

Report of Independent Auditors and Financial  
Statements with Supplementary Information for

**Mesilla Valley Regional  
Dispatch Authority**

June 30, 2015

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

# Mesilla Valley Regional Dispatch Authority

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**Mesilla Valley Regional Dispatch Authority**  
**June 30, 2015**

OFFICIAL ROSTER

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2015, are:

Gregory Z. Smith	Chair
Javier Perea	Vice-Chairman
Jaime Montoya	Board Member
Robert Garza	Board Member
Travis Brown	Board Member
Julia Brown	Board Member
Enrique Vigil	Board Member
Robert Monsivaiz	Board Member
Kevin Hoban	Board Member
Diana Mejia	Board Member
Benjamin Rawson	Board Member
Joaquin Graham	Board Member

## REPORT OF INDEPENDENT AUDITORS

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

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

We have audited the accompanying financial statements of the governmental activities, the general fund, and the budgetary comparison, of the Mesilla Valley Regional Dispatch Authority (MVRDA) as of and for the year ended June 30, 2015, 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, 2015, 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.

### ***Emphasis of Matter***

As discussed in Note 6 to the financial statements, for the year ended June 30, 2015, Mesilla Valley Regional Dispatch Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

## ***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 6 through 13 and pension schedules on pages 36 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mesilla Valley Regional Dispatch Authority's basic financial statements. The accompanying supplementary information such as the Schedule of Pledged Collateral and Schedule of Deposit Accounts and Investments on pages 39 through 41 and Schedule of Joint Powers Agreements and Memoranda of Understanding on page 42 are schedules required by 2.2.2. NMAC and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Schedule of Vendor Information for Purchases Exceeding \$60,000 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 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 30, 2015



**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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, 2015. 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, 2015**

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

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

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

**Fiscal Agent**

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

**Financial Analysis of Mesilla Valley Regional Dispatch Authority as a Whole**

*Net Position*—Governmental net position decreased to \$4,847 at June 30, 2015, from \$693,310 at June 30, 2014. Actual revenues exceeded expenditures resulting in a change in net position of \$249,421 for fiscal year 2015.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

Table 1 summarizes the net position of governmental activities.

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

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current assets	\$ 1,055,616	\$ 762,899
Capital assets, net	46,086	78,381
Total assets	<u>1,101,702</u>	<u>841,280</u>
Deferred outflows related to pensions	<u>110,400</u>	<u>-</u>
Total assets	<u><u>\$ 1,212,102</u></u>	<u><u>\$ 841,280</u></u>
<b>Liabilities</b>		
Current liabilities	\$ 204,213	\$ 147,970
Net pension liability	<u>723,781</u>	<u>-</u>
Total liabilities	<u>927,994</u>	<u>147,970</u>
Deferred inflows related to pensions	<u>279,261</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u><u>\$ 1,207,255</u></u>	<u><u>\$ 147,970</u></u>
<b>Net Position</b>		
Net investment in capital assets	\$ 46,086	\$ 78,381
Unrestricted (deficit)	<u>(41,239)</u>	<u>614,929</u>
Total net position	<u>4,847</u>	<u>693,310</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 1,212,102</u></u>	<u><u>\$ 841,280</u></u>

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

*Changes in Net Position*—Total revenues for the year ended June 30, 2015, were \$3,253,533 compared with expenses of \$3,004,112. Table 2 summarizes the changes in net position for 2015 and 2014, respectively.

