



The Rogoff Firm

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS & FINANCIAL ADVISORS

Mesilla Valley Regional Dispatch Authority

Financial Statements
and
Independent Auditors' Report

June 30, 2008

Mesilla Valley Regional Dispatch Authority

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Mesilla Valley Regional Dispatch Authority
June 30, 2008

BOARD OF DIRECTORS

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2008, are:

Harry Romero	Chairman
Paul Chavez	Vice-Chair
Brad Davison	Board Member
William McCamley	Board Member
Terrence Moore	Board Member
Brian Haines	Board Member
Todd Garrison	Board Member
Adolf Zubia	Board Member
Kevin Hoban	Board Member
Dan Ross	Board Member
Robert Monsivaiz	Board Member
Dolores Connor	Board Member

Independent Auditors' Report

Hector Balderas, 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 major fund of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2008, which collectively comprise MVRDA's basic financial statements as listed in the table of contents. We have also audited the budget comparison statement in the statement of revenues, expenditures and changes in fund balance—budget and actual as listed in the table of contents. These financial statements are the responsibility of MVRDA's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of MVRDA as of June 30, 2008, and the respective changes in its financial position and budgetary comparisons 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 26, 2008, on our consideration of MVRDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

REDW LLC

November 26, 2008

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

This section of the financial report presents management's discussion and analysis of the Mesilla Valley Regional Dispatch Authority's (MVRDA) financial performance during the fiscal year ended June 30, 2008. It is intended to be read in conjunction with MVRDA's financial statements, which follow this section.

MVRDA operates under a joint powers agreement between the City of Las Cruces, Dona Ana County, Town of Mesilla, Village of Hatch, and City of Sunland Park, New Mexico. The primary mission of MVRDA is to provide dispatch and emergency communications functions for all emergency response agencies in the City of Las Cruces and Dona Ana County. In addition, the Authority 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.

Financial Highlights

- ◆ During the year, MVRDA's net assets increased by \$58,006 to \$8,662.
- ◆ MVRDA's revenues were \$2,775,113 in 2008 compared to \$2,594,367 in 2007.
- ◆ MVRDA's expenditures were \$2,683,535 in 2008 compared to \$2,549,668 in 2007.

Overview of Financial Statements

This annual report consists of the following:

1. Management's discussion and analysis.
2. The basic financial statements.
3. Notes to the basic financial statements.

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

Organization-Wide Statements

The statement of net assets and the statement of activities are organization-wide financial statements that provide both long-term and short-term 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.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

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 that will only result in cash flows in future fiscal periods, for example accrued vacation leave.

Fund Financial Statements

MVRDA's basic services are reported in the general fund, which focuses on how cash and other financial assets flow in and out, and the balances left 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 required supplementary information that compares the general fund actual and budgetary expenditures.

Fiscal Agent

The City of Las Cruces 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. The governmental net assets increased to a balance of \$8,662 at June 30, 2008, from a \$49,344 deficit at June 30, 2007. This was primarily the result of an increase in grant revenues and member contributions.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Table 1 summarizes the net assets for MVRDA's governmental activities.

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

	2008	2007
Current assets	\$ 106,175	\$ 77,617
Capital assets, net	<u>103,291</u>	<u>136,863</u>
Total assets	<u>\$ 209,466</u>	<u>\$ 214,480</u>
Current liabilities	<u>\$ 200,804</u>	<u>\$ 263,824</u>
Total liabilities	<u>200,804</u>	<u>263,824</u>
Net Assets		
Invested in capital assets, net of related debt	103,291	136,863
Unrestricted	<u>(94,629)</u>	<u>(186,207)</u>
Total net assets	<u>8,662</u>	<u>(49,344)</u>
Total liabilities and net assets	<u>\$ 209,466</u>	<u>\$ 214,480</u>

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Changes in Net Assets. Total revenues for the year ended June 30, 2008, were \$2,775,113 compared with expenses of \$2,717,107. Table 2 summarizes the changes in net assets for the each year.

