

Report of Independent Auditors and Financial
Statements with Supplementary Information for

**Mesilla Valley Regional
Dispatch Authority**

June 30, 2012

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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Mesilla Valley Regional Dispatch Authority

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Mesilla Valley Regional Dispatch Authority
June 30, 2012

OFFICIAL ROSTER

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2012, are:

Scott Krahling	Chair
Travis Brown	Vice-Chairman
Richard Williams	Board Member
Robert Garza	Board Member
Gregory Smith	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
Andres Burciaga	Board Member

REPORT OF INDEPENDENT AUDITORS

Mr. Hector H. Balderas, New Mexico State Auditor 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, including the budgetary comparison, of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2012, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MVRDA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, and the general fund of the Mesilla Valley Regional Dispatch Authority as of June 30, 2012, and the respective changes in 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 14, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mesilla Valley Regional Dispatch Authority's basic financial statements. The accompanying Schedule of Pledged Collateral and Schedule of Deposit Accounts and Investments on pages 25 through 27 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Pledged Collateral and Schedule of Deposit Accounts and Investments are fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2012

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012. 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, 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.

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.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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 \$450,712 at June 30, 2012, from \$292,611 at June 30, 2011. Actual revenues exceeded expenditures resulting in a change in net assets of \$158,101 for fiscal year 2012.

Table 1 summarizes the net assets of governmental activities.

Table 1
Net Assets
As of June 30,

	<u>2012</u>	<u>2011</u>
Assets		
Current assets	\$ 440,230	\$ 246,821
Capital assets, net	167,331	190,286
Total assets	<u>\$ 607,561</u>	<u>\$ 437,107</u>
Liabilities		
Current liabilities	\$ 156,848	\$ 144,495
Total liabilities	<u>156,848</u>	<u>144,495</u>
Net Assets		
Invested in capital assets, net of related debt	167,331	190,286
Unrestricted	283,382	102,326
Total net assets	<u>450,713</u>	<u>292,612</u>
Total liabilities and net assets	<u>\$ 607,561</u>	<u>\$ 437,107</u>

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Changes in Net Assets—Total revenues for the year ended June 30, 2012, were \$2,881,658 compared with expenses of \$2,723,557. Table 2 summarizes the changes in net assets for 2012 and 2011, respectively.

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

	<u>2012</u>	<u>2011</u>
Revenues		
Program revenues		
Charges for services	\$ 2,820,072	\$ 2,683,164
Operating grants	29,323	19,249
General revenues		
Other income	20,966	23,984
Investment income (loss)	11,297	(1,325)
Total revenue	<u>2,881,658</u>	<u>2,725,072</u>
Expenses-public safety	<u>2,723,557</u>	<u>2,711,393</u>
Change in net assets	158,101	13,679
Net assets, beginning of year	292,611	278,932
Net assets, end of year	<u><u>\$ 450,712</u></u>	<u><u>\$ 292,611</u></u>

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Charts 1 and 2 shows the revenues by source for fiscal years 2012 and 2011, respectively.