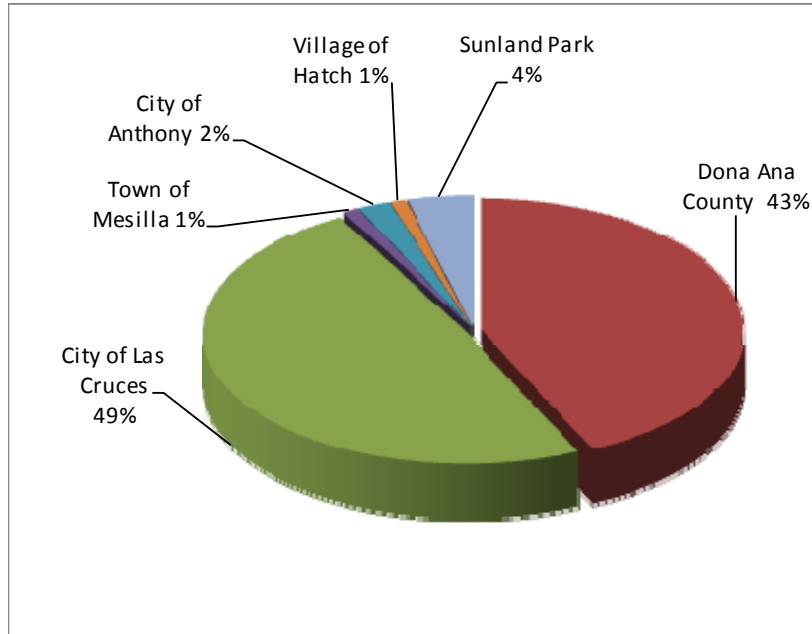
**Table 2**  
**Changes in Net Position**  
**For the Year Ended June 30,**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 3,054,088	\$ 2,966,175
Operating grants	-	35,402
General revenues		
Other income	147,157	137,874
Investment income	52,288	11,070
Total revenue	<u>3,253,533</u>	<u>3,150,521</u>
<b>Expenses-public safety</b>	<u>3,004,112</u>	<u>3,006,705</u>
Change in net position	<u>249,421</u>	<u>143,816</u>
<b>Net position</b> , beginning of year, as originally reported	693,310	549,494
Restatement for pension costs	(937,884)	-
<b>Net position</b> , beginning of year, as restated	<u>(244,574)</u>	<u>549,494</u>
<b>Net position</b> , end of year	<u>\$ 4,847</u>	<u>\$ 693,310</u>

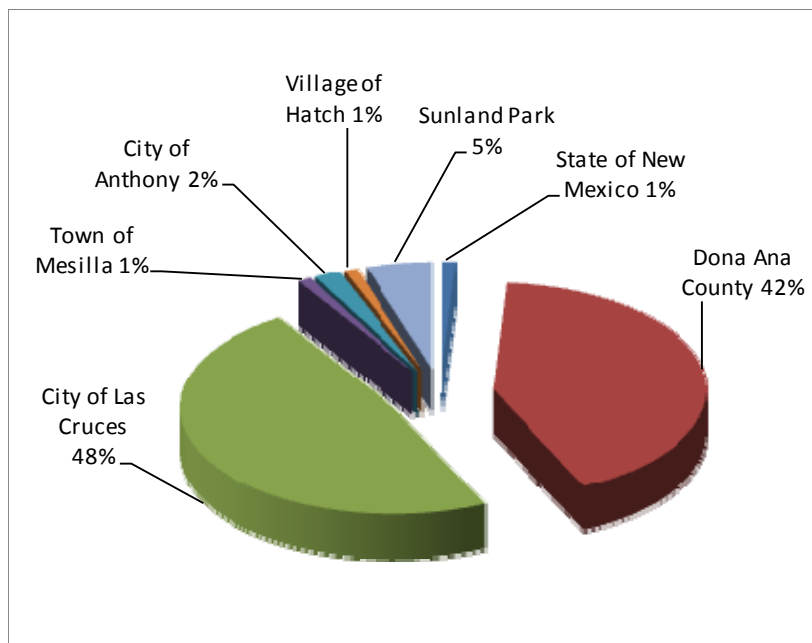
**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

Charts 1 and 2 shows the revenues by source for fiscal years 2015 and 2014, respectively.

**Chart 1**  
**MVRDA Revenues by Source—2015**



**Chart 2**  
**MVRDA Revenues by Source—2014**



**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

*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, 2015.

