

**Mesilla Valley Regional
Dispatch Authority**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018



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RIGGS &
INGRAM

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Introductory Section

Mesilla Valley Regional Dispatch Authority
Table of Contents
June 30, 2018

INTRODUCTORY SECTION

Table of Contents 1-2

Official Roster 3

REPORT

Independent Auditors' Report 5-7

Management's Discussion and Analysis 8-16

BASIC FINANCIAL STATEMENTS

General Fund Balance Sheet and Statement of Net Position 19-20

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and
Statement of Activities 21

General Fund Statement of Revenues, Expenditures, and Changes in
Fund Balance—Budget and Actual 22

Notes to Financial Statements 23-41

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability 43-44

Schedule of Pension Contributions 45-46

Schedule of Employer's Proportionate Share of the Net OPEB Liability of
New Mexico Retiree Health Care Act Plan 47

Schedule of Employer Contributions 48

Notes to Required Supplementary Information 49

SUPPLEMENTARY INFORMATION

Schedule of Pledged Collateral 52

Schedule of Deposit Accounts and Investments 53-54

Schedule of Joint Powers Agreements 55-56

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards* 59-60



**Mesilla Valley Regional Dispatch Authority
Table of Contents
June 30, 2018**

COMPLIANCE SECTION (Continued)

Schedule of Findings and Responses	61
Schedule of Prior Year Findings and Responses	62
Other Disclosures	63

**Mesilla Valley Regional Dispatch Authority
Official Roster
June 30, 2018**

The Board of Directors, none of whom are employed by Mesilla Valley Regional Dispatch Authority, for the year ended June 30, 2018, are:

Name	Title
Benjamin Rawson	Chair
Javier Perea	Vice-Chairman
Joaquin Graham	Board Member
Stuart Ed	Board Member
Greg Smith	Board Member
Fernando Macias	Board Member
Eric Enriquez	Board Member
Nicholas Hempel	Board Member
James "Trey" Gimler	Board Member
Kevin Hoban	Board Member
Patrick Gallagher	Board Member
Kiki Vigil	Board Member
Diana Trujillo	Board Member

Report

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
To the Board of Directors
Mesilla Valley Regional Dispatch Authority
Las Cruces, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the budgetary comparison schedule for the General Fund of the Mesilla Valley Regional Dispatch Authority ("MVRDA") as of and for the year ended June 30, 2018, 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.

Auditors' Responsibility

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

An audit 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 entity'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 we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the budgetary comparison for the General Fund of MVRDA as of June 30, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in Note 5 to the financial statements, MVRDA adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in a cumulative effect of change in accounting principle of (\$2,030,474) to the June 30, 2017 net position for governmental activities. 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 8 through 16, the GASB Supplementary Pension Schedules on pages 43 through 46, the GASB Required OPEB Schedules on pages 47 through 49 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge 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 MVRDA's basic financial statements. The introductory section, the Schedule of Pledged Collateral, the Schedule of Deposit Accounts and Investments, and the Schedule of Joint Powers Agreements within the Supplementary Information section required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Pledged Collateral, the Schedule of Deposit Accounts and Investments, and the Schedule of Joint Powers Agreements within the Supplementary Information section in the table of contents are the responsibility of management and were derived from and relate 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 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, the Schedule of Deposit Accounts and Investments, and the Schedule of Joint Powers Agreements within the Supplementary Information section are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory section 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 December 3, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the MVRDA's 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 the MVRDA's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
December 3, 2018

Mesilla Valley Regional Dispatch Authority Management's Discussion and Analysis For the Year Ended June 30, 2018

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, 2018. 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, deferred outflows, liabilities, and deferred inflows 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, 2018

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 (\$1,664,498) at June 30, 2018, from \$477,989 at June 30, 2017. Actual expenditures exceeded revenue resulting in a change in net position of (\$14,358) for fiscal year 2018.

The decrease in Net position is due primarily to net pension liability and its related in and out flows. As well as the implementation of GASB 75 in the current fiscal year requiring the recognition of other post-employment benefits liability and its related in and out flows. The overall financial position is strong when comparing current assets against current liabilities, but shows a greater need for increased assets to offset these long-term liabilities.

**Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Table 1 summarizes the net position of governmental activities.

**Table 1
Net Position
As of June 30, 2018**

	2018	2017
Assets		
Current assets	\$ 1,472,669	\$ 1,222,239
Capital assets- equipment, net	365,976	415,664
Total assets	1,838,645	1,637,903
Deferred outflows related to pensions	505,346	814,629
Deferred outflows related to OPEB	34,433	-
Total assets	\$ 2,378,424	\$ 2,452,532
Liabilities		
Current liabilities	\$ 133,898	\$ 140,331
Net pension liability	1,529,862	1,807,953
Other post employment benefits liability	1,791,595	-
Total liabilities	3,455,355	1,948,284
Deferred inflows related to pensions	179,804	26,259
Deferred inflows related to OPEB	407,763	-
Total liabilities and deferred inflows of resources	\$ 4,042,922	\$ 1,974,543
Net Position		
Net investment in capital assets	\$ 365,976	\$ 415,664
Unrestricted (deficit)	(2,030,474)	62,325
Total net position	(1,664,498)	477,989
Total liabilities, deferred inflows of resources, and net position	\$ 2,378,424	\$ 2,452,532

**Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Changes in Net Position—Total revenues for the year ended June 30, 2018, were \$3,871,818 compared with expenses of \$3,886,176. Table 2 summarizes the changes in net position for 2018 and 2017, respectively.

