

MARCH 7, 2011
— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

**Mesilla Valley Regional
Dispatch Authority**
Financial Statements and
Independent Auditors' Report
June 30, 2010

— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

Mesilla Valley Regional Dispatch Authority

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Mesilla Valley Regional Dispatch Authority
June 30, 2010

BOARD OF DIRECTORS

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2010, are:

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

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities and the general fund of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2010, which collectively comprise MVRDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of MVRDA's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of MVRDA as of June 30, 2010, and the respective changes in its financial position and general fund budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2010, 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.

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

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

November 17, 2010

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Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2010

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, 2010. 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. Basic financial statements
3. Notes to the basic financial statements
4. Supplementary information

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

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

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

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Management's Discussion and Analysis
For the Year Ended June 30, 2010

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

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

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

Fiscal Agent

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

Financial Analysis of Mesilla Valley Regional Dispatch Authority as a Whole

Net Assets—Governmental net assets increased to \$278,933 at June 30, 2010, from \$43,922 at June 30, 2009. This was primarily the result of \$214,904 of equipment that was contributed to MVRDA by the City. The City had acquired the equipment using funding from a federal grant.

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Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Table 1 summarizes the net assets of governmental activities.

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

	2010	2009
Current assets	\$ 215,362	\$ 168,311
Capital assets, net	<u>238,689</u>	<u>86,833</u>
Total assets	<u>\$ 454,051</u>	<u>\$ 255,144</u>
Current liabilities	<u>\$ 175,118</u>	<u>\$ 211,222</u>
Total liabilities	<u>175,118</u>	<u>211,222</u>
Net Assets		
Invested in capital assets, net of related debt	238,689	86,833
Unrestricted	<u>40,244</u>	<u>(42,911)</u>
Total net assets	<u>278,933</u>	<u>43,922</u>
Total liabilities and net assets	<u>\$ 454,051</u>	<u>\$ 255,144</u>

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Management's Discussion and Analysis
For the Year Ended June 30, 2010

Changes in Net Assets—Total revenues for the year ended June 30, 2010, were \$2,753,811 compared with expenses of \$2,733,704. Table 2 summarizes the changes in net assets for 2010 and 2009, respectively.

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

	<u>2010</u>	<u>2009</u>
Revenues		
Program revenues		
Charges for services	\$ 2,681,707	\$ 2,708,741
Operating grants	8,753	31,396
General revenues		
Other income	58,061	24,714
Investment income	<u>5,290</u>	<u>6,762</u>
Total revenue	2,753,811	2,771,613
Expenses-public safety	2,733,704	2,736,353
Contributed capital	<u>214,904</u>	-
Change in net assets	235,011	35,260
Net assets, beginning of year	<u>43,922</u>	<u>8,662</u>
Net assets, end of year	<u>\$ 493,837</u>	<u>\$ 43,922</u>

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Charts 1 and 2 show the revenues by source for fiscal years 2010 and 2009, respectively.