**Table 3**  
**General Fund Budgetary Comparison**  
**For the Year Ended June 30, 2015**

	Budget		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 3,054,088	\$ 3,054,088	<b>\$ 3,054,088</b>	\$ -
Operating grants	49,000	49,000	-	(49,000)
Investment income	-	-	<b>52,288</b>	52,288
General revenues	185,655	185,655	<b>147,157</b>	(38,498)
Total revenue	<u>3,288,743</u>	<u>3,288,743</u>	<u><b>3,253,533</b></u>	<u>(35,210)</u>
<b>Expenditures</b>				
Operations	<u>3,388,743</u>	<u>3,388,743</u>	<u><b>3,017,059</b></u>	<u>371,684</u>
Total expenditures	<u>3,388,743</u>	<u>3,388,743</u>	<u><b>3,017,059</b></u>	<u>371,684</u>
Revenues over (under) expenditures	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u><b>\$ 236,474</b></u>	<u>\$ 336,474</u>

In fiscal year 2015 the difference between the final revenue budget and the actual revenue is mainly due not receiving operating grants. The differences between the final expenditures budget and the actual expenditures of \$371,684 are the result of efforts to control expenditures throughout the year. The greatest savings were in salaries and benefits of \$140,563, supplies of \$58,098, services of \$53,571, followed by \$48,247 in repairs and maintenance.

**Mesilla Valley Regional Dispatch Authority**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**Capital Assets**

*Capital Assets*—As of June 30, 2015, the organization's capital assets totaled \$46,086 net of accumulated depreciation of \$452,943. As of June 30, 2014, the organization's capital assets totaled \$78,381 net of accumulated depreciation of \$439,177.

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

	<b>2015</b>	<b>2014</b>
Equipment	\$ 499,029	\$ 517,558
Accumulated depreciation	(452,943)	(439,177)
Capital assets, net	\$ 46,086	\$ 78,381

During fiscal year 2015, 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 U.S. 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 U.S., 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, 2015**

**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, 2015**

	General Fund	Adjustments (Note 9)	Statement of Net Position
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 962,051	\$ -	\$ 962,051
Accounts receivable	-	-	-
Due from other governments	93,565	-	93,565
Total current assets	<u>1,055,616</u>	<u>-</u>	<u>1,055,616</u>
Capital assets			
Equipment, net	-	46,086	46,086
Total assets	<u>1,055,616</u>	<u>46,086</u>	<u>1,101,702</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	-	110,400	110,400
Total deferred outflows of resources	<u>-</u>	<u>110,400</u>	<u>110,400</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	18,620	-	18,620
Accrued payroll liabilities	185,593	-	185,593
Total current liabilities	<u>204,213</u>	<u>-</u>	<u>204,213</u>
Net Pension Liability	-	723,781	723,781
Total Liabilities	<u>204,213</u>	<u>723,781</u>	<u>927,994</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	-	279,261	279,261
Total deferred inflows of resources	<u>-</u>	<u>279,261</u>	<u>279,261</u>
<b>Fund Balance/Net Position</b>			
Fund balance			
Unassigned	851,403	(851,403)	-
Total liabilities and fund balance	<u>\$ 1,055,616</u>		
Net position			
Net investment in capital assets		46,086	46,086
Unrestricted (deficit)		(41,239)	(41,239)
Total net position		<u>\$ 4,847</u>	<u>\$ 4,847</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, 2015**

