



*REPORT OF INDEPENDENT AUDITORS AND  
FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION*

*FOR*

**MESILLA VALLEY REGIONAL  
DISPATCH AUTHORITY**

*June 30, 2017*

**MOSSADAMS.COM**

# Mesilla Valley Regional Dispatch Authority

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**Mesilla Valley Regional Dispatch Authority**  
**June 30, 2017**

OFFICIAL ROSTER

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2017, are:

Benjamin Rawson	Chair
Javier Perea	Vice-Chairman
Joaquin Graham	Board Member
Stuart Ed	Board Member
Greg Smith	Board Member
Chuck McMahon	Board Member
Eric Enriquez	Board Member
Eric Crespín	Board Member
James “Trey” Gimler	Board Member
Kevin Hoban	Board Member
Jaime Montoya	Board Member
Kiki Vigil	Board Member
Diana Trujillo	Board Member

## **Report of Independent Auditors**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general fund, and the budgetary comparison of the general fund, of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise MVRDA's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the budgetary comparison for general fund of the Mesilla Valley Regional Dispatch Authority as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and pension schedules on pages 35 through 37 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.

#### *Other Information*

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 supplementary information such as the Schedule of Pledged Collateral and Schedule of Deposit Accounts and Investments on pages 38 through 40 and Schedule of Joint Powers Agreements on page 41 are schedules required by 2.2.2. NMAC and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Pledged Collateral, Schedule of Deposit Accounts and Investments, and, Schedule of Joint Powers Agreements are schedules required by 2.2.2 NMAC, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Pledged Collateral, Schedule of Deposit Accounts and Investments, and Schedule of Joint Powers Agreements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017 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* in considering MVRDA's internal control over financial reporting and compliance.

*Moss Adams LLP*

Albuquerque, New Mexico  
November 22, 2017

# **Mesilla Valley Regional Dispatch Authority**

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

### **For the Year Ended June 30, 2017**

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, 2017. 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, City of Sunland Park, and City of Anthony, 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 position 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 position presents information on all of MVRDA's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position 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, 2017**

The statement of activities presents information showing how MVRDA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of 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 Position*—Governmental net position decreased to \$477,989 at June 30, 2017, from \$558,277 at June 30, 2016. Actual expenditures exceeded revenue resulting in a change in net position of (\$80,288) for fiscal year 2017.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

Table 1 summarizes the net position of governmental activities.

**Table 1**  
**Net Position**  
**As of June 30,**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets	\$ 1,222,239	\$ 1,219,351
Capital assets, net	415,664	391,274
Total assets	<u>1,637,903</u>	<u>1,610,625</u>
Deferred outflows related to pensions	814,629	106,270
Total assets	<u>\$ 2,452,532</u>	<u>\$ 1,716,895</u>
<b>Liabilities</b>		
Current liabilities	\$ 140,331	\$ 176,110
Net pension liability	1,807,953	961,779
Total liabilities	<u>1,948,284</u>	<u>1,137,889</u>
Deferred inflows related to pensions	26,259	20,729
Total liabilities and deferred inflows of resources	<u>\$ 1,974,543</u>	<u>\$ 1,158,618</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 415,664	\$ 391,274
Unrestricted (deficit)	62,325	167,003
Total net position	<u>477,989</u>	<u>558,277</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,452,532</u>	<u>\$ 1,716,895</u>

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

*Changes in Net Position*—Total revenues for the year ended June 30, 2017, were \$3,652,882 compared with expenses of \$3,733,170. Table 2 summarizes the changes in net position for 2017 and 2016, respectively.