Chart 1
Revenues by Source—2010

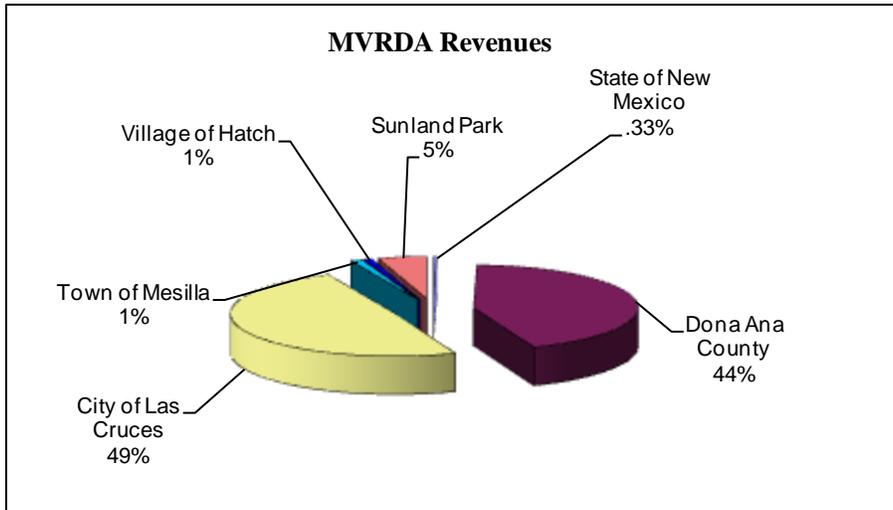
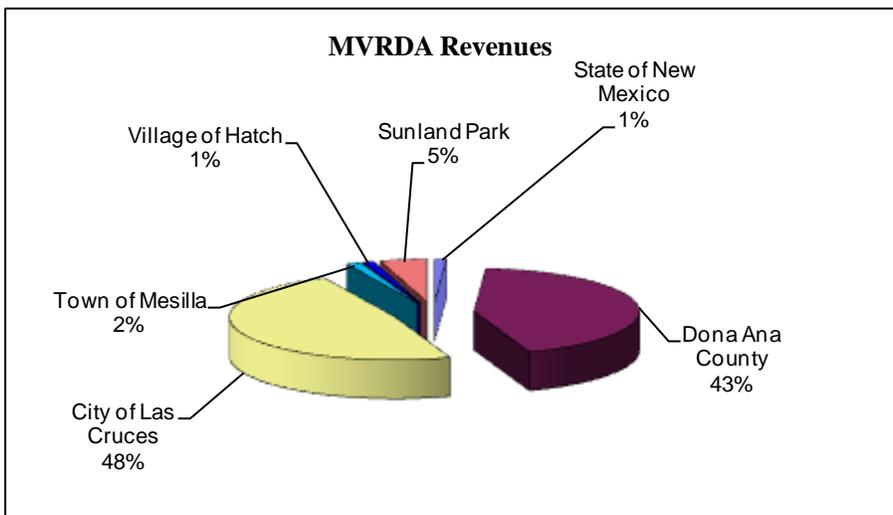


Chart 2
Revenues by Source—2009



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Management's Discussion and Analysis
For the Year Ended June 30, 2010

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

The Board adopts a budget for the general fund. Budgetary information is presented in the basic financial statements. Table 3 summarizes the variance between the budgeted and actual expenditures for the year ended June 30, 2010.

Table 3
General Fund Budgetary Comparison
For the Year Ended June 30, 2010

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,685,582	\$ 2,685,582	\$ 2,681,707	\$ (3,875)
Operating grants	18,000	18,000	8,753	(9,247)
Investment income	-	-	5,290	5,290
General revenues	<u>33,287</u>	<u>32,287</u>	<u>58,061</u>	<u>25,774</u>
Total revenue	<u>2,736,869</u>	<u>2,735,869</u>	<u>2,753,811</u>	<u>17,942</u>
Expenditures				
Operations	2,736,866	2,725,895	2,670,656	55,239
Capital outlay	<u>-</u>	<u>25,971</u>	<u>-</u>	<u>25,971</u>
Total expenditures	<u>2,736,866</u>	<u>2,751,866</u>	<u>2,670,656</u>	<u>81,210</u>
Revenues over expenditures	<u>\$ 3</u>	<u>\$ (15,997)</u>	<u>\$ 83,155</u>	<u>\$ 99,152</u>

In fiscal year 2010 the differences between the original budget and the final budget result from an increase in general revenue from an insurance reimbursement for water damage to the MVRDA facilities in May 2009. The differences between the final expenditures budget and the actual expenditures of \$81,210 are the result of efforts to control expenditures throughout the year.

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Management's Discussion and Analysis
For the Year Ended June 30, 2010

Capital Assets

Capital Assets—As of June 30, 2010, the organization's capital assets totaled \$238,689 net of accumulated depreciation of \$354,093. Table 4 provides details of the net capital assets:

Table 4
Capital Assets and
Accumulated Depreciation
June 30,

	<u>2010</u>	<u>2009</u>
Equipment	\$ 592,782	\$ 377,879
Accumulated depreciation	<u>(354,093)</u>	<u>(291,046)</u>
Capital assets, net	<u>\$ 238,689</u>	<u>\$ 86,833</u>

As fiscal agent on the federal grant, CLC contributed a firewall security system bundle and a mobile server to MVRDA, which were acquired with funds received from the COPS Technology Grant.

