

Mesilla Valley Regional Dispatch Authority

Financial Statements and
Independent Auditors' Report

June 30, 2009

Mesilla Valley Regional Dispatch Authority

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Mesilla Valley Regional Dispatch Authority
June 30, 2009

BOARD OF DIRECTORS

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2009, are:

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2009, 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, 2009, 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 16, 2009, on our consideration of MVRDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

November 16, 2009

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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, 2009. 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.

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.
4. Supplementary information.

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, 2009

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 \$43,922 at June 30, 2009, from \$8,662 at June 30, 2008. 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, 2009

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

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

	<u>2009</u>	<u>2008</u>
Current assets	\$ 168,311	\$ 106,175
Capital assets, net	<u>86,833</u>	<u>103,291</u>
Total assets	<u>\$ 255,144</u>	<u>\$ 209,466</u>
Current liabilities	<u>\$ 211,222</u>	<u>\$ 200,804</u>
Total liabilities	<u>211,222</u>	<u>200,804</u>
Net Assets		
Invested in capital assets, net of related debt	<u>86,833</u>	103,291
Unrestricted	<u>(42,911)</u>	<u>(94,629)</u>
Total net assets	<u>43,922</u>	<u>8,662</u>
Total liabilities and net assets	<u>\$ 255,144</u>	<u>\$ 209,466</u>

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2009

Changes in Net Assets. Total revenues for the year ended June 30, 2009, were \$2,771,613 compared with expenses of \$2,736,353. Table 2 summarizes the changes in net assets for each year.

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

	2009	2008
Revenues		
Program revenues		
Charges for services	\$ 2,708,741	\$ 2,589,712
Operating grants	31,396	162,599
Investment income (loss)	6,762	5,264
Other revenues	24,714	17,538
Total revenue	2,771,613	2,775,113
Expenses-public safety	2,736,353	2,717,107
Change in net assets	35,260	58,006
Net assets (deficit), beginning of year	8,662	(49,344)
Net assets , end of year	\$ 43,922	\$ 8,662

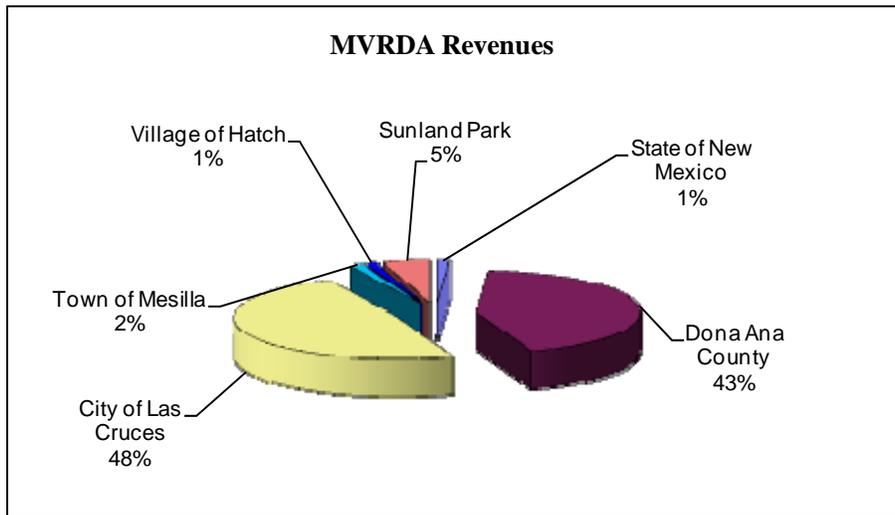
MVRDA has seen an overall increase in administrative expenses to provide public safety in fiscal year 2009 when compared to 2008 because of increasing salaries.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2009

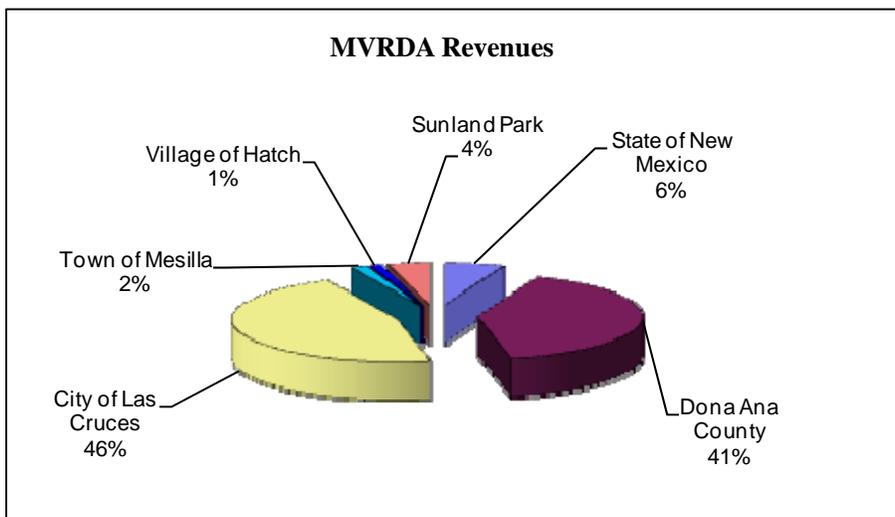
Chart 1 shows MVRDA's revenues by source for 2009 and 2008.