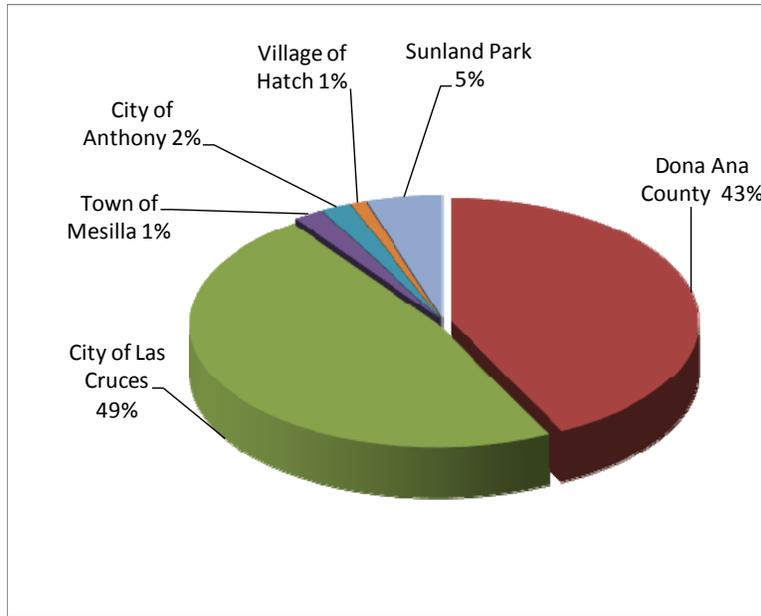
**Table 2**  
**Changes in Net Position**  
**For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 3,446,704	\$ 3,209,764
Operating grants	27,944	391,542
General revenues		
Other income	184,592	165,809
Investment income	(6,358)	43,245
Total revenue	<u>3,652,882</u>	<u>3,810,360</u>
<b>Expenses-public safety</b>	<u>3,733,170</u>	<u>3,256,930</u>
Change in net position	<u>(80,288)</u>	<u>553,430</u>
<b>Net position, beginning of year</b>	<u>558,277</u>	<u>4,847</u>
<b>Net position, end of year</b>	<u><u>\$ 477,989</u></u>	<u><u>\$ 558,277</u></u>

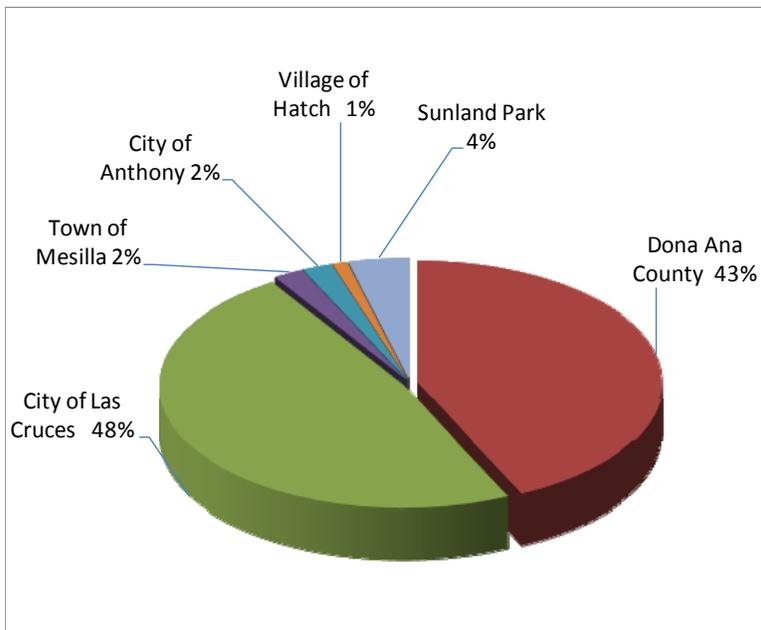
**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

Charts 1 and 2 shows the revenues by source for fiscal years 2017 and 2016, respectively.

**Chart 1**  
**MVRDA Revenues by Source—2017**



**Chart 2**  
**MVRDA Revenues by Source – 2016**



**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

*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 revenue and expenditures for the year ended June 30, 2017.