Economic Outlook

Changes in the general economic conditions of the City of Las Cruces and the surrounding area influence the economic condition of MVRDA. The regional area has not been immune to the effects of the national recession that began in December of 2007. The most recent economic indicators clearly show that the rate of employment growth has been adversely impacted along with the overall value of construction activity. While these impacts are a departure from the past, they have not been of the magnitude that other areas in the nation and state have experienced. The area has begun to record monthly job growth and the expectation is for the coming year to reflect a gradually improving economy.

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Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Table 5
Las Cruces Economic Indicators

Item	Fiscal Year		Change	
	2010	2009	Number	Percent
Total Employment (MSA)*	68,008	68,908	(900)	-1.3%
Lodging Tax Receipts	\$1,717,810	\$1,663,616	\$54,194	3.3%
Gross Receipts Tax	\$70,701,556	\$70,169,219	\$532,337	0.8%
Single Family Building Permits	654	562	92	16.4%
Total Permit Valuation (Millions)	\$151	\$178	-\$27	-15.2%
Population Estimate**	93,452	90,792	2,660	2.9%

* Preliminary - Data for Metropolitan Statistical Area

** Census Bureau Estimates as of July 1

The region continues to benefit from quality of life elements, including climate, culture, higher education opportunities at the university campus, and growth in health care services. The City and region have also experienced growth in travel and tourism. Additionally, the military buildup in El Paso, Texas has had a positive impact on the region. These items enhance the economic recovery opportunities in the future.

Contacting the Financial Management

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

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

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Financial Statements

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Mesilla Valley Regional Dispatch Authority
General Fund Balance Sheet and Statement of Net Assets
As of June 30, 2010

	General Fund	Adjustments (Note 8)	Statement of Net Assets
Assets			
Current assets			
Cash and cash equivalents	\$ 182,139	\$ -	\$ 182,139
Accounts receivable	24,137	-	24,137
Due from other governments	9,086	-	9,086
Total current assets	215,362	-	215,362
Capital assets			
Equipment, net	-	238,689	238,689
Total capital assets	-	238,689	238,689
Total assets	\$ 215,362	\$ 238,689	\$ 454,051
Liabilities			
Current liabilities			
Accounts payable	\$ 32,742	\$ -	\$ 32,742
Accrued payroll liabilities	142,376	-	142,376
Total current liabilities	175,118	-	175,118
Fund Balance/Net Assets			
Fund balance			
Unreserved	40,244	(40,244)	-
Total fund balance	40,244	(40,244)	-
Total liabilities and fund balance	\$ 215,362		
Net assets			
Invested in capital assets, net of related debt		238,689	238,689
Unrestricted deficit		40,244	40,244
Total net assets		278,933	278,933
Total liabilities and net assets		\$ 238,689	\$ 454,051

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

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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, 2010

	General Fund	Adjustments (Note 8)	Statement of Activities
Revenues			
Program revenues			
Charges for services	\$ 2,681,707	\$ -	\$ 2,681,707
Operating grants	8,753	-	8,753
General revenues			
Other income	58,061	-	58,061
Investment income	5,290	-	5,290
Total revenues	<u>2,753,811</u>	<u>-</u>	<u>2,753,811</u>
Expenditures/Expenses			
Current			
Public safety			
Salaries and benefits	2,337,126	-	2,337,126
Telephone	61,658	-	61,658
Insurance	76,591	-	76,591
Repairs and maintenance	55,483	-	55,483
Supplies	95,016	-	95,016
Travel	7,010	-	7,010
Services	24,726	-	24,726
Other	13,046	-	13,046
Depreciation	-	63,048	63,048
Total expenditures/expenses	<u>2,670,656</u>	<u>63,048</u>	<u>2,733,704</u>
Revenues (under) over expenditures/expenses	83,155	(63,048)	20,107
Contributed capital	-	214,904	214,904
Change in fund balance/net assets	83,155	151,856	235,011
Fund balance/net asset (deficit), beginning of the year	<u>(42,911)</u>	<u>86,833</u>	<u>43,922</u>
Fund balance/net assets, end of the year	<u>\$ 40,244</u>	<u>\$ 238,689</u>	<u>\$ 278,933</u>