Chart 1

Revenues by Source—2009



Revenues by Source—2008



Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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 as required supplementary information. Tables 3 and 4 summarize the variance between the budgeted and actual expenditures for the years ended June 30, 2009 and 2008, respectively.

Table 3
Comparison of Budget and Actual – General Fund
For the Year Ended June 30, 2009

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,697,458	\$ 2,697,458	\$ 2,708,741	\$ 11,283
Operating grants	33,000	162,686	31,396	(131,290)
Investment income	-	-	6,762	6,762
General revenues	44,480	20,927	24,714	3,787
Total revenue	<u>2,774,938</u>	<u>2,881,071</u>	<u>2,771,613</u>	<u>(109,458)</u>
Expenditures				
Operations	2,749,933	2,756,380	2,713,708	42,672
Capital outlay	25,000	10,000	6,187	3,813
Total expenditures	<u>2,774,933</u>	<u>2,766,380</u>	<u>2,719,895</u>	<u>46,485</u>
Revenues over expenditures	<u>\$ 5</u>	<u>\$ 114,691</u>	<u>\$ 51,718</u>	<u>\$ (62,973)</u>

In fiscal year 2009, the differences between the original budget and the final budget result from anticipated increases in grant awards and anticipated expenditures for personnel expenses. The differences between the final expenditures budget and the actual expenditures of \$46,485 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, 2009

Table 4
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	33,000.00	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 expenditures 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, 2009

Capital Assets

Capital Assets—As of June 30, 2009, the organization's capital assets totaled \$86,833, net of accumulated depreciation of \$291,046. Table 5 provides details of the net capital assets:

Table 5
Capital Assets and
Accumulated Depreciation
June 30,

	2009	2008
Equipment	\$ 377,879	\$ 371,692
Accumulated depreciation	(291,046)	(268,401)
Capital assets, net	\$ 86,833	\$ 103,291

During the fiscal year, MVRDA purchased one computer for \$6,187 compared to no capital purchases in fiscal year 2008.

Economic Outlook

The City of Las Cruces, while still faring better than the nation, has not been immune from the recession which started in December 2007. A table containing an array of economic indicators clearly shows the mixed performance made by the City during the last twenty four months. The trends show growth only in population. The construction industry has shown a continued drop in fiscal year 2009 and lodging tax receipts reflect the cutback in discretionary spending as a result of pervasive job losses in most states including New Mexico.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2009

Table 6
Las Cruces Economic Indicators

Item	Fiscal Year		Change	
	2009	2008	Number	Percent
Total Employment (MSA)*	68,808	69,075	(267)	-0.4%
Lodging Tax Receipts	\$1,663,616	\$1,785,109	\$ (121,493)	-6.8%
Gross Receipts Tax	\$70,169,219	\$72,665,014	\$ (2,495,795)	-3.4%
Single Family Building Permits	562	675	(113)	-16.7%
Total Permit Valuation (Millions)	\$182.1	\$184.9	\$ (2.8)	-1.5%
Population Estimate**	91,865	89,722	2,143	2.4%

* Preliminary - Data for Metropolitan Statistical Area

** Census Bureau Estimates as of July 1

For fiscal year 2009/2010 the economic assumptions anticipate slow economic activity as the national economy begins to heal. The City's largest revenue source is the gross receipts tax (GRT). The recent past has seen exceptional growth from this source fueled by rapid construction activity centered on residential housing. This changed in fiscal year 2008 and fell further in fiscal year 2009. Single family permits fell by one fifth. Total valuation, while down, was buoyed in part by commercial activity.

The City continues to benefit from its geographical location and environmental qualities. The outlook calls for overall construction activity to bottom out in 2009, striking a level that is more in balance with population growth. A countervailing factor is the ongoing construction of a number of public projects by the City, Federal Government and the Las Cruces Public School district. These projects are all scheduled to be completed by the end of Fiscal Year 2011.