**Table 3**  
**General Fund Budgetary Comparison**  
**For the Year Ended June 30, 2017**

	Budget		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 3,341,273	\$ 3,449,844	\$ 3,446,704	\$ 3,140
Operating grants	122,257	122,257	27,944	(94,313)
Investment income	-	-	(6,358)	(6,358)
General revenues	<u>122,257</u>	<u>122,257</u>	<u>184,592</u>	<u>62,335</u>
Total revenue	<u>3,585,787</u>	<u>3,694,358</u>	<u>3,652,882</u>	<u>(41,476)</u>
<b>Expenditures</b>				
Operations	<u>3,896,102</u>	<u>3,938,362</u>	<u>3,614,215</u>	<u>324,147</u>
Total expenditures	<u>3,896,102</u>	<u>3,938,362</u>	<u>3,614,215</u>	<u>324,147</u>
Revenues over (under) expenditures	<u>\$ (310,315)</u>	<u>\$ (244,004)</u>	<u>\$ 38,667</u>	<u>\$ 282,671</u>

In fiscal year 2017, the differences between the final revenue budget and the actual revenue of \$41,476 is the result of more revenue being generated than had been estimated in the budget. The differences between the final expenditures budget and the actual expenditures of \$324,147 are the result of efforts to control expenditures throughout the year.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

**Capital Assets**

*Capital Assets*—As of June 30, 2017, the organization's capital assets totaled \$415,664 net of accumulated depreciation of \$340,535. As of June 30, 2016, the organization's capital assets totaled \$391,274 net of accumulated depreciation of \$389,643.

**Table 4**  
**Capital Assets and**  
**Accumulated Depreciation**  
**For the Year Ended June 30, 2017**

	<b>2017</b>	<b>2016</b>
Equipment	\$ 756,199	\$ 780,917
Accumulated depreciation	(340,535)	(389,643)
Capital assets, net	\$ 415,664	\$ 391,274

During fiscal year 2017, MVRDA purchased \$74,917 in capital assets.

**Economic Outlook**

With an official end to the recent Great Recession, national economic expansion continues. The overall U.S. unemployment rate has fallen below 5%, down from the 10% experienced by the country in 2009. The U.S. job market has experienced growth with non-farm employment estimated to increase by 0.7% in 2017 and 1.4% in 2018. The average hourly earnings for all employees in the private sector have increased by 2.5% over the last 12 months.

The National GDP (Gross Domestic Product) is anticipated to rise to approximately 1.85% in the 2017-2018 fiscal year. This rise is influenced by consumer spending resulting from increases in employment and increases in the average hourly earnings for all employees.

The economy of the City of Las Cruces is growing moderately and is forecasted to remain stable over the coming fiscal year. Non-farm employment is expected to grow at 0.6% for the 2017-2018 fiscal year. The majority of employment gains will be in the private sector, especially Health Care, Social Assistance, and Accommodation/Food Services industries. Employment growth in the public sector, however, is anticipated to remain flat.

Permitted valuation is anticipated to decrease in fiscal year 2017-2018. This is due to a reduction in commercial and residential construction and repairs. The construction market has been one market segment which has been greatly impacted over recent years, with slow and uneven recovery causing City staff to expect the issuance of new residential building permits to remain below 500 units for the 2017-2018 fiscal year. This will mark the seventh year in a row that new housing permits have fallen below 500 units.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

Population growth for the City of Las Cruces is relatively slow and is expected to only make slight gains in the coming fiscal year. The expected rate of growth is under 1.0% for the fourth year in a row. This slow rate of population growth is directly linked to local job opportunities and residential permit issuance.

**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:

Benjamin Rawson  
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 Position**  
**As of June 30, 2017**

	General Fund	Adjustments (Note 9)	Statement of Net Position
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,035,410	\$ -	\$ 1,035,410
Accounts receivable	21,992	-	21,992
Due from other governments	164,837	-	164,837
Total current assets	<u>1,222,239</u>	<u>-</u>	<u>1,222,239</u>
Capital assets			
Equipment, net	-	415,664	415,664
Total assets	<u>1,222,239</u>	<u>415,664</u>	<u>1,637,903</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	-	814,629	814,629
Total deferred outflows of resources	<u>-</u>	<u>814,629</u>	<u>814,629</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	5,693	-	5,693
Accrued payroll liabilities	134,638	-	134,638
Total current liabilities	<u>140,331</u>	<u>-</u>	<u>140,331</u>
Net Pension Liability	-	1,807,953	1,807,953
Total Liabilities	<u>140,331</u>	<u>1,807,953</u>	<u>1,948,284</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	-	26,259	26,259
Total deferred inflows of resources	<u>-</u>	<u>26,259</u>	<u>26,259</u>
<b>Fund Balance/Net Position</b>			
Fund balance			
Unassigned	1,081,908	(1,081,908)	-
Total liabilities and fund balance	<u>\$ 1,222,239</u>	<u>752,304</u>	
Net position			
Net investment in capital assets		415,664	415,664
Unrestricted (deficit)		62,325	62,325
Total net position		<u>\$ 477,989</u>	<u>\$ 477,989</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, 2017**

