

Report of Independent Auditors and Financial
Statements with Supplementary Information for

**Mesilla Valley Regional
Dispatch Authority**

June 30, 2014

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

Mesilla Valley Regional Dispatch Authority

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Mesilla Valley Regional Dispatch Authority
June 30, 2014

OFFICIAL ROSTER

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2014, are:

Gregory Z. Smith	Chair
Wayne D. Hancock	Vice-Chairman
Jaime Montoya	Board Member
Robert Garza	Board Member
Travis Brown	Board Member
Julia Brown	Board Member
Todd Garrison	Board Member
Robert Monsivaiz	Board Member
Javier Perea	Board Member
Kevin Hoban	Board Member
Diana Mejia	Board Member
Lee Alivrez	Board Member
Joaquin Graham	Board Member

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the budgetary comparison, of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise MVRDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Mesilla Valley Regional Dispatch Authority as of June 30, 2014, and the respective changes in financial position and general fund budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mesilla Valley Regional Dispatch Authority's basic financial statements. The accompanying supplementary information such as the Schedule of Pledged Collateral and Schedule of Deposit Accounts and Investments on pages 29 through 31, are schedules required by 2.2.2. *NMAC* and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of MVRDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MVRDA's internal control over financial reporting and compliance.

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2014

Mesilla Valley Regional Dispatch Authority

Management's Discussion and Analysis

For the Year Ended June 30, 2014

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, 2014. It is intended to be read in conjunction with MVRDA's financial statements, which follow this section.

MVRDA operates under a joint powers agreement between the City of Las Cruces, Dona Ana County, Town of Mesilla, Village of Hatch, City of Sunland Park, and City of Anthony, New Mexico. The primary mission of MVRDA is to provide dispatch and emergency communications functions for all emergency response agencies in the City of Las Cruces and Dona Ana County. In addition, MVRDA provides necessary National Crime Information Center data to all officers requesting such assistance, and possesses the statutory authority to do so. In the event of a natural or man-made disaster, MVRDA will perform in the role of the emergency communications network for disaster response, relief, and recovery.

The Board of Directors and its management value fiscal and programmatic accountability. MVRDA is the steward of contributions from participating governments, and operates as a governmental fund.

Overview of Financial Statements

This annual report consists of the following:

1. Management's discussion and analysis.
2. Basic financial statements.
3. Notes to the basic financial statements.
4. Supplementary information.

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

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

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

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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

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

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

Fiscal Agent

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

Financial Analysis of Mesilla Valley Regional Dispatch Authority as a Whole

Net Position—Governmental net position increased to \$693,310 at June 30, 2014, from \$549,494 at June 30, 2013. Actual revenues exceeded expenditures resulting in a change in net position of \$143,816 for fiscal year 2014.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 1 summarizes the net position of governmental activities.

Table 1
Net Position
As of June 30,

	<u>2014</u>	<u>2013</u>
Assets		
Current assets	\$ 762,899	\$ 594,535
Capital assets, net	78,381	123,154
Total assets	<u>\$ 841,280</u>	<u>\$ 717,689</u>
Liabilities		
Current liabilities	<u>\$ 147,970</u>	<u>\$ 168,195</u>
Total liabilities	<u>147,970</u>	<u>168,195</u>
Net Position		
Net investment in capital assets	78,381	123,154
Unrestricted	614,929	426,340
Total net position	<u>693,310</u>	<u>549,494</u>
Total liabilities and net position	<u>\$ 841,280</u>	<u>\$ 717,689</u>

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Changes in Net Position—Total revenues for the year ended June 30, 2014, were \$3,150,521 compared with expenses of \$3,006,705. Table 2 summarizes the changes in net position for 2014 and 2013, respectively.