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 3,054,088	\$ -	\$ 3,054,088
Operating grants	-	-	-
General revenues			
Other income	147,157	-	147,157
Investment income	52,288	-	52,288
Total revenues	<u>3,253,533</u>	<u>-</u>	<u>3,253,533</u>
<b>Expenditures/Expenses</b>			
Current			
Public safety			
Salaries and benefits	2,551,071	(110,400)	2,440,671
Telephone	64,328	-	64,328
Insurance	68,714	-	68,714
Repairs and maintenance	195,769	-	195,769
Supplies	54,564	-	54,564
Travel	17,764	-	17,764
Services	34,619	-	34,619
Pension	-	65,158	65,158
Other	30,230	-	30,230
Depreciation	-	32,295	32,295
Capital outlay	-	-	-
Total expenditures/expenses	<u>3,017,059</u>	<u>(12,947)</u>	<u>3,004,112</u>
Revenues over expenditures/expenses	236,474	12,947	249,421
<b>Fund balance/net position,</b>			
beginning of year, as originally reported	614,929	78,381	693,310
Restatement for pension costs, Note 1	-	(937,884)	(937,884)
<b>Fund balance (deficit)/net position,</b>			
beginning of year, as restated	<u>-</u>	<u>(859,503)</u>	<u>(244,574)</u>
<b>Fund balance/net position,</b>			
end of year	<u>\$ 851,403</u>	<u>\$ (846,556)</u>	<u>\$ 4,847</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, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 3,054,088	\$ 3,054,088	\$ 3,054,088	\$ -
Operating grants	49,000	49,000	-	(49,000)
General revenues	185,655	185,655	147,157	(38,498)
Investment income (loss)	-	-	52,288	52,288
	<u>3,288,743</u>	<u>3,288,743</u>	<u>3,253,533</u>	<u>(35,210)</u>
<b>Expenditures</b>				
Current				
Public safety				
Salaries and benefits	2,691,634	2,691,634	2,551,071	140,563
Telephone	75,000	75,000	64,328	10,672
Insurance	65,000	73,569	68,714	4,855
Repairs and maintenance	242,260	244,016	195,769	48,247
Supplies	112,800	112,662	54,564	58,098
Travel	14,000	18,500	17,764	736
Services	102,877	88,190	34,619	53,571
Other	65,172	65,172	30,230	34,942
Capital outlay	20,000	20,000	-	20,000
	<u>3,388,743</u>	<u>3,388,743</u>	<u>3,017,059</u>	<u>371,684</u>
Change in fund balance	(100,000)	(100,000)	236,474	336,474
<b>Fund balance, beginning of year</b>	<u>614,929</u>	<u>614,929</u>	<u>614,929</u>	<u>-</u>
<b>Fund balance, end of the year</b>	<u>\$ 514,929</u>	<u>\$ 514,929</u>	<u>\$ 851,403</u>	<u>\$ 336,474</u>

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

**1) Summary of Significant Accounting Policies**

**Reporting Entity**

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

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

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

**Basis of Presentation, Measurement Focus, and Basis of Accounting**

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

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Cash and Cash Equivalents

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

Capital Assets

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

Nonexchange Transactions

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

Use of Estimates

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

Budgets

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Fund Balance Policy

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

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.

Net Position

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

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

Pensions

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Deferred Outflows and Inflows of Resources

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

Change in Accounting Principle

For the year ended June 30, 2015, MVRDA implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net position as previously reported at June 30, 2014	\$ 693,310
Prior period adjustment - Implementation of GASB 68:	
Net pension liability (measurement date as of June 30, 2013)	(1,042,409)
Deferred outflows - MRVDA contributions made during fiscal year 2014	<u>104,525</u>
Total prior period adjustment	<u>(937,884)</u>
Net position, as restated, July 1, 2014	<u><u>\$ (244,574)</u></u>



**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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. 72: *Fair Value Measurement and Application*
- ◆ Statement No. 73: *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*
- ◆ Statement No. 74: *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- ◆ Statement No. 75: *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- ◆ Statement No. 76: *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

**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, 2015**

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

MVRDA's equity in the City's cash and investment pool at June 30, 2015, is \$962,051. At June 30, 2015, the City's cash and investment pool consist of the following:

Carrying amount of bank deposits	\$ 21,081,988
Investments at fair value	139,210,670
Accrued interest	664,651
Total cash and investment pool	\$ 160,957,309

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, 2015, the City's deposits, totaling \$45,383,583, 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, 2015, the City's investment pool had the following investments:

Investment Type	Fair Value	Weighted Avg Maturity (Yrs.)
Overnight repurchase agreement	\$ 15,234,123	
U.S. agency coupon bonds	123,976,547	10.67
Total Pooled Investments	\$ 139,210,670	

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

**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 \$123,963,893 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, 2015, 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, 2015, 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, 2015 58% of the City's investment pool was in Fannie Mae (FNMA), 11% was in Federal Home Loan Mortgage Corporation (FHLMC) and 31% in Federal Home Loan Bank (FHLB).