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

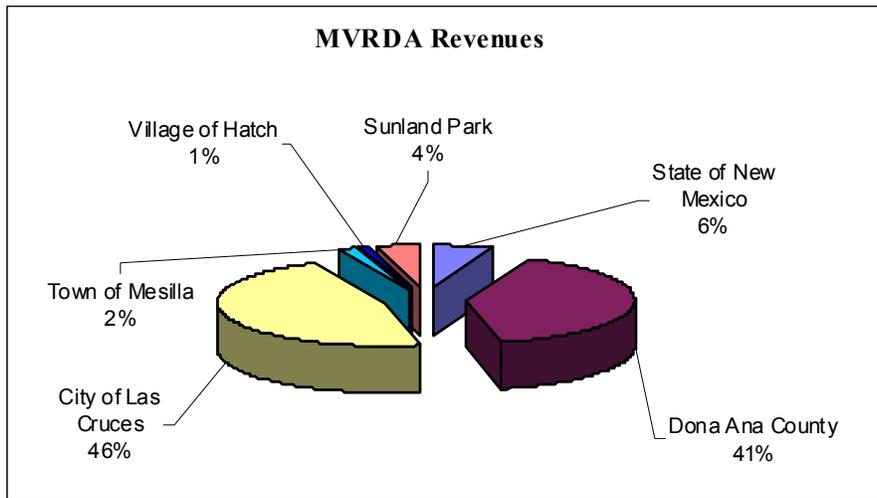
	2008	2007
Revenues		
Program revenues		
Charges for services	\$ 2,589,712	\$ 2,505,217
Operating grants	162,599	68,521
Investment income (loss)	5,264	-
Other revenues	17,538	20,629
Total revenue	2,775,113	2,594,367
Expenses-public safety	2,717,107	2,578,571
Change in net assets	58,006	15,796
Net assets (deficit), beginning of year	(49,344)	(65,140)
Net assets (deficit) , end of year	\$ 8,662	\$ (49,344)

MVRDA has seen an overall increase in administrative expenses to provide public safety in fiscal year 2008 when compared to 2007 because of increasing salaries. Additionally, the purchase of minor computer equipment and consulting services for the Interoperability Communications Plan added to the overall increase in expenses for the year.

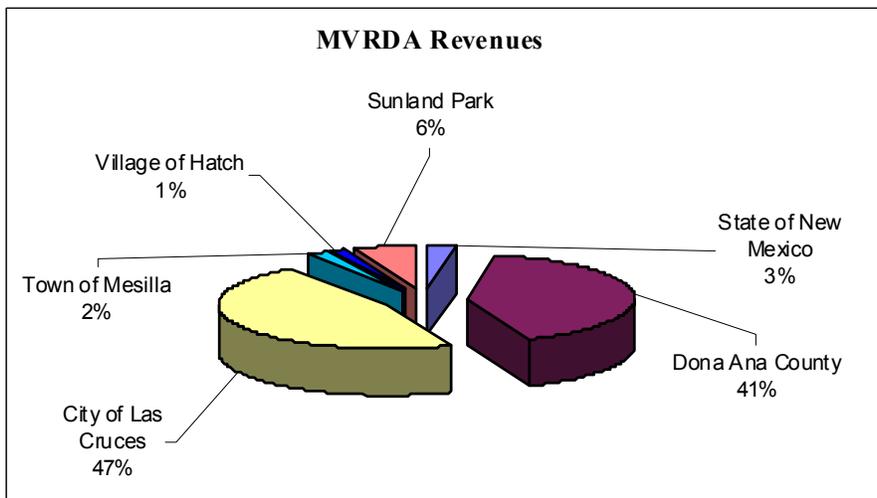
Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Chart 1 shows MVRDA's revenues by source for 2008 and 2007.

Chart 1
Revenues by Source—2008



Revenues by Source—2007



Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Budgetary Information

The Board of Directors approves budgets and, when necessary, revisions to existing budgets. 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 as required supplementary information. Tables 3 and 4 summarize the variance between the budgeted and actual expenditures for the years ended June 30, 2008 and 2007, respectively.