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

	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues		
Charges for services	\$ 2,966,175	\$ 2,925,658
Operating grants	35,402	29,091
General revenues		
Other income	137,874	31,883
Investment income (loss)	11,070	(12,969)
Total revenue	<u>3,150,521</u>	<u>2,973,663</u>
Expenses-public safety	<u>3,006,705</u>	<u>2,874,882</u>
Change in net position	143,816	98,781
Net position, beginning of year	<u>549,494</u>	<u>450,713</u>
Net position, end of year	<u><u>\$ 693,310</u></u>	<u><u>\$ 549,494</u></u>

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Charts 1 and 2 shows the revenues by source for fiscal years 2014 and 2013, respectively.

Chart 1
MVRDA Revenues by Source—2014

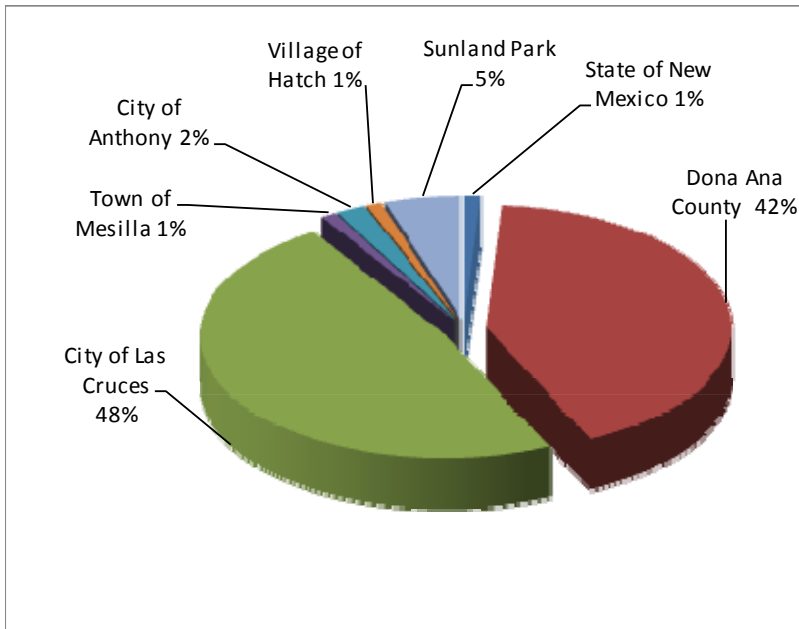
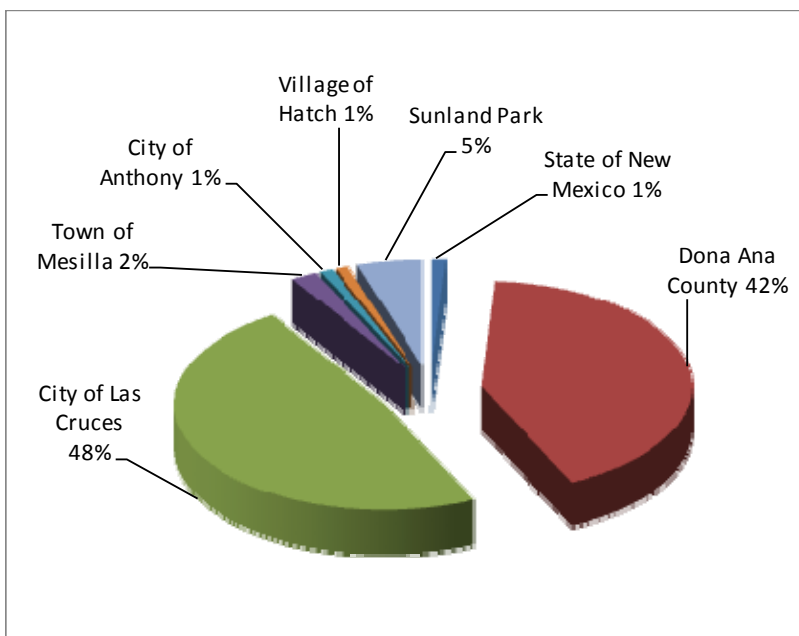


Chart 2
MVRDA Revenues by Source—2013



Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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, 2014.