Chart 1
MVRDA Revenues by Source—2012

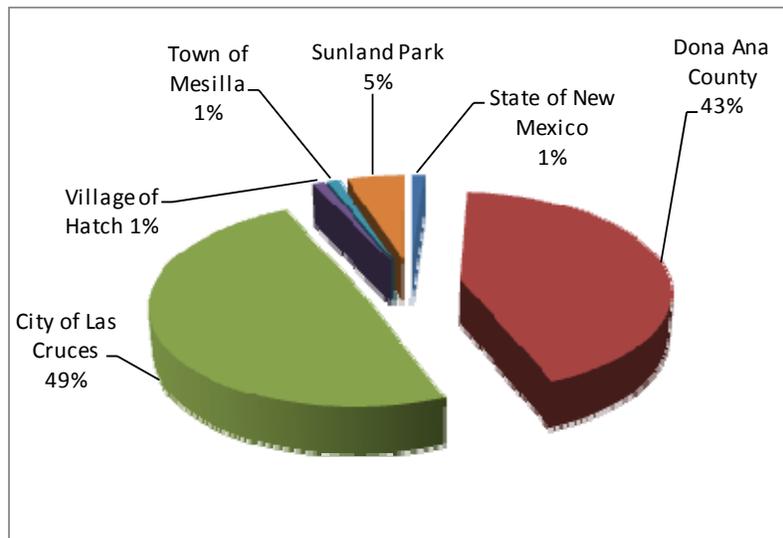
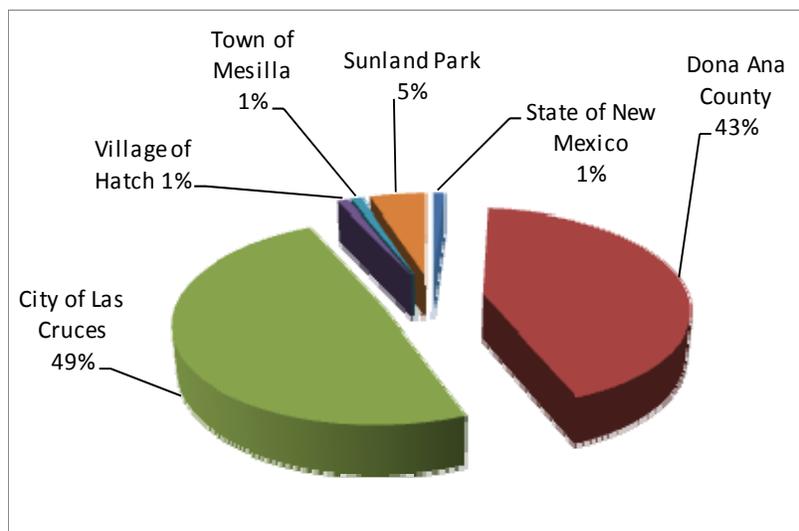


Chart 2
MVRDA Revenues by Source—2011



Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012.

Table 3
General Fund Budgetary Comparison
For the Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,820,072	\$ 2,820,072	\$ 2,820,072	\$ -
Operating grants	9,000	29,000	29,323	323
Investment income (loss)	-	-	11,297	11,297
General revenues	21,813	21,813	20,966	(847)
Total revenue	<u>2,850,885</u>	<u>2,870,885</u>	<u>2,881,658</u>	<u>10,773</u>
Expenditures				
Operations	2,850,885	2,919,289	2,700,602	218,687
Total expenditures	<u>2,850,885</u>	<u>2,919,289</u>	<u>2,700,602</u>	<u>218,687</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (48,404)</u>	<u>\$ 181,056</u>	<u>\$ 229,460</u>

In fiscal year 2012 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). The difference between the final revenue budget and the actual revenue is gain on investment income. This is a result of the interest earned, and the fair market value adjustment earned by investments that participate in the cash pool. The differences between the final expenditures budget and the actual expenditures of \$218,687 are the result of efforts to control expenditures throughout the year. Salaries were overspent by \$43,194; however, there was a savings in repair and maintenance expenditures of \$123,033.

Mesilla Valley Regional Dispatch Authority
Management’s Discussion and Analysis
For the Year Ended June 30, 2012

Capital Assets

Capital Assets—As of June 30, 2012, the organization’s capital assets totaled \$167,330 net of accumulated depreciation of \$359,220.

Table 4
Capital Assets and
Accumulated Depreciation
June 30,

	2012	2011
Equipment	\$ 526,550	\$ 552,745
Accumulated depreciation	(359,220)	(362,460)
Capital assets, net	\$ 167,330	\$ 190,285

During fiscal year 2012, MVRDA purchased assets that totaled \$26,033. During the fiscal year, fully depreciated assets were retired resulting in a decrease in total cost of equipment of \$52,228.

Economic Outlook

Changes in the general economic conditions of the City of Las Cruces and the surrounding area influence the economic condition of MVRDA. With some notable exceptions, the regional area has experienced the same lack luster recovery from the “Great Recession”. The economic outlook calls for slow growth in most indicators. One exception is new residential construction which has yet to experience a turn around. Total construction valuation is anticipated to show little change in the coming fiscal year with residential gains being partially offset by a mild recovery in commercial activity.