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:

Paul Chavez
City of Las Cruces Fire Marshall
845 N Motel Boulevard
Las Cruces, NM 88007
(575) 647-7921

Financial Statements

Mesilla Valley Regional Dispatch Authority
Statement of Net Assets and Governmental Funds Balance Sheet
June 30, 2009

	General Fund	Adjustments (Note 8)	Statement of Net Assets
Assets			
Current assets			
Cash in bank	\$ 148,662	\$ -	\$ 148,662
Accounts receivable	4,954	-	4,954
Due from other governments	14,695	-	14,695
Total current assets	168,311	-	168,311
Capital assets			
Equipment, net	-	86,833	86,833
Total capital assets	-	86,833	86,833
Total assets	\$ 168,311	\$ 86,833	\$ 255,144
Liabilities			
Current liabilities			
Accounts payable	\$ 84,684	\$ -	\$ 84,684
Accrued payroll liabilities	125,615	-	125,615
Gross receipts tax payable	923	-	923
Total current liabilities	211,222	-	211,222
Fund Deficit/Net Assets			
Fund deficit			
Unreserved deficit	(42,911)	42,911	-
Total fund deficit	(42,911)	42,911	-
Total liabilities and fund deficit	\$ 168,311		
Net assets			
Invested in capital assets, net of related debt		86,833	86,833
Unrestricted deficit		(42,911)	(42,911)
Total net assets		43,922	43,922
Total liabilities and net assets		\$ 86,833	\$ 255,144

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, 2009

	General Fund	Adjustments (Note 8)	Statement of Activities
Revenues			
Charges for services	\$ 2,708,741	\$ -	\$ 2,708,741
Operating grants	31,396	-	31,396
General revenues	24,714	-	24,714
Investment income	6,762	-	6,762
Total revenues	2,771,613	-	2,771,613
 Expenditures/Expenses			
Public safety			
Current			
Salaries and benefits	2,291,734	-	2,291,734
Telephone	69,016	-	69,016
Insurance	67,581	-	67,581
Repairs and maintenance	111,965	-	111,965
Supplies	52,284	-	52,284
Travel	8,371	-	8,371
Services	72,736	-	72,736
Other	40,021	-	40,021
Depreciation	-	22,645	22,645
Capital outlay	6,187	(6,187)	-
Total expenditures/expenses	2,719,895	16,458	2,736,353
Revenues over expenditures	51,718	(16,458)	35,260
Fund deficit/net assets, beginning of the year	(94,629)	103,291	8,662
Fund deficit/net assets, end of the year	\$ (42,911)	\$ 86,833	\$ 43,922

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Charges for services	\$ 2,697,458	\$ 2,697,458	\$ 2,708,741	\$ 11,283
Operating grants	33,000	162,686	31,396	(131,290)
General revenues	44,480	20,927	24,714	3,787
Investment income	-	-	6,762	6,762
Total revenues	<u>2,774,938</u>	<u>2,881,071</u>	<u>2,771,613</u>	<u>(109,458)</u>
Expenditures				
Public safety				
Current				
Salaries and benefits	2,291,646	2,293,877	2,291,734	2,143
Telephone	82,000	79,769	69,016	10,753
Insurance	59,500	70,753	67,581	3,172
Repairs and maintenance	141,000	115,342	111,965	3,377
Supplies	49,500	63,313	52,284	11,029
Travel	10,000	10,000	8,371	1,629
Services	70,537	77,389	72,736	4,653
Other	45,750	45,937	40,021	5,916
Capital outlay	<u>25,000</u>	<u>10,000</u>	<u>6,187</u>	<u>3,813</u>
Total expenditures	<u>2,774,933</u>	<u>2,766,380</u>	<u>2,719,895</u>	<u>46,485</u>
Change in fund deficit	5	114,691	51,718	(62,973)
Fund deficit, beginning of the year	<u>(94,629)</u>	<u>(94,629)</u>	<u>(94,629)</u>	-
Fund deficit, end of the year	<u>\$ (94,624)</u>	<u>\$ 20,062</u>	<u>\$ (42,911)</u>	<u>\$ (62,973)</u>

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

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 Governmental 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 resources measurement focus and the modified accrual basis of accounting. Under this

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

1) Summary of Significant Accounting Policies — continued

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 Investments

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.

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.

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, 2009

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.

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.