Table 3
General Fund Budgetary Comparison
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,955,187	\$ 2,955,187	\$ 2,966,175	\$ 10,988
Operating grants	30,000	30,000	35,402	5,402
Investment income (loss)	-	-	11,070	11,070
General revenues	<u>25,840</u>	<u>185,100</u>	<u>137,874</u>	<u>(47,226)</u>
Total revenue	<u>3,011,027</u>	<u>3,170,287</u>	<u>3,150,521</u>	<u>(19,766)</u>
Expenditures				
Operations	<u>3,011,028</u>	<u>3,170,288</u>	<u>2,961,932</u>	<u>208,356</u>
Total expenditures	<u>3,011,028</u>	<u>3,170,288</u>	<u>2,961,932</u>	<u>208,356</u>
Revenues over (under) expenditures	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 188,589</u>	<u>\$ 188,590</u>

In fiscal year 2014 the differences between the original budget and the final budget result from an increase in revenue and expenditures for alarm registration fees. The difference between the final revenue budget and the actual revenue is mainly due to receiving less alarm registrations than projected. The differences between the final expenditures budget and the actual expenditures of \$208,356 are the result of efforts to control expenditures throughout the year. The greatest savings were in supplies of \$55,892 followed by \$34,884 in services.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Capital Assets

Capital Assets—As of June 30, 2014, the organization's capital assets totaled \$78,381 net of accumulated depreciation of \$439,177. As of June 30, 2013, the organization's capital assets totaled \$123,154 net of accumulated depreciation of \$409,924.

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

	2014	2013
Equipment	\$ 517,558	\$ 533,078
Accumulated depreciation	(439,177)	(409,924)
Capital assets, net	\$ 78,381	\$ 123,154

During fiscal year 2014, MVRDA did not purchase any capital assets.

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 local economy is expected to follow the US economy in a slow and uneven recovery. Health Care, Service and Leisure/Hospitality are two sectors that are expected to do well over the near term. The local job picture, in total, will still underperform the nation in part due to our dependence on Public Sector jobs. Private sector job growth should offset public sector job losses leading to a 0.5% growth in FY15.

The public sector is anticipated to be flat in the coming year as state education funding for local schools and NMSU begins to turn around. A return to modest revenue growth, both locally and at the state level, will generate a stable employment picture. Federal government, especially in Postal Services, is expected to shed jobs through FY 2015.

Population growth which slowed along with the national economy is expected to show a very modest gain in FY15. While the region is expected to add approximately 1,000 net new residents in FY15, the rate of growth will be under 2% for the fifth year in a row. The slowly expanding population base is directly linked to local jobs opportunities and to the national housing market. As retirees planning to relocate begin to see some progress on selling houses in other areas of the US, to Las Cruces should see a pick-up in people moving into the area.

Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Contacting the Financial Management

The financial report is designed to provide the community and others with a general overview of the MVRDA's finances and demonstrate the organization's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to the Chair of the MVRDA Board at:

Gregory Z. Smith
P.O. Box 20000
Las Cruces, NM 88004
(575) 541-2066

Financial Statements

Mesilla Valley Regional Dispatch Authority
General Fund Balance Sheet and Statement of Net Position
As of June 30, 2014

	General Fund	Adjustments (Note 9)	Statement of Net Position
Assets			
Current assets			
Cash and cash equivalents	\$ 739,067	\$ -	\$ 739,067
Accounts receivable	16,775	-	16,775
Due from other governments	7,057	-	7,057
Total current assets	<u>762,899</u>	<u>-</u>	<u>762,899</u>
Capital assets			
Equipment, net	-	78,381	78,381
Total assets	<u>\$ 762,899</u>	<u>\$ 78,381</u>	<u>\$ 841,280</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 35	\$ -	\$ 35
Accrued payroll liabilities	147,935	-	147,935
Total current liabilities	<u>147,970</u>	<u>-</u>	<u>147,970</u>
Fund Balance/Net Position			
Fund balance			
Unassigned	614,929	(614,929)	-
Total liabilities and fund balance	<u>\$ 762,899</u>		
Net position			
Net investment in capital assets		78,381	78,381
Unrestricted		614,929	614,929
Total net position		<u>693,310</u>	<u>693,310</u>
Total liabilities and net position		<u>\$ 78,381</u>	<u>\$ 841,280</u>