The most recent economic indicators show that the rate of employment growth has made a positive turn and increased slightly. A key to achieving the rate of employment forecast for the region is the relationship between private and government sectors. The recovery to date has been concentrated in private jobs with public jobs actually declining in recent years. The outlook anticipates all new jobs being created in the private sector while the public sector remains stagnant.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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 continues to be hampered by the national housing market. The inability of people to sell homes in other parts of the country and relocate or retire to Las Cruces has yet to abate. Residential units being built have become smaller which reflects the residential market adjusting to homes that are affordable based on local labor market conditions. As the economy continues to make slow progress, these items will enhance the economic recovery opportunities in the future.

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:

Scott Krahling
845 N. Motel Blvd.
Las Cruces, NM 88007
(575) 525-5810

Financial Statements

Mesilla Valley Regional Dispatch Authority
General Fund Balance Sheet and Statement of Net Assets
As of June 30, 2012

	General Fund	Adjustments (Note 9)	Statement of Net Assets
Assets			
Current assets			
Cash and cash equivalents	\$ 412,533	\$ -	\$ 412,533
Accounts receivable	2,800	-	2,800
Due from other governments	24,897	-	24,897
Total current assets	<u>440,230</u>	<u>-</u>	<u>440,230</u>
Capital assets			
Equipment, net	-	167,331	167,331
Total assets	<u>\$ 440,230</u>	<u>\$ 167,331</u>	<u>\$ 607,561</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 1,466	\$ -	\$ 1,466
Accrued payroll liabilities	155,382	-	155,382
Total current liabilities	<u>156,848</u>	<u>-</u>	<u>156,848</u>
Fund Balance/Net Assets			
Fund balance			
Unassigned	283,382	(283,382)	-
Total liabilities and fund balance	<u>\$ 440,230</u>		
Net assets			
Invested in capital assets, net of related debt		167,331	167,331
Unrestricted		283,382	283,382
Total net assets		<u>450,713</u>	<u>450,713</u>
Total liabilities and net assets		<u>\$ 167,331</u>	<u>\$ 607,561</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 and Statement of Activities
For the Year Ended June 30, 2012

	General Fund	Adjustments (Note 9)	Statement of Net Assets
Revenues			
Program revenues			
Charges for services	\$ 2,820,072	\$ -	\$ 2,820,072
Operating grants	29,323	-	29,323
General revenues			
Other income	20,966	-	20,966
Investment income (loss)	11,297	-	11,297
Total revenues	<u>2,881,658</u>	<u>-</u>	<u>2,881,658</u>
Expenditures/Expenses			
Current			
Public safety			
Salaries and benefits	2,372,401	-	2,372,401
Telephone	55,976	-	55,976
Insurance	61,113	-	61,113
Repairs and maintenance	91,217	-	91,217
Supplies	26,219	-	26,219
Travel	7,993	-	7,993
Services	40,871	-	40,871
Other	18,779	-	18,779
Depreciation	-	48,988	48,988
Capital outlay	26,033	(26,033)	-
Total expenditures/expenses	<u>2,700,602</u>	<u>22,955</u>	<u>2,723,557</u>
Revenues (under) over expenditures/expenses	181,056	(22,955)	158,101
Fund balance/net asset, beginning of the year	<u>102,326</u>	<u>190,286</u>	<u>292,612</u>
Fund balance/net assets, end of the year	<u>\$ 283,382</u>	<u>\$ 167,331</u>	<u>\$ 450,713</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 2,820,072	\$ 2,820,072	\$ 2,820,072	\$ -
Operating grants	9,000	29,000	29,323	323
General revenues	21,813	21,813	20,966	(847)
Investment income	-	-	11,297	11,297
	<u>2,850,885</u>	<u>2,870,885</u>	<u>2,881,658</u>	<u>10,773</u>
Expenditures				
Current				
Public safety				
Salaries and benefits	2,329,207	2,329,207	2,372,401	(43,194)
Telephone	75,000	75,000	55,976	19,024
Insurance	73,000	73,000	61,113	11,887
Repairs and maintenance	214,250	214,250	91,217	123,033
Supplies	68,000	61,888	26,219	35,669
Travel	8,000	8,000	7,993	7
Services	44,178	44,178	40,871	3,307
Other	19,250	39,302	18,779	20,523
Depreciation	-	48,404	-	48,404
Capital outlay	20,000	26,060	26,033	27
	<u>2,850,885</u>	<u>2,919,289</u>	<u>2,700,602</u>	<u>218,687</u>
Change in fund balance	-	(48,404)	181,056	229,460
Fund balance, beginning of the year	<u>102,326</u>	<u>102,326</u>	<u>102,326</u>	<u>-</u>
Fund balance, end of the year	<u>\$ 102,326</u>	<u>\$ 53,922</u>	<u>\$ 283,382</u>	<u>\$ 229,460</u>

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

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.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

1) Summary of Significant Accounting Policies (continued)

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. 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.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

1) Summary of Significant Accounting Policies (continued)

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.