2) **Cash and Investments**

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 \$ 148,662

At June 30, 2009, the City's cash and investment pool consist of the following:

	<u>Pooled Cash & Investments</u>
Carrying amount of bank deposits	\$ (3,805,499)
Investments at fair value	110,719,136
Accrued interest	<u>313,562</u>
Total	<u><u>\$ 107,227,199</u></u>

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

2) Cash and Investments — continued

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 50% 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, 2009, the City's deposits, totaling \$375,766, was 100% insured by FDIC, 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, 2009, the City's investment pool had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Yrs)</u>
Pooled investments		
Money market funds	\$ 13,870,209	0.08
Commercial paper	6,986,440	0.19
U.S. agency discount notes	70,529,770	0.42
U.S. agency coupon bonds	3,014,700	1.81
Collateralized mortgage obligations	3,160,887	0.92
U.S. Treasury notes	<u>13,157,130</u>	0.51
Total pooled investments	<u>\$ 110,719,136</u>	0.43

Interest Rate Risk. The City's general investment policy is to apply the prudent investor rule to manage its exposure to declines in fair values. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of relatively shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

2) Cash and Investments — continued

Investments — continued

Credit Risk. The City's investment policy lists the criteria for selecting investments and the order of priority as follows: 1) safety; 2) liquidity; and 3) yield. As of June 30, 2009, the City's investments in the senior unsecured debt and short-term discount notes of U.S. agencies were rated AAA and A-1+, respectively, by Standard & Poor's and Aaa, and P-1 by Moody's Investors Service. Mortgage-backed securities issued by U.S. agencies were rated AAA by Standard & Poor's and Aaa by Moody's. Positions in commercial paper were rated P-1 by Moody's and A-1 or A-1+ by Standard & Poor's. The City's money market fund investments were rated AAAM by Standard & Poor's and/or Aaa by Moody's.

The City invests in the New Mexico State Treasurer's Local Government Investment Pool (LGIP). LGIP operates as a money market fund, maintaining a \$1.00 per share net asset value. On September 16, 2008, LGIP held investments in the Reserve Primary Fund, which was downgraded from "AAA" to "D." The amounts and timing of future distributions from the Reserve Primary Fund are uncertain. LGIP provided for its potential loss in that Fund by transferring proportionate amounts of the City's investments in LGIP as of September 16, 2008, to a Reserve Contingency Fund, a non-performing fund that represents claims against future distributions of principal from the Reserve Primary Fund. As of June 30, 2009, \$144,761 of the City's pool investments in LGIP was in the Reserve Contingency Fund and was written down to a fair value of \$0.00. On October 7, 2009, the City recovered \$27,340 of the amount written off for fiscal year 2009.

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, 2009, 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, 2009, 25% of the City's investment pool was in Federal Home Loan Bank (FHLB), 27% in Federal Home Loan Mortgage Corporation (FHLMC), and 17% in Federal National Mortgage Association (FNMA).

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 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, 2009, the amounts receivable from these entities is as follows:

New Mexico Department of Finance and Administration	<u>\$ 14,695</u>
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4) Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balances June 30, 2008	Additions	Balances June 30, 2009
Equipment	\$ 371,692	\$ 6,187	\$ 377,879
Less accumulated depreciation	268,401	22,645	291,046
Net capital assets	\$ 103,291	\$ (16,458)	\$ 86,833

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 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 2009, operating contributions include \$1,326,486 from the City, \$1,190,160 from the County, \$27,547 from Hatch, \$125,386 from Sunland Park, and \$39,162 from Mesilla.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

6) 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 3.0% of their final average monthly salary, the 36 consecutive months of credited service producing the largest average, is as follows:

Employees may retire at:

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

All employees are eligible for retirement at:

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

Benefits vest after five years of credited service

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

6) Employee Retirement System — continued

Disability Benefits — continued

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	Percentage Contributed
	Participant	MVRDA		
2009	\$ 88,148	\$ 88,148	\$ 1,261,838	100%
2008	86,854	86,854	1,241,081	100%
2007	96,434	96,434	1,375,820	100%

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

Retiree Health Care Plan

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

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

6) Employee Retirement System — continued

Retiree Health Care Plan — continued

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

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee’s annual salary. Each participating employee contributes to the fund an employee contribution equal to .65 percent of the employee’s annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars if the eligible participant retired prior to the employer’s NMRHCA effective date or is a former legislator and made no contributions to the plan. After retirement, premiums are paid to the Authority by the retiree.