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

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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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 2,685,582	\$ 2,685,582	\$ 2,681,707	\$ (3,875)
Operating grants	18,000	18,000	8,753	(9,247)
General revenues	33,287	32,287	58,061	25,774
Investment income	-	-	5,290	5,290
Total revenues	2,736,869	2,735,869	2,753,811	17,942
Expenditures				
Current				
Public safety				
Salaries and benefits	2,312,220	2,305,820	2,337,126	(31,306)
Telephone	82,000	82,000	61,658	20,342
Insurance	68,000	76,610	76,591	19
Repairs and maintenance	85,675	102,087	55,483	46,604
Supplies	75,788	68,415	95,016	(26,601)
Travel	6,000	6,000	7,010	(1,010)
Services	76,683	53,682	24,726	28,956
Other	30,500	31,281	13,046	18,235
Capital outlay	-	25,971	-	25,971
Total expenditures	2,736,866	2,751,866	2,670,656	81,210
Change in fund balance	3	(15,997)	83,155	99,152
Fund balance (deficit), beginning of the year	(42,911)	(42,911)	(42,911)	-
Fund balance , end of the year	\$ (42,908)	\$ (58,908)	\$ 40,244	\$ 99,152

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

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Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2010

1) Summary of Significant Accounting Policies

Reporting Entity

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

MVRDA is governed by a board comprised of 12 members. The day-to-day operations are handled by a director hired by the MVRDA Board. The City is the fiscal agent for MVRDA, but 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. MVRDA applies all applicable pronouncements of the Government Accounting Standards Board (GASB) and applicable FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. MVRDA has also elected to apply FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

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

General Fund Financial Statements—The general fund finances all functions of MVRDA. The acquisition, use and balances of MVRDA's expendable financial resources and the related liabilities are accounted for through 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

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Notes to Financial Statements
June 30, 2010

measurable and available. MVRDA considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

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

Cash and Cash Equivalents

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

Capital Assets

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

Nonexchange Transactions

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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.

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Notes to Financial Statements
June 30, 2010

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.

2) Cash and Cash Equivalents

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

MVRDA's equity in the City's cash and investment pool at June 30, 2010, is \$182,139. At June 30, 2010, the City's cash and investment pool consist of the following:

Carrying amount of bank deposits	\$ 14,981,498
Investments at fair value	90,359,170
Accrued interest	<u>440,152</u>
Total	<u>\$ 105,780,820</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, 2010, the City's bank deposits, totaling \$20,320,542, was insured by federal deposit insurance 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.

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Notes to Financial Statements
June 30, 2010

As of June 30, 2010, the City's investment pool had the following investments:

Investment Type	Fair Value	Weighted Avg Maturity (Yrs)
U.S. agency coupon bonds	<u>\$ 90,359,170</u>	0.53

Interest Rate Risk. The City manages exposure to declines in fair values by managing exposure to interest rate risk by purchasing investments with increasing coupon rates 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. The investment pool includes step-up coupon securities that total \$90,359,170 issued by U.S. government agencies that are callable by the issuer under certain circumstances. The Telshor Facility fund and the Water and Wastewater funds have \$11,093,790 and \$3,310,591, respectively, of similar step-up agency securities. For purposes of calculating weighted average maturity, the City assumes callable securities will be called at the first call option, based on their interest rate, current market interest rate, and the City's recent experience with these securities being called at the first call date.