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

**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, 2015, the amounts receivable from these entities are as follows:

New Mexico Department of Finance Administration	\$	-
Village of Hatch		-
County of Dona Ana		93,565
Town of Mesilla		-
City of Sunland Park		-
City of Anthony		-
Total	<u>\$</u>	<u>93,565</u>

**4) Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balances June 30, 2014	Additions	Retirements	Balances June 30, 2015
Equipment	\$ 517,558	\$ -	\$ 18,529	\$ 499,029
Less accumulated depreciation	439,177	32,295	(18,529)	452,943
Capital assets, net	<u>\$ 78,381</u>	<u>\$ (32,295)</u>	<u>\$ -</u>	<u>\$ 46,086</u>

Depreciation expense was \$32,295 for the year ended June 30, 2015.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
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**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 2015, operating contributions include \$1,487,964 from the City, \$1,319,516 from the County, \$26,385 from Hatch, \$120,552 from Sunland Park, \$55,965 from the City of Anthony, and \$43,706 from Mesilla.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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

Benefits provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Contributions

The contribution requirements of defined benefit plan members and the City of Las Cruces are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at

[http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf)

The PERA coverage options that apply to the City of Las Cruces and MVRDA are: 4.97% and 1.835% of the City's proportionate share. Statutorily required contributions to the pension plan from MVRDA were \$110,400 and employer paid member benefits that were "picked up" by the employer were \$ 130,675 for the year ended June 30, 2015.

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

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City of Las Cruces' proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

At June 30, 2015, MVRDA reported a liability of \$723,781 for its proportionate share of the net pension liability. At June 30, 2014, the MVRDA's proportion was 1.857% of the City's proportionate allocation, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, MVRDA recognized PERA pension expense of \$65,158.



**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	279,261
Changes in proportion and differences between MVRDA contributions and proportionate share of contributions	-	-
MVRDA contributions subsequent to the measurement date	110,400	-
Total	\$ 110,400	\$ 279,261

\$110,400 reported as deferred outflows of resources related to pensions resulting from MVRDA'S contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Year ended June 30:	
2016	\$ 55,852
2017	55,852
2018	55,852
2019	55,853
2020	-
Thereafter	-
	\$ 223,409

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Actuarial assumptions

As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date		June 30, 2013
Actuarial cost method		Entry age normal
Amortization method		Level percentage of pay
Amortization period		Solved for based on statutory rates
Asset valuation method		Fair value
Actuarial assumptions:		
• Investment rate of return		7.75% annual rate, net of investment
• Payroll growth		3.50% annual rate
• Projected salary increases		3.50% to 14.25% annual rate
• Includes inflation at		3.00% annual rate

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Investment Policy

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

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	<u>100.0%</u>	

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Discount rate

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

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

The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present MRVDA's net pension liability in each PERA Fund Division that MVRDA participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
MVRDA proportionate share of net pension liability	\$ 578,096	\$ 723,781	\$ 749,384

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

Plan Description

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

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

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

Funding Policy

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

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

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

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

MVRDA's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$29,855, \$29,867, and \$28,776, respectively, which equal the required contributions for each year.

**8) Risk Management**

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Financial Statements**  
**June 30, 2015**

**9) Adjustments**

The general fund surplus of \$851,403 differs from total net position balance of \$4,847 reported on the statement of net position and governmental funds balance sheet as follows:

Fund balance	\$ 851,403
Capital assets are not financial resources and, therefore, are not reported in the general fund	46,086
Net pension assets are not available for operations and, therefore, are not reported in the funds	110,400
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(1,003,042)</u>
Total net position	<u><u>\$ 4,847</u></u>

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$236,474, differs from the net increase in net position of \$249,421 reported on the statement of activities as follows:

Revenues over expenditures	\$ 236,474
Capital outlay	-
Salaries and benefits funded	110,400
Pension costs actuarially determined	(65,158)
Depreciation	<u>(32,295)</u>
Net change in net position	<u><u>\$ 249,421</u></u>

## Required Supplementary Information



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

	Fiscal Year	
	2015 (2014)	2014 through 2016
MVRDA's proportion of the City's net pension liability	1.835%	Information
MVRDA's proportionate share of the net pension liability	\$ 723,781	not available
MVRDA's covered-employee payroll	\$ 1,537,348	
MVRDA's proportionate share of the net pension liability as a percentage of its covered employees payroll	47.08%	
Plan fiduciary net position as a percentage of the total pension liability	81.29%	