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. 62: Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- ◆ Cash Statement No. 65: Items Previously Reported as Assets and Liabilities.
- ◆ Statement No. 66: Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.
- ◆ Statement No. 67: Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.
- ◆ Statement No. 68: Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

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.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

2) Cash and Cash Equivalents (continued)

MVRDA's equity in the City's cash and investment pool at June 30, 2012, is \$412,533. At June 30, 2012, the City's cash and investment pool consist of the following:

Carrying amount of bank deposits	\$ 10,191,172
Investments at fair value	128,837,526
Accrued interest	611,014
Total	<u>\$ 139,639,712</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, 2012, the City's deposits, totaling \$27,653,926, 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.

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, 2012, the City's investment pool consisted of agency bonds with a weighted 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 \$119,173,345 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.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

2) Cash and Cash Equivalents (continued)

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, 2012, the City's investments in coupon bonds of U.S. agencies were rated AA+ 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, 2012, 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, 2012, 20% of the City's investment pool was in Federal Home Loan Mortgage Corporation (FHLMC), 66% in Fannie Mae (FNMA) and 7% in Federal Home Loan Bank (FHLB).

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, 2012, the amounts receivable from these entities are as follows:

Town of Mesilla	\$ 2,378
Village of Hatch	1,646
City of Sunland Park	10,673
New Mexico Department of Finance Administration	<u>10,200</u>
Total	<u><u>\$ 24,897</u></u>

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

4) Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balances June 30, 2011	Additions	Retirements	Balances June 30, 2012
Equipment	\$ 552,745	\$ 26,033	\$ 52,228	\$ 526,550
Less accumulated depreciation	362,459	48,988	(52,228)	359,219
Capital assets, net	<u>\$ 190,286</u>	<u>\$ (22,955)</u>	<u>\$ -</u>	<u>\$ 167,331</u>

In 2012, MVRDA had \$26,033 in equipment purchases which included catalyst switches, a router, and a server. Several servers, a firewall, and a disk array were sent to auction. Depreciation expense was \$48,988 for the year ended June 30, 2012.

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 2012, operating contributions include \$1,384,784 from the City, \$1,228,016 from the County, \$23,213 from Hatch, \$150,514 from Sunland Park, and \$33,545 from Mesilla.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

6) Pension Plan – Public Employees Retirement Association

Plan Description

Substantially all of MVRDA's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer, defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 7% of their gross salary. MVRDA is required to contribute 7% of the gross covered salary. The contribution requirements of plan members and MVRDA are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. MVRDA's contribution to PERA for the fiscal years ending June 30, 2012, 2011, and 2010 were \$94,474, \$93,591, and \$99,693, respectively, which equal the amount of the required contributions for each fiscal year.

7) Post-Employee Benefits – State Retiree Health Care Plan

Plan Description

MVRDA contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, surviving spouses, and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the health care plan, and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

7) Post-Employee Benefits – State Retiree Health Care Plan (continued)

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement, and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment health care plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for health care benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate scheduled for the medical plus basic life plan, plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date, or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In fiscal year ending June 30, 2013, the contribution rates for employees and employers will rise as follows:

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

7) Post-Employee Benefits – State Retiree Health Care Plan (continued)

(1) For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

(2) For employees who are members of an enhanced retirement plan, during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.292% of each participating employee’s annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.500%	1.250%

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agree-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contribution can be changed by the New Mexico State Legislature.

MVRDA’s contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010 were \$24,791, \$22,209, and \$14,797, respectively, which equal the required contributions for each year.