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 3,446,704	\$ -	\$ 3,446,704
Operating grants	27,944	-	27,944
General revenues			
Other income	184,592	-	184,592
Investment income	(6,358)	-	(6,358)
Total revenues	3,652,882	-	3,652,882
<b>Expenditures/Expenses</b>			
Current			
Public safety			
Salaries and benefits	2,915,029		2,915,029
Telephone	67,767	-	67,767
Insurance	75,699	-	75,699
Repairs and maintenance	317,624	-	317,624
Supplies	74,936	-	74,936
Travel	20,766	-	20,766
Services	36,984	-	36,984
Pension	-	143,345	143,345
Other	30,493	641	31,134
Depreciation	-	49,886	49,886
Capital outlay	74,917	(74,917)	-
Total expenditures/expenses	3,614,215	118,955	3,733,170
Change in fund balance/net position	38,667	(118,955)	(80,288)
<b>Fund balance/net position,</b> beginning of year	1,043,241	(484,964)	558,277
<b>Fund balance/net position,</b> end of year	\$ 1,081,908	\$ (603,919)	\$ 477,989

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 3,341,273	\$ 3,449,844	\$ 3,446,704	\$ 3,140
Operating grants	49,000	49,000	27,944	21,056
General revenues	122,257	122,257	184,592	(62,335)
Investment income (loss)	-	-	(6,358)	6,358
	<u>3,512,530</u>	<u>3,621,101</u>	<u>3,652,882</u>	<u>31,781</u>
<b>Expenditures</b>				
Current				
Public safety				
Salaries and benefits	2,971,268	3,099,923	2,915,029	184,894
Telephone	95,000	95,000	67,767	27,233
Insurance	81,000	81,804	75,699	6,105
Repairs and maintenance	322,010	325,865	317,624	8,241
Supplies	81,500	90,163	74,936	15,227
Travel	30,000	30,672	20,766	9,906
Services	184,324	55,018	36,984	18,034
Other	56,000	56,000	30,493	25,507
Capital outlay	75,000	103,917	74,917	29,000
	<u>3,896,102</u>	<u>3,938,362</u>	<u>3,614,215</u>	<u>324,147</u>
Change in fund balance	(383,572)	(317,261)	38,667	355,928
<b>Fund balance, beginning of year</b>	<u>1,043,241</u>	<u>1,043,241</u>	<u>1,043,241</u>	<u>-</u>
<b>Fund balance, end of the year</b>	<u>\$ 659,669</u>	<u>\$ 725,980</u>	<u>\$ 1,081,908</u>	<u>\$ 355,928</u>

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**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). On November 2011, MVRDA's existing JPA was approved to be amended to include the City of Anthony, a municipal corporation ("Anthony"). 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 13 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**

*Government-Wide Financial Statements*—The governmental-wide financial statements include the statement of net position 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. 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.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**1) Summary of Significant Accounting Policies (continued)**

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, 2017**

**1) Summary of Significant Accounting Policies (continued)**

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:

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.

Net Position

Net position of MVRDA are classified and displayed as three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of funds with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net funds that do not meet the definition of "net investment in capital assets" or "restricted".

Pensions

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**1) Summary of Significant Accounting Policies (continued)**

Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

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 MVRDA's financial position or results of operations. Pronouncements that are not applicable have been omitted.

- ◆ *Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- ◆ *Statement No. 83: Certain Asset Retirement Obligations*
- ◆ *Statement No. 84: Fiduciary Activities*
- ◆ *Statement No. 85: Omnibus 2017*
- ◆ *Statement No. 86: Certain Debt Extinguishment Issues*
- ◆ *Statement No. 87: Leases*

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**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.