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

Mesilla Valley Regional Dispatch Authority
General Fund Statement of Revenues, Expenditures, and Changes in
Fund Balance and Statement of Activities
For the Year Ended June 30, 2014

	General Fund	Adjustments (Note 9)	Statement of Activities
Revenues			
Program revenues			
Charges for services	\$ 2,966,175	\$ -	\$ 2,966,175
Operating grants	35,402	-	35,402
General revenues			
Other income	137,874	-	137,874
Investment income (loss)	11,070	-	11,070
Total revenues	<u>3,150,521</u>	<u>-</u>	<u>3,150,521</u>
Expenditures/Expenses			
Current			
Public safety			
Salaries and benefits	2,516,031	-	2,516,031
Telephone	62,992	-	62,992
Insurance	58,103	-	58,103
Repairs and maintenance	197,843	-	197,843
Supplies	53,808	-	53,808
Travel	15,026	-	15,026
Services	31,088	-	31,088
Other	27,041	-	27,041
Depreciation	-	44,773	44,773
Capital outlay	-	-	-
Total expenditures/expenses	<u>2,961,932</u>	<u>44,773</u>	<u>3,006,705</u>
Revenues over (under) expenditures/expenses	188,589	(44,773)	143,816
Fund balance/net position, beginning of year	<u>426,340</u>	<u>123,154</u>	<u>549,494</u>
Fund balance/net position, end of year	<u>\$ 614,929</u>	<u>\$ 78,381</u>	<u>\$ 693,310</u>

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

Mesilla Valley Regional Dispatch Authority
General Fund Statement of Revenues, Expenditures, and Changes in
Fund Balance—Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 2,955,187	\$ 2,955,187	\$ 2,966,175	\$ 10,988
Operating grants	30,000	30,000	35,402	5,402
General revenues	25,841	185,101	137,874	(47,227)
Investment income (loss)	-	-	11,070	11,070
Total revenues	<u>3,011,028</u>	<u>3,170,288</u>	<u>3,150,521</u>	<u>(19,767)</u>
Expenditures				
Current				
Public safety				
Salaries and benefits	2,469,776	2,553,104	2,516,031	37,073
Telephone	75,000	75,000	62,992	12,008
Insurance	63,700	64,478	58,103	6,375
Repairs and maintenance	216,650	221,260	197,843	23,417
Supplies	68,000	109,700	53,808	55,892
Travel	14,000	16,000	15,026	974
Services	44,600	65,972	31,088	34,884
Other	39,302	44,774	27,041	17,733
Capital outlay	20,000	20,000	-	20,000
Total expenditures	<u>3,011,028</u>	<u>3,170,288</u>	<u>2,961,932</u>	<u>208,356</u>
Change in fund balance	-	-	188,589	188,589
Fund balance, beginning of year	<u>426,340</u>	<u>426,340</u>	<u>426,340</u>	<u>-</u>
Fund balance, end of the year	<u>\$ 426,340</u>	<u>\$ 426,340</u>	<u>\$ 614,929</u>	<u>\$ 188,589</u>

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

1) Summary of Significant Accounting Policies

Reporting Entity

On September 5, 2006, the City of Las Cruces, Dona Ana County, the Town of Mesilla, the Village of Hatch, and the City of Sunland Park entered into a Joint Powers Agreement to establish and govern the Mesilla Valley Regional Dispatch Authority (MVRDA). On November 2011, MVRDA's existing JPA was approved to be amended to include the City of Anthony, a municipal corporation ("Anthony"). MVRDA is a governmental joint venture established to operate a combined communications center to dispatch and coordinate the emergency response departments for police, fire, and emergency medical services for the City-County area. This agreement is perpetual unless the City or County desires to terminate its participation.

MVRDA is governed by a board comprised of 13 members. The day-to-day operations are handled by a director hired by the MVRDA Board. The responsibility for the financial statements rests with the MVRDA Board. MVRDA does not have any component units.