Table 3
Comparison of Budget and Actual – General Fund
For the Year Ended June 30, 2008

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,597,305	\$ 2,597,305	\$ 2,589,712	\$ (7,593)
Operating grants	33,000	162,686	162,599	(87)
Investment income	-	-	5,264	5,264
General revenues	<u>31,640</u>	<u>31,640</u>	<u>17,538</u>	<u>(14,102)</u>
Total revenue	<u>2,661,945</u>	<u>2,791,631</u>	<u>2,775,113</u>	<u>(16,518)</u>
Expenditures				
Operations	2,630,395	2,762,458	2,683,535	78,923
Capital outlay	<u>31,550</u>	<u>16,550</u>	<u>-</u>	<u>16,550</u>
Total expenditures	<u>2,661,945</u>	<u>2,779,008</u>	<u>2,683,535</u>	<u>95,473</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 12,623</u>	<u>\$ 91,578</u>	<u>\$ 78,955</u>

In fiscal year 2008 the differences between the original budget and the final budget result from anticipated increases in grant awards and anticipated expenditures for the Interoperability Study project. The differences between the final budget and the actual of \$95,473 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, 2008

Table 4
Comparison of Budget and Actual – General Fund
For the Year Ended June 30, 2007

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,504,665	\$ 2,504,665	\$ 2,505,217	\$ 552
Operating grants	18,000.00	207,413	68,521	(138,892)
Investment income	30,533	-	-	-
General revenues	<u>21,040</u>	<u>36,415</u>	<u>20,629</u>	<u>(15,786)</u>
Total revenue	<u>2,574,238</u>	<u>2,748,493</u>	<u>2,594,367</u>	<u>(154,126)</u>
Expenditures				
Operations	2,521,238	2,455,252	2,536,268	(81,016)
Capital outlay	<u>53,000</u>	<u>17,643</u>	<u>13,400</u>	<u>4,243</u>
Total expenditures	<u>2,574,238</u>	<u>2,472,895</u>	<u>2,549,668</u>	<u>(76,773)</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 275,598</u>	<u>\$ 44,699</u>	<u>\$ (230,899)</u>

In fiscal year 2007, differences between the original budget and the final budget resulted from decreases in anticipated grant awards. Differences between the final budget and the actual relate to the receipt of seized funds in the amount of \$28,993, investment income in the seized assets fund in the amount of \$49,207 and sale of seized assets in the amount of \$15,250.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Capital Assets

Capital Assets—As of June 30, 2008, the organization's capital assets totaled \$103,291, net of accumulated depreciation of \$268,401. Table 5 provides details of the net capital assets:

Table 5
Capital Assets and
Accumulated Depreciation
For the Year Ended June 30,

	2008	2007
Equipment	\$ 371,692	\$ 371,692
Accumulated depreciation	(268,401)	(234,829)
Capital assets, net	\$ 103,291	\$ 136,863

During the fiscal year, MVRDA did not have any capital purchases compared to two computers purchased for \$13,400 in fiscal year 2007.

Economic Outlook

Changes in the general economic conditions for the City of Las Cruces and the surrounding area influence the economic condition of the Authority. The regional area, while still experiencing an expanding economy, has not been immune from national economic conditions. Following is a table that contains a number of economic variables that underscore the mixed performance of the region during the last two fiscal years. The trends show growth in employment and population. The construction industry has shown a sharp drop in fiscal year 2008.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Table 6
Las Cruces Economic Indicators

Item	Fiscal Year		Change	
	2008	2007	Number	Percent
Total Employment (MSA)*	68,625	67,483	1,142	1.7%
Lodging Tax Receipts	\$ 1,806,211	\$ 1,810,831	(4,620)	-0.3%
Gross Receipts Tax	\$ 72,665,014	\$ 68,906,674	\$ 3,758,340	5.5%
Single Family Building Permits	675	1,294	(619)	-47.8%
Total Permit Valuation (Millions)	\$ 184.8	\$ 316.0	\$ (131.2)	-41.5%
Population Estimate**	89,722	86,160	3,562	4.1%

* Preliminary - Data for Metropolitan Statistical Area

** Census Bureau Estimates as of July 1

For fiscal year 2009 the economic assumptions call for marked slowdown in growth. The recent past has seen exceptional growth fueled by rapid construction activity centered around residential housing. This changed in fiscal year 2008 in response to national conditions. The outlook calls for overall construction activity to decelerate further to a level that is more in balance between population growth and construction activity. While residential construction will remain sluggish, commercial activity will show gains.