MVRDA's equity in City's cash and investment pool \$ 1,035,410

At June 30, 2017, the City's cash and investment pool consist of the following:

Carrying amount of bank deposits	\$ (736,459)
Investments at fair value	142,922,868
Accrued interest	<u>671,325</u>
Total cash and investment pool	<u><u>\$ 142,857,734</u></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, 2017, the City's deposits, totaling \$73,503,732, 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, 2017, the City's investment pool had the following investments:

Investment Type	Fair Value	Weighted Avg Maturity (Yrs)
Overnight repurchase agreement	\$ 16,674,840	
U.S. agency coupon bonds	124,250,088	13.31
U.S. Treasury Bills	<u>1,997,940</u>	0.53
Total Pooled Investments	<u><u>\$ 142,922,868</u></u>	

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**2) Cash and Cash Equivalents (continued)**

*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 \$124,250,088 issued by U.S. government agencies that are callable by the issuer under certain circumstances. For purposes of calculating weighted average maturity, the City uses duration.

*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, 2017, the City's investments in coupon bonds of U.S. agencies were rated AA+ or better by Standard & Poor's and Aaa by Moody's Investors Service. 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, 2017, 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, 2017, 47% of the City's investment pool was in Fannie Mae (FNMA), 36% was in Federal Home Loan Mortgage Corporation (FHLMC), 10% in Federal Home Loan Bank (FHLB), 6% was in Federal Farm Credit Bank (FFCB), and 1% was in U.S. Treasury Bills.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**2) Cash and Cash Equivalents (continued)**

*Fair Market Value Hierarchy.* The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

<u>Investment Type</u>	<u>Level 2</u>
U.S. Agency Coupon Bonds	\$ 124,250,088
U.S. Treasury Securities	1,997,940
Stagecoach Seep Repo	16,674,840
Total Pooled Investments	<u>\$ 142,922,868</u>

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**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, City of Anthony and the City of Las Cruces. At June 30, 2017, the amounts receivable from these entities are as follows:

Due From State	\$ 22,723
Due From Local Governments	142,114
Total	<u>\$ 164,837</u>

**4) Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balances June 30, 2016	Additions	Retirements	Balances June 30, 2016
Equipment	\$ 780,918	\$ 74,917	\$ 99,636	\$ 756,199
Less accumulated depreciation	389,644	49,886	(98,995)	340,535
Capital assets, net	<u>\$ 391,274</u>	<u>\$ 25,031</u>	<u>\$ 641</u>	<u>\$ 415,664</u>

Depreciation expense was \$49,886 for the year ended June 30, 2017.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**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, Anthony and Mesilla, and are not based upon a percentage of the MVRDA budget.

During fiscal year 2017, operating contributions include \$1,654,053 from the City, \$1,466,802 from the County, \$36,401 from Hatch, \$163,887 from Sunland Park, \$72,857 from the City of Anthony, and \$52,704 from Mesilla.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**6) Pension Plan – Public Employees Retirement Association**

Plan Description

Substantially all of the 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 Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978) Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits Provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at <http://www.nmpera.org/fiancial-overview>.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**6) Pension Plan – Public Employees Retirement Association (continued)**

Contributions

The contribution requirements of defined benefit plan members and the City of Las Cruces are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at

[http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2016.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2016.pdf).

The PERA coverage options that apply to MVRDA are 2.93% of the City's proportionate share. Statutorily required contributions to the pension plan from MVRDA were \$119,209 and employer paid member benefits that were "picked up" by the employer were \$47,211 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**6) Pension Plan – Public Employees Retirement Association (continued)**

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense, and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members, and legislative members. The City of Las Cruces' proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

At June 30, 2017, MVRDA reported a liability of \$1,807,953 for its proportionate share of the net pension liability. At June 30, 2017, the MVRDA's proportion was 2.93% of the City's proportionate allocation.