Credit Risk. The City's investment policy lists the criteria for selecting investments and the order of priority as follows: 1) safety; 2) liquidity; and 3) yield. As of June 30, 2010, the City's investments in coupon bonds of U.S. agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The City's money market fund investments were rated AAAM by Standard & Poor's and/or Aaa by Moody's. The external investment pools of the NM State Investment Council are not rated.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities held in street name with a broker or dealer be insured, and that all other securities be held by the City or a third-party safekeeping financial institution acting as trustee for the City. As of June 30, 2010, all of the City's securities are held in either the street name or by a third-party financial institution in the City's name.

Concentration of Credit Risk. The City's investment policy places no limit on the amount the City may invest in any one issuer. As of June 30, 2010, 46% of the City's investment pool was invested in Federal Home Loan Mortgage Corporation (FHLMC) securities and 35% was invested in Fannie Mae (FNMA) securities. Of the Telshor Facility Fund portfolio, 47% was in FHLMC and 5% was in FNMA. Of the Water and Wastewater Funds portfolio, 9% was in FHLMC and 11% was in FNMA.

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FOR DISCUSSION PURPOSES ONLY

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2010

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, 2010, \$9,086 was receivable from the City of Sunland Park.

4) Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	June 30, 2009	Increases	June 30, 2010
Equipment	\$ 377,879	\$ 214,904	\$ 592,783
Less accumulated depreciation	<u>291,046</u>	<u>63,048</u>	<u>354,094</u>
Net capital assets	<u>\$ 86,833</u>	<u>\$ 151,856</u>	<u>\$ 238,689</u>

In 2010, the City contributed \$214,904 of equipment to MVRDA. The equipment was acquired by the City with COPS Technology Grant funds. No cash transaction took place on MVRDA's behalf. Depreciation expense was \$63,048 for the year ended June 30, 2010.

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 2010, operating contributions include \$1,326,486 from the City, \$1,176,315 from the County, \$20,429 from Hatch, \$128,129 from Sunland Park, and \$30,348 from Mesilla.

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6) Employee Benefit Plans

Retirement Plan

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

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

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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	Percentage Contributed
	Participant	MVRDA		
2010	\$ 99,693	\$ 99,693	\$ 1,424,178	100%
2009	88,148	88,148	1,261,838	100%
2008	86,854	86,854	1,241,081	100%

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

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

Retiree Health Care Plan

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

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.

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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:

2010	\$ 14,797
2009	19,063
2008	16,161

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.

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Notes to Financial Statements
June 30, 2010

7) Risk Management

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

8) Adjustments

The general fund surplus of \$40,244 differs from total net assets balance of \$238,689 reported on the statement of net assets and governmental funds balance sheet as follows:

Fund balance	\$ 40,244
Capital assets are not financial resources and, therefore, are not reported in the general fund	<u>238,689</u>
Total net assets	<u><u>\$ 278,933</u></u>

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$83,155 differs from the net increase in net assets of \$235,011 reported on the statement of activities as follows:

Revenues over expenditures	\$ 83,155
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, 2010 is \$63,048.	<u>151,856</u>
Net change in net assets	<u><u>\$ 235,011</u></u>

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Supplementary Information

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Mesilla Valley Regional Dispatch Authority
Schedule of Pledged Collateral
June 30, 2010

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.

Deposits

Institution/Security	CUSIP #	Maturity Date	Safe Keeping Location	Market Value
Wells Fargo Bank, NA			Wells Fargo Bank	
FED NATL MTG ASSN POOL #256327	31371MVU8	7/1/2036		\$ 12,098,650
FED NATL MTG ASSN POOL #849021	31408EG63	1/1/2036		10,962,729
FED NATL MTG ASSN POOL #995018	31416BK72	6/1/2038		14,507,090
				<u>\$ 37,568,469</u>

Summary of Collateralization

Wells Fargo Bank		
Ending bank balance		\$ 20,320,542
Less: FDIC insurance		(250,000)
Total uninsured public funds		<u>\$ 20,070,542</u>
Pledged collateral held by the pledging bank's trust department in the City's name		\$ 37,568,469
100% collateral requirement		<u>20,070,542</u>
Pledged collateral in excess of requirement		<u>\$ 17,497,927</u>
Uninsured and uncollateralized		<u>\$ -</u>

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Mesilla Valley Regional Dispatch Authority
Schedule of Deposit Accounts and Investments
June 30, 2010

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.