The City of Las Cruces is the fiscal agent for MVRDA, and accounts for its resources as agency funds.

Basis of Presentation, Measurement Focus, and Basis of Accounting

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

1) Summary of Significant Accounting Policies (continued)

General Fund Financial Statements—The general fund finances all functions of MVRDA. The acquisition, use and balances of MVRDA's expendable financial resources, and the related liabilities are accounted for in the general fund. The general fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. MVRDA considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the general fund.

Cash and Cash Equivalents

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

Capital Assets

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

Nonexchange Transactions

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

Use of Estimates

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

1) Summary of Significant Accounting Policies (continued)

Budgets

MVRDA's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of anticipated revenues and expenditures. New Mexico State law prohibits MVRDA from making an expenditure in excess of approved appropriations. If a fund is not overspent, it is in compliance with state law. The budget may be amended by MVRDA's Board; however, approval of the State of New Mexico Department of Finance and Administration must be obtained for budget increases.

Fund Balance Policy

Prior to fiscal year 2012, MVRDA reported the governmental fund balances as reserved and unreserved. Effective in fiscal year 2011, MVRDA has implemented GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions, and reports the governmental fund balances in one category:

1. Unassigned fund balance—is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Unassigned Fund Balance is only reported in the General Fund.

Adoption of New Accounting Pronouncements

In FY14, MVRDA adopted GASB Statement No.65, *Items Previously Reported as Assets and Liabilities*, and Statement No.66, *Technical Corrections-2012*- an amendment of GASB Statements No. 10 and No. 62. These statements had minimal impact to the Governmental Department's financial statements or related accounting and financial reporting. There were no other changes to the Governmental Department's financial statements as a result of implementing these standards.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

1) Summary of Significant Accounting Policies (continued)

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*-an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. This Statement establishes standards for measuring and recognizing liabilities deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For define benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers where employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. This Statement is effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Management has not yet completed its assessment of this statement; and therefore, the effect of adopting this statement, if any, is not subject to estimation at this time.

New Accounting Pronouncements

The following accounting pronouncements have been recently issued, but not yet adopted by MVRDA. Management anticipates that, upon adoption by MVRDA, none of these statements will have a significant impact on MVRDA's financial position or results of operations. Pronouncements that are not applicable have been omitted.

- ♦ Statement No. 67: *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

1) Summary of Significant Accounting Policies (continued)

- ◆ Statement No. 68: *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- ◆ Statement No. 69: *Government Combinations and Disposals of Government Operations.*
- ◆ Statement No. 70: *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*
- ◆ Statement No. 71: *Pension Transition for Contributions Made Subsequent to the Measurement Date—*an amendment of GASB Statement No. 68.

2) Cash and Cash Equivalents

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

2) Cash and Cash Equivalents (continued)

MVRDA's equity in the City's cash and investment pool at June 30, 2014, is \$739,067.

At June 30, 2014, the City's cash and investment pool consist of the following:

Carrying amount of bank deposits	\$ 16,469,316
Investments at fair value	120,992,095
Accrued interest	594,304
Total cash and investment pool	<u>\$ 138,055,715</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, 2014, the City's deposits, totaling \$29,186,423, was insured by FDIC or collateralized by securities held in trust by a third-party bank for the depository bank in the City's name and thus was not exposed to custodial credit risk.

Investments

The City's investment policy allows investment in: a) U.S. Treasury obligations; b) U.S. government agency and instrumentality obligations; c) repurchase agreements whose underlying securities and/or collateral consist of allowed investments described in (a) or (b) above; d) commercial paper rated not less than A-1, P-1, F-1, or equivalent by a nationally recognized rating agency; e) pooled funds maintained by the State Treasurer; and f) mutual funds whose portfolios consist solely of allowed investments.