8) 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.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

9) Adjustments

The general fund surplus of \$283,382 differs from total net assets balance of \$450,712 reported on the statement of net assets and governmental funds balance sheet as follows:

Fund balance	\$	283,382
Capital assets are not financial resources and, therefore, are not reported in the general fund		167,331
Total net assets	\$	450,713

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$181,056, differs from the net increase in net assets of \$158,101 reported on the statement of activities as follows:

Revenues over expenditures	\$	181,056
Capital outlay		26,033
Depreciation		(48,988)
Net change in net assets	\$	158,101

10) Fund Balance Policy

Prior to fiscal year 2012, 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.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2012

11) Subsequent Events

In November 2011, MVRDA's existing joint powers agreement (JPA) dated September 5, 2006 was approved to be amended to include the City of Anthony, a municipal corporation ("Anthony"). The amount of contributions to the MVRDA budget will be determined by the MVRDA Board on an annual basis. The contributions are based on the number of calls expected for responses within Anthony. The operating contributions from Anthony are anticipated to be approximately \$44,835 for the fiscal year ending June 30, 2013.

Supplementary Information

Mesilla Valley Regional Dispatch Authority
Schedule of Pledged Collateral
June 30, 2012

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
Wells Fargo Bank, NA			BNY Mellon	
FMAC FGPF 5.000% 10/01/2038	3128M6VZ8	10/01/2038		\$ 66,597
FNMA FNMS 4.000% 12/01/2040	3138A1AG6	12/01/2040		87,240
FNMA FNMS 3.000% 12/01/2025	3138A1G62	12/01/2025		4,223
FNMA FNMS 3.500% 12/01/2025	3138A2CF4	12/01/2025		12,036
FNMA FNMS 4.000% 01/01/2041	31409DUS0	01/01/2041		39,277
FNMA FNMS 4.000% 01/01/2041	3138A2WW5	01/01/2041		46,457
FNMA FNMS 3.500% 01/01/2041	3138A36S1	01/01/2041		4,741
FNMA FNMS 4.000% 01/01/2041	3138A3S65	01/01/2041		9,461
FNMA FNMS 4.000% 01/01/2041	3138A4XY6	01/01/2041		916,732
FNMA FNMS 4.500% 03/01/2041	3138A74F2	03/01/2041		208,072
FNMA FNMS 4.000% 03/01/2041	3138A8RD0	03/01/2041		33,006
FNMA FNMS 4.500% 02/01/2041	3138A8XX9	02/01/2041		139,848
FNMA FNMS 4.500% 04/01/2041	3138ABZX0	04/01/2041		4,321
FNMA FNMS 3.000% 11/01/2026	31418ABC1	11/01/2026		13,752,247
FNMA FNMS 3.500% 03/01/2042	31418AD96	03/01/2042		462,330
				<u>\$ 15,786,588</u>

Summary of Collateralization

Wells Fargo Bank

Ending bank balance	\$ 27,836,926
Less: FDIC insurance	(12,633,362)
Total uninsured public funds	<u>\$ 15,203,564</u>
Pledged collateral held by the pledging bank's trust department in the City's name	\$ 15,786,588
100% collateral requirement	<u>15,203,564</u>
Pledged collateral in excess of requirement	<u>\$ 583,024</u>
Uninsured and uncollateralized	<u>\$ -</u>

Mesilla Valley Regional Dispatch Authority
Schedule of Deposit Accounts and Investments
June 30, 2012

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:

Pooled Deposit Accounts

Account	Type of Account	Pooled Cash & Investments	Total Reconciled Balance	On Deposit 6/30/2012
DEPOSIT ACCOUNTS				
<i>Wells Fargo Bank</i>				
Community Development	Checking	\$ -	\$ -	\$ 62,204
Community Development Home Rehab	Checking	-	-	22,774
Community Development Home Program	Checking	-	-	854
Community Development MONAS Loan	Checking	-	-	8
Community Development NSP Program	Checking	-	-	63,933
Metro Narcotics Agency	Savings	-	-	95,495
2006 Water Projects	Savings	-	-	1,398,837
Fiscal Account SCSWA	Savings	-	-	1,201,326
Revenue Bonds Proceeds	Savings	-	-	12,574,907
Treasury Fund - Operating	Checking	12,129,135	12,129,135	12,182,885
Payroll Direct Deposit Account	Checking	(32,862)	(32,862)	-
Accounts Payable	Checking	(1,619,282)	(1,619,282)	-
On Demand	Checking	42,847	42,847	50,703
Depository	Checking	482,815	482,815	-
Credit Card	Checking	2,862	2,862	-
Electronic	Checking	(814,343)	(814,343)	-
Total deposit accounts		\$ 10,191,172	\$ 10,191,172	\$ 27,653,926