For the year ended June 30, 2017, MVRDA recognized PERA pension expense of \$143,345.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**6) Pension Plan – Public Employees Retirement Association (continued)**

MVRDA amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 137,748	\$ 391
Changes of assumptions or other inputs	117,371	22,926
Net difference between projected and actual earnings on pension plan investments	432,232	-
Changes in proportion and differences between MVRDA contributions and proportionate share of contributions	8,308	2,942
MVRDA contributions subsequent to the measurement date	118,970	-
Total	\$ 814,629	\$ 26,259

Deferred outflows of resources of \$118,970 related to pensions resulting from MVRDA'S contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 167,350
2019	167,350
2020	167,350
2021	167,350
	\$ 669,400

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**6) Pension Plan – Public Employees Retirement Association (continued)**

Actuarial Assumptions

As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.48% annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	2.75% annual rate
• Projected salary increases	2.75% to 14.25% annual rate
• Includes inflation at	2.25% annual rate first years, 2.75% all other years
• Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projections to 2018 using Scale AA.
• Experience Study Dates	July 1, 2008 to June 30, 2013 (demographics) and July 1, 2010 through June 20, 2015 (economic)

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**6) Pension Plan – Public Employees Retirement Association (continued)**

Investment Policy

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

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	100.0%	

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**6) Pension Plan – Public Employees Retirement Association (continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The equivalent blended rate is 7.48% and will be used as the discount rate to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the MVRDA’s proportionate share of the net pension liability to changes in the discount rate

The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present MRVDA's net pension liability in each PERA Fund Division that MVRDA participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
MVRDA proportionate share of net pension liability	\$ 2,699,437	\$ 1,807,953	\$ 1,073,346

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

**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.

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](http://www.nmrhca.state.nm.us).

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2017**

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

MVRDA's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$32,237, \$29,650, and \$29,855 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, 2017**

**9) Adjustments**

The general fund surplus of \$1,081,908 differs from total net position balance of \$477,989 reported on the statement of net position and governmental funds balance sheet as follows:

Fund balance	\$ 1,081,908
Capital assets are not financial resources and, therefore, are not reported in the general fund	415,664
Net pension assets are not available for operations and, therefore, are not reported in the funds	814,629
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(1,807,953)
Deferred inflows related to pensions are not financial resources and, therefore, are not reported in the funds	<u>(26,259)</u>
Total net position	<u><u>\$ 477,989</u></u>

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$38,677, differs from the net decrease in net position of \$80,288 reported on the statement of activities as follows:

Revenues over expenditures	\$ 38,667
Capital outlay	74,917
Pension costs actuarially determined	(143,345)
Loss on Disposition of Asset	(641)
Depreciation	<u>(49,886)</u>
Net change in net position	<u><u>\$ (80,288)</u></u>

## Required Supplementary Information

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Public Employees Retirement Association (PERA)**  
**Last 10 Fiscal Years\***

	Fiscal Year			2007 through 2014
	2017	2016	2015	
MVRDA's proportion of the City's net pension liability	2.932%	1.360%	1.835%	Information not available
MVRDA's proportionate share of the net pension liability	\$ 1,807,953	\$ 961,779	\$ 723,781	
MVRDA's covered-employee payroll	\$ 1,607,699	\$ 1,469,601	\$1,537,348	
MVRDA's proportionate share of the net pension liability as a percentage of its covered employees payroll	112.46%	65.44%	47.08%	

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Mesilla Valley Regional Dispatch Authority will present information for those years for which information is available.

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Pension Contributions**  
**Public Employees Retirement Association (PERA)**  
**Last 10 Fiscal Years\***

	Fiscal Year			
	2017	2016	2015	2014
Statutorily required contribution	\$ 118,970	\$ 106,270	\$ 110,400	\$ 104,525
MVRDA's contributions in relation to the statutorily required contribution	118,970	106,270	110,400	104,525
MVRDA's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
MVRDA's covered-employee payroll	\$ 1,607,699	\$ 1,469,601	\$ 1,537,848	\$ 1,554,006
MVRDA's contribution as a percentage of covered-employee payroll	7.40%	7.23%	7.18%	6.73%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Mesilla Valley Regional Dispatch Authority will present information for those years for which information is available.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Required Supplementary Information**  
**June 30, 2017**

- 1) ***Changes of benefit terms*** The Public Employee Retirement Association (PERA) Fund, COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2016.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2016.pdf)
  
- 2) ***Changes of assumptions*** The PERA of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2016-PERA-Valuation-Report-FINAL.pdf>.