As of June 30, 2014, the City's investment pool had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Yrs.)</u>
Overnight repurchase agreement	\$ 4,344,002	
U.S. agency coupon bonds	116,648,093	11.22
Total Pooled Investments	<u>\$ 120,992,095</u>	

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

2) Cash and Cash Equivalents (continued)

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment pool includes step-up coupon securities that total \$116,635,505 issued by U.S. government agencies that are callable by the issuer under certain circumstances. For purposes of calculating weighted average maturity, the City uses duration.

Credit Risk. The City's investment policy lists the criteria for selecting investments and the order of priority as follows: 1) safety; 2) liquidity; and 3) yield. As of June 30, 2014, the City's investments in coupon bonds of U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. The City's money market fund investments were rated AAAm by Standard & Poor's and/or Aaa by Moody's. The external investment pools of the NM State Investment Council are not rated.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities held in street name with a broker or dealer be insured, and that all other securities be held by the City or a third-party safekeeping financial institution acting as trustee for the City. As of June 30, 2014, 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, 2014, 62% of the City's investment pool was in Fannie Mae (FNMA) and 38% in Federal Home Loan Bank (FHLB).

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

3) Due From Other Governments

MVRDA obtains funding from several governmental agencies including the New Mexico Department of Finance and Administration, the Village of Hatch, the County of Dona Ana, the Town of Mesilla, City of Sunland Park, City of Anthony and the City of Las Cruces. At June 30, 2014, the amounts receivable from these entities are as follows:

New Mexico Department of Finance Administration	\$	-
Village of Hatch		-
County of Dona Ana		-
Town of Mesilla		-
City of Sunland Park		-
City of Anthony		7,057
Total	<u>\$</u>	<u>7,057</u>

4) Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balances June 30, 2013	Additions	Retirements	Balances June 30, 2014
Equipment	\$ 533,078	\$ -	\$ 15,520	\$ 517,558
Less accumulated depreciation	409,924	44,773	(15,520)	439,177
Capital assets, net	<u>\$ 123,154</u>	<u>\$ (44,773)</u>	<u>\$ -</u>	<u>\$ 78,381</u>

Depreciation expense was \$44,773 for the year ended June 30, 2014.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

5) Joint Powers Agreement

In accordance with the JPA, financial contribution amounts are required from the City of Las Cruces and the County of Dona Ana. In-kind services are also provided under this agreement, such as fiscal agent services provided by the City and facilities services provided by Dona Ana County. According to the JPA, the City shall contribute fifty-three percent (53%) and the County of Dona Ana shall contribute forty-seven percent (47%) of the total operating budget of MVRDA for each fiscal year, excluding amounts covered by other revenue sources.

The amount of contributions to the MVRDA budget from the Village of Hatch, the City of Sunland Park, and the Town of Mesilla are determined by the MVRDA Board on an annual basis. The contributions are based on the number of calls expected for responses within Hatch, Sunland Park, Anthony and Mesilla, and are not based upon a percentage of the MVRDA budget.

During fiscal year 2014, operating contributions include \$1,434,603 from the City, \$1,272,195 from the County, \$24,615 from Hatch, \$147,714 from Sunland Park, \$44,163 from the City of Anthony, and \$42,885 from Mesilla.

6) Pension Plan – Public Employees Retirement Association

Plan Description

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

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

Funding Policy

Plan members who earn less than \$20,000 annually are required to contribute 7% of their gross salary. Plan members who earn more than \$20,000 annually are required to contribute 8.5% of their gross salary. MVRDA is required to contribute 7% of the gross covered salary. The contribution requirements of plan members and MVRDA are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. MVRDA's contribution to PERA for the fiscal years ending June 30, 2014, 2013, and 2012 were \$104,525, \$101,649, and \$94,474, respectively, which equal the amount of the required contributions for each fiscal year.