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

2009	\$ 19,063
2008	16,161
2007	17,861

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

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2009

7) Risk Management

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

8) Differences Between Total Fund Deficit and Total Net Assets

The general fund deficit of \$42,911 differs from total net assets balance of \$43,922 reported on the statement of net assets and governmental funds balance sheet as follows:

Fund balance (deficit)	\$ (42,911)
Capital assets are not financial resources and, therefore, are not reported in the general fund.	86,833
Total net assets	\$ 43,922

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$51,718 differs from the net increase in net assets of \$35,260 reported on the statement of activities as follows:

Revenues over expenditures	\$ 51,718
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount of depreciation expense as of June 30, 2009 is \$22,645. The cost of capital assets for fiscal year 2009 is \$6,187	(16,458)
Net change in net assets	\$ 35,260

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 \$42,911 at June 30, 2009, will be eliminated through increased contributions by the City and the County and/or reduction in MVRDA operating expenses.

Supplementary Information

Mesilla Valley Regional Dispatch Authority
Schedule of Pledged Collateral
June 30, 2009

MVRDA participates in the City of Las Cruces cash and investment pool. The amounts reported below are for all deposit accounts maintained by the City.

Deposits

Institution/Security

No collateral was pledged as of June 30, 2009.

Summary of Insurance and Collateralization

	Interest Bearing Accounts	Non-interest Bearing Accounts*	Total
Wells Fargo Bank			
Ending bank balance	\$ 117,465	\$ 258,301	\$ 375,766
Less: FDIC insurance coverage	<u>(250,000)</u>	<u>(258,301)</u>	<u>(508,301)</u>
Excess of insurance coverage over deposits	<u>\$ (132,535)</u>	<u>\$ -</u>	<u>\$ (132,535)</u>

* On October 14, 2008, the FDIC announced the Temporary Liquidity Guarantee Program. The program provides full deposit insurance coverage for non-interest bearing deposit transaction accounts in FDIC-insured institutions, regardless of the amount.

Mesilla Valley Regional Dispatch Authority
Schedule of Deposit Accounts and Investments
June 30, 2009

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 investments are as follows:

Account	Account Type	Pooled Cash & Investments	MVRDA Accounts	Total Reconciled Balance	On Deposit 6/30/2009
Deposit Accounts					
<i>Wells Fargo Bank</i>					
Community Development	Checking	\$ -	\$ -	\$ -	\$ 199,100
Community Development Home Rehab	Savings	-	-	-	20,716
Community Development Home Program	Savings	-	-	-	1,366
Metro Narcotics Agency	Savings	-	-	-	95,383
Treasury Fund - Operating	Checking	(3,468,113)	-	(3,468,113)	24,077
Payroll Direct Deposit Account	Checking	(57,135)	-	(57,135)	-
On Demand	Checking	30,562	-	30,562	35,124
Rio Grande Natural Gas Assoc Revenue Depository	Checking	(310,813)	-	(310,813)	-
		-	-	-	-
Total deposit accounts		<u>(3,805,499)</u>	<u>-</u>	<u>(3,805,499)</u>	<u>\$ 375,766</u>
Investments					
<i>Wells Fargo Bank</i>					
Investment Custody Account	Investment	55,604	-	55,604	
WF Treas Plus MM Fund - Sweep Acct	Sweep	4,005,243	-	4,005,243	
<i>Wells Capital Management</i>					
CLC Liquidity Management Agency	Investment	97,328,966	-	97,328,966	
<i>Wells Fargo Brokerage Services, LLC</i>					
City of Las Cruces	Brokerage	6,372,223	-	6,372,223	
<i>New Mexico State New Mexigrow LGIP</i>					
Pooled Investments	Investment	<u>2,957,100</u>	<u>-</u>	<u>2,957,100</u>	
Total investments		<u>110,719,136</u>	<u>-</u>	<u>110,719,136</u>	
Total deposits and investments		106,913,637	-	106,913,637	
<i>Accrued Interest Receivable</i>					
Accrued Interest - Other Pooled Investments	Accrued Int	257	-	257	
Wells Capital Management - Pool	Accrued Int	<u>313,305</u>	<u>-</u>	<u>313,305</u>	
Total cash and investments		107,227,199	-	107,227,199	
Less balances in City of Las Cruces funds		<u>107,078,537</u>	<u>-</u>	<u>107,078,537</u>	
MVRDA cash and investment balance		<u>\$ 148,662</u>	<u>\$ -</u>	<u>\$ 148,662</u>	

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

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

We have audited the accompanying financial statements of the governmental activities and 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, 2009, which collectively comprise MVRDA's basic financial statements and have issued our report thereon dated November 16, 2009. 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.

November 16, 2009

Mesilla Valley Regional Dispatch Authority
Schedule of Findings
For the Year Ended June 30, 2009

There were no audit findings for the fiscal year ended June 30, 2009.