In summary, the regional area is well positioned to benefit when the economy returns to expansionary mode over the next 18 months.

Contacting the Financial Management

The financial report is designed to provide the community and others with a general overview of the Authority'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 Chairman of the MVRDA Board at:

Harry Romero
City of Las Cruces Police Chief
217 E. Picacho
Las Cruces, NM 88001
(505) 528-4200

Financial Statements

Mesilla Valley Regional Dispatch Authority
Statement of Net Assets and Governmental Funds Balance Sheet
June 30, 2008

	General Fund	Adjustments (Note 8)	Statement of Net Assets
Assets			
Current assets			
Accounts receivable	\$ 36	\$ -	\$ 36
Due from other governments	106,139	-	106,139
Total current assets	<u>106,175</u>	<u>-</u>	<u>106,175</u>
Capital assets			
Equipment, net	-	103,291	103,291
Total capital assets	<u>-</u>	<u>103,291</u>	<u>103,291</u>
Total assets	<u>\$ 106,175</u>	<u>\$ 103,291</u>	<u>\$ 209,466</u>
Liabilities			
Current liabilities			
Due to fiscal agent	\$ 58,836	\$ -	\$ 58,836
Accounts payable	25,711	-	25,711
Accrued payroll liabilities	115,335	-	115,335
Gross receipts tax payable	922	-	922
Total current liabilities	<u>200,804</u>	<u>-</u>	<u>200,804</u>
Fund Deficit/Net Assets			
Fund deficit			
Unreserved deficit	(94,629)	94,629	-
Total fund deficit	<u>(94,629)</u>	<u>94,629</u>	<u>-</u>
Total liabilities and fund deficit	<u>\$ 106,175</u>		
Net assets			
Invested in capital assets, net of related debt		103,291	103,291
Unrestricted deficit		(94,629)	(94,629)
Total net assets		<u>8,662</u>	<u>8,662</u>
Total liabilities and net assets		<u>\$ 103,291</u>	<u>\$ 209,466</u>

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

Mesilla Valley Regional Dispatch Authority
Statement of Activities and
Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008

	General Fund	Adjustments (Note 8)	Statement of Activities
Revenues			
Charges for services	\$ 2,589,712	\$ -	\$ 2,589,712
Operating grants	162,599	-	162,599
General revenues	17,538	-	17,538
Investment income	5,264	-	5,264
Total revenues	<u>2,775,113</u>	<u>-</u>	<u>2,775,113</u>
Expenditures/Expenses			
Public safety			
Current			
Salaries and benefits	2,132,049	-	2,132,049
Telephone	73,001	-	73,001
Insurance	65,254	-	65,254
Repairs and maintenance	133,602	-	133,602
Supplies	87,495	-	87,495
Travel	5,970	-	5,970
Services	162,406	-	162,406
Other	23,758	-	23,758
Depreciation	-	33,572	33,572
Total expenditures/expenses	<u>2,683,535</u>	<u>33,572</u>	<u>2,717,107</u>
Revenues (under) over expenditures	91,578	(33,572)	58,006
Fund balance/net asset (deficit), beginning of the year	<u>(186,207)</u>	<u>136,863</u>	<u>(49,344)</u>
Fund balance/net asset (deficit), end of the year	<u>\$ (94,629)</u>	<u>\$ 103,291</u>	<u>\$ 8,662</u>