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

Plan Description

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

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

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

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

Funding Policy

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2014, the statute required each participating employer to contribute as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY14	2.000%	1.000%

(2) For employees who are members of an enhanced retirement plan, during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY14	2.500%	1.250%

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

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

MVRDA's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$29,867, \$28,776, and \$24,791, respectively, which equal the required contributions for each year.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2014

8) Risk Management

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

9) Adjustments

The general fund surplus of \$614,929 differs from total net position balance of \$693,310 reported on the statement of net position and governmental funds balance sheet as follows:

Fund balance	\$	614,929
Capital assets are not financial resources and, therefore, are not reported in the general fund		78,381
Total net position	\$	693,310

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$188,589, differs from the net increase in net position of \$143,816 reported on the statement of activities as follows:

Revenues over expenditures	\$	188,589
Capital outlay		-
Depreciation		(44,773)
Net change in net position	\$	143,816

Supplementary Information

Mesilla Valley Regional Dispatch Authority
Schedule of Pledged Collateral
June 30, 2014

The City of Las Cruces is the fiscal agent of MVRDA. Therefore, MVRDA participates in the City's pooling of cash and investments. The schedule of collateral below represents the amounts that pertain to the City of Las Cruces pooled deposits.

Institution/Security	CUSIP #	Maturity Date	Safe Keeping Location	Market Value
Wells Fargo Bank, NA			BNY Mellon	
FNMA FNMS 3.500% 06/01/43	3138W6RL2	06/01/2043		\$ 429,387
FNMA FNMS 3.000% 05/01/43	3138WQAY8	05/01/2043		25,376,865
FNMA FNMS 4.000% 09/01/43	3138X3XU1	09/01/2043		4,338,949
				<u>\$ 30,145,201</u>

Summary of Collateralization

Wells Fargo Bank

Ending bank balance	\$ 29,186,423
Less: FDIC insurance	(250,000)
Total uninsured public funds	<u>\$ 28,936,423</u>
Pledged collateral held by the pledging bank's trust department in the City's name	\$ 30,145,201
100% collateral requirement	<u>28,936,423</u>
Pledged collateral in excess of requirement	<u>\$ 1,208,778</u>
Uninsured and uncollateralized	<u>\$ -</u>

Mesilla Valley Regional Dispatch Authority
Schedule of Deposit Accounts and Investments
June 30, 2014

The City of Las Cruces is the fiscal agent of MVRDA. Therefore, MVRDA participates in the City's pooling of cash and investments. Details of MVRDA's cash and cash equivalents are as follows:

Pooled Deposit Accounts

Account	Type of Account	Pooled Cash & Investments	Total Reconciled Balance	On Deposit 6/30/2014
DEPOSIT ACCOUNTS				
<i>Wells Fargo Bank</i>				
Community Development	Checking	\$ -	\$ -	\$ 141,586
Community Development Home Rehab	Checking	-	-	16,110
Community Development Home Program	Checking	-	-	3,307
Community Development MONAS Loan	Checking	-	-	10
Community Development NSP Program	Checking	-	-	139,621
Metro Narcotics Agency	Savings	-	-	75,561
2006 Water Projects	Savings	-	-	1,405,151
Fiscal Account SCSWA	Savings	-	-	600,761
Revenue Bonds Proceeds	Savings	-	-	6,764,457
Treasury Fund - Operating	Checking	20,010,497	20,010,497	20,009,398
Payroll Direct Deposit Account	Checking	(36,725)	(36,725)	-
Accounts Payable	Checking	(3,127,391)	(3,127,391)	-
On Demand	Checking	19,270	19,270	30,461
Depository	Checking	246,415	246,415	-
Credit Card	Checking	3,728	3,728	-
Electronic	Checking	(646,478)	(646,478)	-
Total deposit accounts		<u>\$ 16,469,316</u>	<u>\$ 16,469,316</u>	<u>\$ 29,186,423</u>

Mesilla Valley Regional Dispatch Authority
Schedule of Deposit Accounts and Investments
June 30, 2014