Account	Type of Account	Pooled Cash & Investments	MVRDA Accounts	Total Reconciled Balance	On Deposit 6/30/2010
Deposit Accounts					
<i>Wells Fargo Bank</i>					
Community Development	Checking	\$ -	\$ -	\$ -	\$ 197,752
Community Development Home Rehab	Savings	-	-	-	40,739
Community Development Home Program	Savings	-	-	-	1,270
Metro Narcotics Agency	Savings	-	-	-	95,421
Treasury Fund - Operating	Checking	19,863,617	-	19,863,617	19,951,196
Payroll Direct Deposit Account	Checking	(27,647)	-	(27,647)	-
Accounts Payable	Checking	(2,240,671)	-	(2,240,671)	-
Electronic	Checking	(3,537,060)	-	(3,537,060)	-
Credit Card	Checking	858	-	858	-
On Demand	Checking	34,164	-	34,164	34,164
Rio Grande Natural Gas Assoc Revenue	Checking	(358,107)	-	(358,107)	-
Depository	Checking	1,246,344	-	1,246,344	-
Total deposit accounts		<u>14,981,498</u>	<u>-</u>	<u>14,981,498</u>	<u>\$ 20,320,542</u>
Investments					
<i>Wells Fargo Brokerage Services, LLC</i>					
FNMA	Investment	10,048,450	-	10,048,450	
<i>First Tennessee</i>					
FHLB	Investment	2,005,000	-	2,005,000	
FHLMC	Investment	33,278,450	-	33,278,450	
FNMA	Investment	20,911,410	-	20,911,410	
<i>Morgan Keegan</i>					
FHLMC	Investment	15,071,100	-	15,071,100	
FNMA	Investment	9,044,760	-	9,044,760	
<i>State Treasurer New Mexigrow LGIP</i>					
New Mexico State Treasurer LGIP	Investment	-	-	-	
Total investments		<u>180,718,340</u>	<u>-</u>	<u>180,718,340</u>	
Total deposits and investments		<u>195,699,838</u>	<u>-</u>	<u>195,699,838</u>	
<i>Other Cash:</i>					
Petty Cash & Change Funds		-	-	-	
<i>Accrued Interest Receivable</i>					
Accrued Interest – Pooled Investments		440,152	-	440,152	
Total cash and investments		<u>196,139,990</u>	<u>-</u>	<u>196,139,990</u>	
Less balances in City of Las Cruces funds		<u>195,957,851</u>	<u>-</u>	<u>195,957,851</u>	
MVRDA cash and cash equivalents		<u>\$ 182,139</u>	<u>\$ -</u>	<u>\$ 182,139</u>	

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

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

We have audited the accompanying financial statements of the governmental activities and the general fund, and the budgetary comparison of the Mesilla Valley Regional Dispatch Authority (MVRDA), Las Cruces, New Mexico, as of and for the year ended June 30, 2010, which collectively comprise MVRDA's basic financial statements and have issued our report thereon dated November 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

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

November 17, 2010

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Mesilla Valley Regional Dispatch Authority
Schedule of Findings
For the Year Ended June 30, 2010

There were no audit findings for the fiscal year ended June 30, 2010.

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Mesilla Valley Regional Dispatch Authority
Other Disclosures
For the Year Ended June 30, 2010

Exit Conference

An exit conference was conducted on November 15, 2010, 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

Dolores Connor	Chair
Travis Brown	Vice Chairman
Scott Krahlung	Board Member
Richard Williams	Board Member

MVRDA

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

Pat Degman, CGFM	Interim Finance Director
Audrey Evins, CPA	Interim Comptroller
Carlos Lobato, CIA, CISA	Interim Internal Audit Manager
Melissa Nelson	Accounting Supervisor
Karin DeVogel	Interim Accounting Supervisor
Sharon Thomas	Councilor

REDW LLC

Bruce Bleakman, CPA	Principal
Michele Ziegler, CPA (by phone)	Manager

Financial Statement Preparation

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