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

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

	Fiscal Year		2013 through 2016
	2015	2014	
Statutorily required contribution	\$ 110,400	\$ 104,525	Information not available
MVRDA's contributions in relation to the statutorily required contribution	<u>110,400</u>	<u>104,525</u>	
MVRDA's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
MVRDA's covered-employee payroll	<u>\$ 1,537,848</u>	<u>\$ 1,554,006</u>	
MVRDA's contribution as a percentage of covered-employee payroll	7.18%	6.73%	

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

**Mesilla Valley Regional Dispatch Authority**  
**Notes to Required Supplementary Information**  
**June 30, 2015**

- 1) ***Changes of benefit terms*** The Public employee Retirement Association (PERA) Fund, COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).
  
- 2) ***Changes of assumptions*** The PERA of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation.” The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13 percent to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

## Supplementary Information

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Pledged Collateral**  
**June 30, 2015**

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

Institution/Security	CUSIP #	Maturity Date	Safe Keeping Location	Market Value
<b>Wells Fargo Bank, NA</b>			BNY Mellon	
FMAC FGPC 3.000% 09/01/26	3128MC4M4	9/1/2026		\$ 1,271,475.00
FMAC FGPC 3.500% 04/01/42	31292LFZ3	4/1/2042		161,357.00
FNMA FNST 1.500% 01/01/34	3136FCDH6	1/1/2034		4,008,372.00
FNMA FNMS 3.000% 11/01/26	3138ABUK3	11/1/2026		1,530,839.00
FNMA FNMS 3.000% 06/01/42	3138LXRA9	6/1/2042		525,260.00
FNMA FNMS 3.000% 05/01/43	3138WQAY8	5/1/2043		24,639,944.00
FNMA FNMS 4.000% 09/01/43	3138X3XU1	9/1/2043		4,086,488.00
FNMA FNMS 3.000% 01/01/43	31417EKT7	1/1/2043		7,507,236.00
FNMS 03.000 CL 3.000% 05/01/43	31417GHW9	5/1/2043		741,883.00
FNMA FNMS 4.000 10/01/40	31419GP65	10/1/2040		5,234,305.00
				<u>\$ 49,707,159</u>

Summary of Collateralization

**Wells Fargo Bank**

Ending bank balance	\$ 49,383,583
Less: FDIC insurance	(250,000)
Total uninsured public funds	<u>\$ 49,133,583</u>
Pledged collateral held by the pledging bank's trust department in the City's name	\$ 49,707,158
100% collateral requirement	45,133,583
Pledged collateral in excess of requirement	<u>\$ 4,573,575</u>
Uninsured and uncollateralized	<u>\$ -</u>

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2015**

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 6/30/2015
<b>DEPOSIT ACCOUNTS</b>				
<i>Wells Fargo Bank</i>				
Community Development	Checking	\$ -	\$ 40,621	\$ 54,164
Community Development Home Rehab	Checking	-	22,169	22,169
Community Development Home Program	Checking	-	1,356	1,356
Metro Narcotics Agency	Savings	-	95,589	95,589
2006 Water Projects	Savings	-	1,407,894	1,407,894
Fiscal Account SCSWA	Savings	-	300,341	300,341
Revenue Bonds Proceeds	Savings	-	20,835,251	20,835,251
Treasury Fund - Operating	Checking	22,636,246	22,636,246	22,635,841
Payroll Direct Deposit Account	Checking	(37,236)	(37,236)	-
Accounts Payable	Checking	(1,342,033)	(1,342,033)	-
On Demand	Checking	21,620	21,620	30,978
Depository	Checking	67,591	67,591	-
Credit Card	Checking	15,274	15,274	-
Electronic	Checking	(279,474)	(279,474)	-
Total deposit accounts		<u>\$ 21,081,988</u>	<u>\$ 43,785,209</u>	<u>\$ 45,383,583</u>