Mesilla Valley Regional Dispatch Authority
Schedule of Deposit Accounts and Investments
June 30, 2012

Pooled Investments

Account	Type of Account	Pooled Investments	MVRDA Accounts	Total Reconciled Balance
INVESTMENTS				
<i>Wells Fargo Bank</i>				
Stagecoach Sweep Repo	Sweep	\$ 9,664,181	\$ -	\$ 9,664,181
<i>Wells Fargo Brokerage Services, LLC</i>				
FNMA Step 2/8/2027-13	Investment	3,001,440	-	3,001,440
<i>First Tennessee</i>				
FFCB 1.57 11/7/2016-12	Investment	9,745	-	9,745
FHLMC Step 7/27/2023-12	Investment	3,005,220	-	3,005,220
FHLMC 1.4 1/25/2017-13	Investment	1,005	-	1,005
FHLMC Step 1/25/2027-13	Investment	7,026,600	-	7,026,600
FHLMC Step 2/22/2027-13	Investment	4,017,840	-	4,017,840
FNMA 1.25 3/14/2017-13	Investment	2,003	-	2,003
FNMA Step 2/8/2027-13	Investment	7,003,360	-	7,003,360
FNMA Step 2/8/2027-13	Investment	5,004,500	-	5,004,500
FNMA Step 3/12/2027-13	Investment	3,004,830	-	3,004,830
FNMA Step 1/25/2027-13	Investment	7,048,020	-	7,048,020
FNMA Step 4/16/2027-13	Investment	8,070,400	-	8,070,400
FNMA Step 4/26/2027-13	Investment	5,028,200	-	5,028,200
FNMA Step 5/24/2027-13	Investment	10,013,500	-	10,013,500
FNMA Step 5/24/2027-13	Investment	9,011,700	-	9,011,700
FNMA Step 6/21/2027-13	Investment	12,095,401	-	12,095,401
FNMA Step 6/28/2027-13	Investment	7,975,760	-	7,975,760
<i>Morgan Keegan</i>				
FHLB Step 3/5/2027-12	Investment	8,401,512	-	8,401,512
FHLMC Step 11/21/2023-12	Investment	3,000,000	-	3,000,000
FHLMC Step 2/22/2027-13	Investment	8,447,509	-	8,447,509
FNMA Step 5/24/2027-13	Investment	8,004,800	-	8,004,800
Total investments		128,837,526	-	128,837,526
Total deposits and investments		139,028,698	-	139,028,698
<i>Accrued Interest Receivable</i>				
Accrued Interest - Pooled Investments	Accrued Int	611,014	-	611,014
Total cash and investments		139,639,712	-	139,639,712
Less balances in City of Las Cruces funds		139,227,179	-	139,227,179
MVRDA cash and investment balance		\$ 412,533	\$ -	\$ 412,533

**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***

Mr. Hector H. Balderas, New Mexico State Auditor 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, including the budgetary comparison, of the Mesilla Valley Regional Dispatch Authority (MVRDA), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of MVRDA is responsible for establishing and maintaining effective 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.

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 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*.

This report is intended solely for the information and use of management, the board of directors, others within the entity, 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.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2012

Mesilla Valley Regional Dispatch Authority
Schedule of Findings and Responses
For the Year Ended June 30, 2012

There were no audit findings for the fiscal year ended June 30, 2012.

Mesilla Valley Regional Dispatch Authority
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2012

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, 2012

Exit Conference

An exit conference was conducted on November 14, 2012, 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
Richard Williams	Board Member
Robert Garza	Board Member
Gregory Smith	Board Member

City of Las Cruces (Fiscal Agent)

Brian Denmark	Assistant City Manager - Chief Operating Officer
Mark Winson	Assistant City Manager - Chief Administrative Officer
Melissa Nelson	Accounting Supervisor
Maria Villa	Accounting Supervisor
Gene Connelly	City Attorney

Moss Adams LLP

Larry Carmony	Partner
Ryan Luetkemeyer	Senior Manager
Lupita Martinez	Senior Manager

Financial Statement Preparation

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