The summary of Key Findings for the PERA Fund (on page 2 of the report).

## **Supplementary Information**

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Pledged Collateral**  
**June 30, 2017**

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>			BNY Mellon	
FNMA FGPC 2.500% 07/01/30	3128MMTS2	7/01/2030		\$ 4,354,351
FNMA FNMS 3.500% 09/01/42	3138M0CQ1	9/01/2042		23,518,868
FNMA FNMS 2.500% 7/01/31	3138WHJY9	7/01/2031		4,615,376
FNMA FNMS 3.000% 08/01/2042	31417CVE2	08/01/2042		28,079,922
FNMA FNMS 3.500% 03/01/2034	31418BA71	03/01/2034		18,694,187
				<u>\$ 79,262,704</u>

Summary of Collateralization

**Wells Fargo Bank**

Ending bank balance	\$ 73,503,732
Less: FDIC insurance	(250,000)
Total uninsured public funds	<u>\$ 73,253,732</u>
Pledged collateral held by the pledging bank's trust department in the City's name	\$ 79,262,704
100% collateral requirement	<u>73,253,732</u>
Pledged collateral in excess of requirement	<u>\$ 6,008,972</u>
Uninsured and uncollateralized	<u>\$ -</u>

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2017**

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	Fair Value Level	Pooled Cash & Investments	MVRDA Accounts	Total Reconciled Balance	On Deposit 6/30/2017
<b>DEPOSIT ACCOUNTS</b>						
<i>Wells Fargo Bank</i>						
Community Development	Checking		\$ -	\$ -	\$ -	\$ 129,111
Community Development Home Rehab	Checking		-	-	-	25,309
Community Development Home Program	Checking		-	-	-	490
Metro Narcotics Agency	Savings		-	-	-	90,646
2006 Water Projects	Savings		-	-	-	22,005,217
Revenue Bonds Proceeds	Savings		-	-	-	48,912,862
Treasury Fund - Operating	Checking		2,325,358	-	2,325,358	2,325,084
Payroll Direct Deposit Account	Checking		(1,590,081)	-	(1,590,081)	-
Accounts Payable	Checking		(1,848,612)	-	(1,848,612)	-
On Demand	Checking		4,622	-	4,622	15,013
Depository	Checking		50,202	-	50,202	-
Credit Card	Checking		279,704	-	279,704	-
Electronic	Checking		42,348	-	42,348	-
<b>TOTAL DEPOSIT ACCOUNTS</b>			<u>\$ (736,459)</u>	<u>\$ -</u>	<u>\$ (736,459)</u>	<u>\$ 73,503,732</u>