Pooled Investments

Account	Type of Account	Pooled Investments	MVRDA Accounts	Total Reconciled Balance	On Deposit 6/30/2014
INVESTMENTS					
<i>Wells Fargo Bank</i>					
Stagecoach Sweep Repo	Sweep	\$ 4,344,002	\$ -	\$ 4,344,002	
<i>Wells Fargo Brokerage Services, LLC</i>					
FHLB Step 1/24/2028-13	Investment	2,832,561	-	2,832,561	
FNMA Step 12/20/2027-13	Investment	2,804,649	-	2,804,649	
<i>First Tennessee</i>					
FHLB Step 10/15/2027-13	Investment	8,518,230	-	8,518,230	
FHLB Step 10/18/2027-13	Investment	11,076,120	-	11,076,120	
FHLB Step 11/9/2027-13	Investment	7,689,680	-	7,689,680	
FHLB Step 11/8/2027-13	Investment	5,662,260	-	5,662,260	
FHLB Step 5/16/2028-14	Investment	6,650,350	-	6,650,350	
FNMA 1.03 1/30/2018-14	Investment	990	-	990	
FNMA 1 11/29/2017-13	Investment	9,622	-	9,622	
FNMA Step 12/13/2027-13	Investment	8,120,560	-	8,120,560	
FNMA Step 9/20/2027-13	Investment	4,756,550	-	4,756,550	
FNMA Step 9/27/2027-13	Investment	9,628,500	-	9,628,500	
FNMA Step 10/4/2027-13	Investment	2,883,360	-	2,883,360	
FNMA Step 7/23/2027-13	Investment	2,783,970	-	2,783,970	
FNMA Step 8/16/2027-13	Investment	7,519,600	-	7,519,600	
FNMA Step 8/27/2027-13	Investment	6,426,560	-	6,426,560	
FNMA Step 8/23/2027-13	Investment	3,693,840	-	3,693,840	
FNMA Step 8/23/2027-13	Investment	4,633,950	-	4,633,950	
FNMA Step 8/27/2027-13	Investment	6,595,120	-	6,595,120	
FNMA Step 12/21/2027-13	Investment	7,413,920	-	7,413,920	
FNMA Step 1/28/2028-15	Investment	5,066,545	-	5,066,545	
FNMA 1.05 3/27/2018-13	Investment	1,976	-	1,976	
<i>Stiffel Nicolaus</i>					
FHLB Step 4/26/2028-13	Investment	1,879,180	-	1,879,180	
Total investments		<u>120,992,095</u>	<u>-</u>	<u>120,992,095</u>	
Total deposits and investments		<u>137,461,411</u>	<u>-</u>	<u>137,461,411</u>	
<i>Accrued Interest Receivable</i>					
Accrued Interest - Pooled Investments	Accrued Int	594,304	-	594,304	
Total cash and investments		<u>138,055,715</u>	<u>-</u>	<u>138,055,715</u>	
Less balances in City of Las Cruces funds		<u>137,316,648</u>	<u>-</u>	<u>137,316,648</u>	
MVRDA cash and investment balance		<u>\$ 739,067</u>	<u>\$ -</u>	<u>\$ 739,067</u>	

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund, and the budgetary comparison of the Mesilla Valley Regional Dispatch Authority (MVRDA), Las Cruces, New Mexico, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise MVRDA's basic financial statements, and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss Adams LLP

Albuquerque, New Mexico
November 14, 2014

Mesilla Valley Regional Dispatch Authority
Schedule of Findings and Responses
For the Year Ended June 30, 2014

There were no audit findings for the fiscal year ended June 30, 2014.

Mesilla Valley Regional Dispatch Authority
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014

There were no audit findings for the fiscal year ended June 30, 2013.

Mesilla Valley Regional Dispatch Authority
Exit Conference and Financial Statement Preparation
For the Year Ended June 30, 2014

Exit Conference

An exit conference was conducted on November 14, 2014, 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

Greg Smith	Board Chair
Robert Garza	Board Member

City of Las Cruces (Fiscal Agent)

Mark Winson	Assistant City Manager - Chief Administrative Officer
Victoria Fredrick	Director of Financial Services
Maria Villa	Accounting Supervisor
Josie Medina	Financial Reporting Analyst

MVRDA

Jennifer Gorham	Executive Assistant
Hugo Costa Jr.	Director

Moss Adams LLP

Brandon Valentini	Partner
Ryan Luetkemeyer	Senior Manager

Financial Statement Preparation

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