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2015**

**Pooled Investments**

Account	Type of Account	Pooled Investments	MVRDA Accounts	Total Reconciled Balance
<b>INVESTMENTS</b>				
<i>Wells Fargo Bank</i>				
Stagecoach Sweep Repo	Sweep	\$ 15,234,123	\$ -	\$ 15,234,123
<i>Wells Fargo Brokerage Services, LLC</i>				
FHLB Step 1/24/2028-13	Investment	2,911,710	-	2,911,710
FNMA Step 12/20/2027-13	Investment	2,957,538	-	2,957,538
<i>First Tennessee</i>				
FHLB Step 10/15/2027-13	Investment	8,780,670	-	8,780,670
FHLB Step 10/18/2027-13	Investment	11,458,800	-	11,458,800
FHLB Step 11/9/2027-13	Investment	7,909,040	-	7,909,040
FHLB Step 5/16/2028-14	Investment	6,852,370	-	6,852,370
FHLMC Step 2/4/2030-15	Investment	14,049,195	-	14,049,195
FNMA 1.03 1/30/2018-14	Investment	1,001	-	1,001
FNMA 1 11/29/2017-13	Investment	9,664	-	9,664
FNMA Step 12/13/2027-13	Investment	8,356,435	-	8,356,435
FNMA Step 9/20/2027-13	Investment	4,780,900	-	4,780,900
FNMA Step 9/27/2027-13	Investment	9,899,700	-	9,899,700
FNMA Step 10/4/2027-13	Investment	2,963,310	-	2,963,310
FNMA Step 7/23/2027-13	Investment	2,885,250	-	2,885,250
FNMA Step 8/16/2027-13	Investment	7,729,360	-	7,729,360
FNMA Step 8/27/2027-13	Investment	6,886,040	-	6,886,040
FNMA Step 8/23/2027-13	Investment	3,885,760	-	3,885,760
FNMA Step 8/23/2027-13	Investment	4,851,650	-	4,851,650
FNMA Step 12/21/2027-13	Investment	7,662,960	-	7,662,960
FNMA Step 1/28/2028-15	Investment	7,174,125	-	7,174,125
FNMA 1.05 3/27/2018-13	Investment	1,989	-	1,989
FNMA Step 4/28/2028-13	Investment	1,969,080	-	1,969,080
Total investments		<u>139,210,670</u>	<u>-</u>	<u>139,210,670</u>
Total deposits and investments		<u>160,292,658</u>	<u>-</u>	<u>160,292,658</u>
<i>Accrued Interest Receivable</i>				
Accrued Interest - Pooled Investments	Accrued Int	664,651	-	664,651
Total cash and investments		<u>160,957,309</u>	<u>-</u>	<u>160,957,309</u>
Less balances in City of Las Cruces funds		<u>159,995,258</u>	<u>-</u>	<u>159,995,258</u>
MVRDA cash and investment balance		<u>\$ 962,051</u>	<u>\$ -</u>	<u>\$ 962,051</u>

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Joint Powers Agreements and Memoranda of Understanding**  
**June 30, 2015**

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



## Other Information

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Vendor Information for Purchases Exceeding \$60,000**  
**June 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
There were no vendors greater than \$60,000 during fiscal year 2015.								

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund, and the budgetary comparison of the Mesilla Valley Regional Dispatch Authority (MVRDA), Las Cruces, New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise MVRDA's basic financial statements, and have issued our report thereon dated November 30, 2015.

**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 30, 2015

**Mesilla Valley Regional Dispatch Authority**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2015**

There were no audit findings for the fiscal year ended June 30, 2015.

**Mesilla Valley Regional Dispatch Authority**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2015**

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

**Mesilla Valley Regional Dispatch Authority**  
**Exit Conference and Financial Statement Preparation**  
**For the Year Ended June 30, 2015**

**Exit Conference**

An exit conference was conducted on November 24, 2015, 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
Olga Pedroza	Commissioner

City of Las Cruces (Fiscal Agent)

Mark Winson	Assistant City Manager - Chief Administrative Officer
Victoria Fredrick	Director of Financial Services
Maria Sanchez	Financial Reporting Analyst Senior
Maricela Ortiz	Financial Reporting Analyst

MVRDA

Albert Flores	Deputy Director
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Moss Adams LLP

Brandon Valentini	Partner
Ryan Luetkemeyer	Senior Manager
Lupita Martinez	Senior Manager

**Financial Statement Preparation**

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