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

Mesilla Valley Regional Dispatch Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ 2,597,305	\$ 2,597,305	\$ 2,589,712	\$ (7,593)
Operating grants	33,000	162,686	162,599	(87)
General revenues	31,640	31,640	17,538	(14,102)
Investment income	-	-	5,264	5,264
Total revenues	<u>2,661,945</u>	<u>2,791,631</u>	<u>2,775,113</u>	<u>(16,518)</u>
Expenditures				
Public safety				
Current				
Salaries and benefits	2,184,952	2,156,909	2,132,049	24,860
Telephone	80,000	82,000	73,001	8,999
Insurance	60,000	66,933	65,254	1,679
Repairs and maintenance	136,900	141,800	133,602	8,198
Supplies	43,500	84,450	87,495	(3,045)
Travel	10,000	10,000	5,970	4,030
Services	69,813	174,786	162,406	12,380
Other	45,230	45,580	23,758	21,822
Capital outlay	<u>31,550</u>	<u>16,550</u>	<u>-</u>	<u>16,550</u>
Total expenditures	<u>2,661,945</u>	<u>2,779,008</u>	<u>2,683,535</u>	<u>95,473</u>
Change in fund balance	-	12,623	91,578	78,955
Fund balance (deficit), beginning of the year	<u>(186,207)</u>	<u>(186,207)</u>	<u>(186,207)</u>	<u>-</u>
Fund balance (deficit), end of the year	<u>\$ (186,207)</u>	<u>\$ (173,584)</u>	<u>\$ (94,629)</u>	<u>\$ 78,955</u>

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2008

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 the MVRDA Director who is hired by the MVRDA Board. The City is the fiscal agent for MVRDA and is responsible to contract for audit services. The responsibility for the financial statements rests with the MVRDA Board. MVRDA does not have any component units.

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.

Government-Wide—The government-wide financial 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. 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 pronouncement conflict with GASB pronouncements. MVRDA has also elected to apply FASB statements and interpretations issued after November 30, 1989, unless those pronouncement conflict with GASB pronouncements.

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.

Governmental Fund Financial Statements— Governmental funds are those through which all functions are financed. The acquisition, use and balances of MVRDA's expendable financial resources and the related liabilities are accounted for through governmental funds. Governmental funds are reported using the current financial

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2008

1) Summary of Significant Accounting Policies — continued

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 principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

MVRDA's governmental fund is the general fund. The general fund accounts for all financial resources except those required to be accounted for in another fund.

Cash and Cash Equivalents

MVRDA sometimes 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.

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.

Compensated Absences

Compensated absences and accumulated vacation leave are reported as an expense and a liability of the program that will pay it.

Revenue

Operating revenues are recognized in the accounting period in which they are earned. Intergovernmental revenue in the form of operating grants is reflected as revenues on the statement of activities and governmental funds revenues, expenditures, and changes in fund balances. Amounts recorded as charges for services represent contributions from the members of MVRDA.

Expenses

On the statement of activities, expenses are recognized in the accounting period in which the related liability is incurred.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2008

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

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. The annual budget is prepared on an entity wide basis; accordingly, separate budgets for individual funds are not presented.

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, DFA approval must be obtained on budget increases and budget transfers between funds.

2) **Due to Fiscal Agent**

At June 30, 2008, MVRDA owes its fiscal agent \$58,836. This amount is expected to be repaid through increases in contributions from the joint venture participants and through reduction of expenditures. These increases in contributions and reduction of expenditures are expected to eliminate the deficit fund balance/net assets during fiscal 2009.

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, 2008, the amounts receivable from these entities is as follows:

State Department of Finance and Administration	\$ 97,931
City of Sunland Park	8,208
	<u>\$ 106,139</u>

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2008

4) Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balances		
	June 30, 2007	Increases	June 30, 2008
Equipment	\$ 371,692	\$ -	\$ 371,692
Less accumulated depreciation	234,829	33,572	268,401
Net capital assets	\$ 136,863	\$ (33,572)	\$ 103,291

5) Joint Powers Agreement

In accordance with the JPA, financial contribution amounts are required from the City of Las Cruces and the County of Doña Ana. In-kind services are also provided under this agreement, such as fiscal agent services provided by the City and facilities services to be provided by Doña Ana County. According to the JPA, the City shall contribute fifty-three percent (53%) and the County of Doña 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 2008, operating contributions include \$1,275,467 from the City, \$1,123,481 from the County, \$30,207 from Hatch, \$115,749 from Sunland Park, and \$44,808 from Mesilla.