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2017**

**Pooled Investments**

Account	Type of Account	Fair Value Level	Pooled Cash & Investments	MVRDA Accounts	Total Reconciled Balance	On Deposit 6/30/2017
<b>INVESTMENTS</b>						
<i>Wells Fargo Bank</i>						
Stagecoach Sweep Repo	Sweep	2	\$ 16,674,840	\$ -	\$ 16,674,840	
<i>First Tennessee</i>						
FFCB 2.24 11/10/2027-16	Investment	2	4,707,100	-	4,707,100	
FFCB 2.24 7/6/2027-17	Investment	2	2,814,390	-	2,814,390	
FHLB 0 11/24/2017	Investment	2	1,991,440	-	1,991,440	
FHLB 0 7/12/2017	Investment	2	1,999,500	-	1,999,500	
FHLB 2.2 10/13/2026-17	Investment	2	962	-	962	
FHLB 2.35 12/27/2024-16	Investment	2	792,736	-	792,736	
FHLB Step 5/9/2031-16	Investment	2	7,370,850	-	7,370,850	
FHLMC Step 2/23/2031-16	Investment	2	10,650,090	-	10,650,090	
FHLMC Step 4/20/2032-17	Investment	2	4,970,200	-	4,970,200	
FHLMC Step 5/23/2031-16	Investment	2	17,724,850	-	17,724,850	
FHLMC Step 5/23/2031-16	Investment	2	11,841,480	-	11,841,480	
FNMA Step 2/10/2031-17	Investment	2	13,722,100	-	13,722,100	
FNMA Step 2/20/2031-17	Investment	2	7,847,120	-	7,847,120	
FNMA Step 2/24/2031-17	Investment	2	7,914,880	-	7,914,880	
FNMA Step 3/10/2031-17	Investment	2	14,303,670	-	14,303,670	
FNMA Step 4/7/2031-17	Investment	2	15,598,720	-	15,598,720	
T-Bill 0 7/27/2017	Investment	2	999,450	-	999,450	
T-Bill 0 8/31/2017	Investment	2	998,490	-	998,490	
<b>TOTAL INVESTMENTS</b>			<u>\$ 142,922,868</u>	<u>\$ -</u>	<u>\$ 142,922,868</u>	
<b>TOTAL DEPOSITS AND INVESTMENTS</b>			<b>\$ 142,186,409</b>	<b>\$ -</b>	<b>\$ 142,186,409</b>	
<i>Other Cash:</i>						
Petty Cash & Change Funds	Cash		-	-	-	
<i>Accrued Interest Receivable</i>						
Accrued Interest Receivable	Accrued Int		671,325	-	671,325	
Total cash and investments			<u>142,857,734</u>	<u>-</u>	<u>142,857,734</u>	
Less balances in City of Las Cruces funds			<u>141,822,324</u>	<u>-</u>	<u>141,822,324</u>	
MVRDA cash and investment balance			<u>\$ 1,035,410</u>	<u>\$ -</u>	<u>\$ 1,035,410</u>	

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Joint Powers Agreements**  
**June 30, 2017**

Participants	Responsible Party	Description	Beginning Date	Ending Date	Project Amount	Current Year Contributions	Audit Responsibility
City of Las Cruces	MVRDA	Operate a combined communications center	September 05, 2006	Perpetual	\$ 1,487,964.00	\$ 1,487,964.00	City of Las Cruces
Dona Ana County	MVRDA	Operate a combined communications center	September 05, 2006	Perpetual	\$ 1,319,516.00	\$ 1,319,516.00	City of Las Cruces
Town of Mesilla	MVRDA	Operate a combined communications center	September 05, 2006	Perpetual	\$ 43,706.00	\$ 43,706.00	City of Las Cruces
Village of Hatch	MVRDA	Operate a combined communications center	September 05, 2006	Perpetual	\$ 26,385.00	\$ 26,385.00	City of Las Cruces
City of Sunland Park	MVRDA	Operate a combined communications center	September 05, 2006	Perpetual	\$ 120,552.00	\$ 120,552.00	City of Las Cruces
City of Anthony	MVRDA	Operate a combined communications center	November 2011	Perpetual	\$ 55,965.00	\$ 55,965.00	City of Las Cruces

## Other Information

## **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. Timothy Keller, New Mexico State Auditor and  
The Board of Directors of the Mesilla Valley Regional Dispatch Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2017, and the related notes to the financial statements, which collectively comprise MVRDA's basic financial statements, and have issued our report thereon dated November 22, 2017.

### **Internal Control Over Financial Reporting**

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

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

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

*Compliance and Other Matters*

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

*Purpose of this Report*

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

*Moss Adams LLP*

Albuquerque, New Mexico  
November 22, 2017

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2017**

There were no audit findings for the fiscal year ended June 30, 2017.

**Mesilla Valley Regional Dispatch Authority**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2017**

There were no audit findings for the fiscal year ended June 30, 2016.

**Mesilla Valley Regional Dispatch Authority**  
**Exit Conference and Financial Statement Preparation**  
**For the Year Ended June 30, 2017**

**Exit Conference**

An exit conference was conducted on November 14, 2017, 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

Stuart Ed	Board Member
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City of Las Cruces (Fiscal Agent)

Maria Villa	Accounting Manager
Rosie Duran	Director of Financial Services
Joshua Saffell	Financial Reporting Analyst
Jennifer Vega-Brown	City Attorney

MVRDA

Jennifer Forham	Administrative Services Manager
Hugo Costa, Jr.	Executive Director

Moss Adams LLP

Ryan Luetkemeyer	Senior Manager
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**Financial Statement Preparation**

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