Board of Directors pursuant to *Section 12-6-5 NMSA, 1978* with the following individuals in attendance:

MVRDA Board of Directors

Travis Brown	Vice Chairman
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MVRDA

Hugo Costa Jr.	MVRDA Director
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City of Las Cruces (Fiscal Agent)

Pat Degman, CGFM	Comptroller
Melissa Nelson	Accounting Supervisor
Maria Villa	Accounting Supervisor
Sharon Thomas	Councilor

REDW LLC

Bruce Bleakman, CPA	Principal
Javier Machuca, CPA, CGFM	Senior Manager
Michele Ziegler, CPA	Manager

**Financial Statement Preparation**

The City's Accounting Department prepared the accompanying financial statements; however, MVRDA is responsible for the financial statement content.