6) 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, 2008

7) Employee Retirement System

Retirement Plan

Substantially all full-time employees of MVRDA participate in a defined benefit contributory retirement plan through the Public Employees' Retirement Act (PERA) of the State of New Mexico, a cost-sharing multiple employer public employee retirement system. Benefit provisions are established and may only be amended by state statute. Information pertaining to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting PERA's progress in accumulating sufficient assets to pay benefits when due is not available by individual government agencies participating in the plan. Actuarial pension data for the State of New Mexico, as employer, is provided at the statewide level in a separately issued audit report of PERA. That report may be obtained by writing to PERA, P.O. Box 2123, 1120 Paseo de Peralta, Santa Fe, NM, 87504-2123 or on their internet website at www.state.nm.us/pera/.

Retirement Eligibility

Eligibility for receiving the monthly benefit equal to the number of years of credited service times 2.5% of their final average monthly salary, the 36 consecutive months of credited service producing the largest average, is as follows:

Employees may retire at:

- Any age with 25 or more years of credited service
- Age 60 or older with 20 or more years of credit service

All employees are eligible for retirement at:

- Age 61 or older with 17 or more years of credited service
- Age 62 or older with 14 or more years of credited service
- Age 63 or older with 11 or more years of credited service
- Age 64 or older with 8 or more years of credited service
- Age 65 or older with 5 or more years of credited service

Benefits vest after five years of credited service

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2008

7) Employee Retirement System — continued

Disability Benefits

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

Funding Policy

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

	Contribution		Eligible Wages
	Participant	MVRDA	
2008	\$ 86,854	\$ 86,854	\$ 1,241,081
2007	96,434	96,434	1,375,820
2006	84,857	84,857	1,212,223

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2008

8) Differences Between Total Fund Deficit and Total Net Assets

The general fund deficit of \$94,629 differs from total net assets balance of \$8,662 reported on the statement of net assets and governmental funds balance sheet as follows:

Fund balance (deficit)	\$ (94,629)
Capital assets are not financial resources and, therefore, are not reported in the general fund.	103,291
Total net assets	\$ 8,662

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$91,578 differs from the net increase in net assets of \$58,006 reported on the statement of activities as follows:

Revenues under expenditures	\$ 91,578
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense as of June 30, 2008.	(33,572)
Net change in net assets	\$ 58,006

9) Net Assets and Fund Balance

The joint powers agreement (see Note 5) provides that the City and the County are responsible to fund MVRDA operations that are not covered by other revenue sources. Accordingly, the fund balance deficit of \$94,629 at June 30, 2008, will be eliminated through increased contributions by the City and the County and/or reduction in MVRDA operating expenses.

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

Hector Balderas, 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 each major 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, 2008, which collectively comprise MVRDA's basic financial statements and have issued our report thereon dated November 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects MVRDA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of MVRDA's financial statements that is more than inconsequential will not be prevented or detected by MVRDA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by MVRDA's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MVRDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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 the board of directors, MVRDA's management, the New Mexico Department of Finance Administration and the New Mexico State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

REDW LLC

November 26, 2008

Mesilla Valley Regional Dispatch Authority
Schedule of Findings
For the Year Ended June 30, 2008

None.

Mesilla Valley Regional Dispatch Authority
Other Disclosures
For the Year Ended June 30, 2008

Exit Conference

An exit conference was conducted on November 17, 2008, 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

Robert Monsivaiz	Board Member
Terrence Moore	Board Member
Dolores Conner	Board Member

MVRDA

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

Mark D. Sutter, CPA/Ph.D.	Finance Director
Pat Degman, CGFM	Comptroller
Ken Miyagishima	Mayor
Audrey Evins	Internal Auditor
Cynthia Vigil	Accounting Supervisor
Melissa Nelson	Accounting Supervisor

REDW LLC

Bruce Bleakman	Principal
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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.