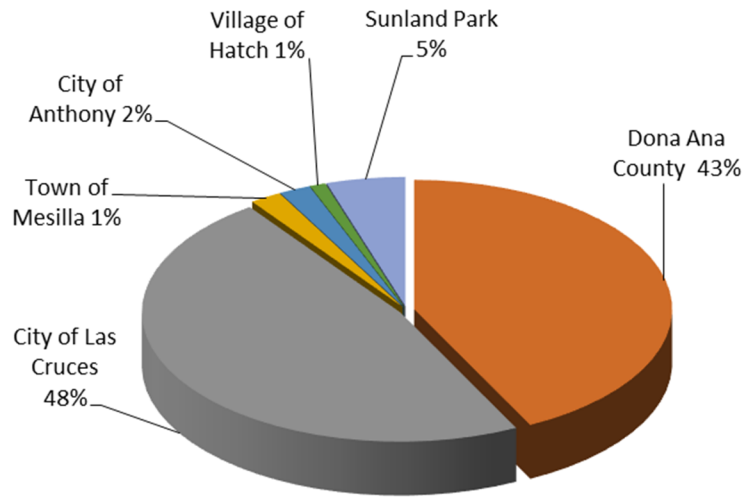
**Table 2
Changes in Net Position
For the Year Ended June 30, 2018**

	2018	2017
Revenues		
Program revenues		
Charges for services	\$ 3,614,955	\$ 3,446,704
Operating grants	-	27,944
General revenues		
Other income	261,518	184,592
Investment income (loss)	(4,655)	(6,358)
Total revenue	3,871,818	3,652,882
Expenses-public safety	3,886,176	3,733,170
Change in net position	(14,358)	(80,288)
Net position, beginning of year, as originally reported	477,989	558,277
Restatement for other post employment benefits cost	(2,128,129)	-
Net position, beginning of year	(1,650,140)	558,277
Net position, end of year	\$ (1,664,498)	\$ 477,989

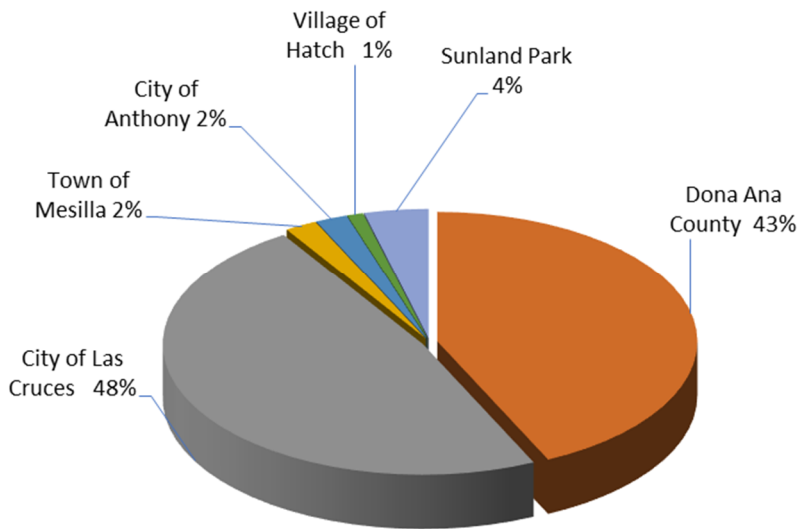
Mesilla Valley Regional Dispatch Authority Management's Discussion and Analysis For the Year Ended June 30, 2018

Charts 1 and 2 shows the revenues by source for fiscal years 2018 and 2017, respectively.

**Chart 1
MVRDA Revenues by Source—2018**



**Chart 2
MVRDA Revenues by Source – 2017**



**Mesilla Valley Regional Dispatch Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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 revenue and expenditures for the year ended June 30, 2018.

**Table 3
General Fund Budgetary Comparison
For the Year Ended June 30, 2018**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 3,614,956	\$ 3,614,956	\$ 3,614,955	\$ (1)
Operating grants	20,000	20,000	-	(20,000)
Investment income (loss)	-	-	(4,655)	(4,655)
Other	145,449	145,449	261,518	116,069
Total revenue	3,780,405	3,780,405	3,871,818	91,413
Expenditures				
Operations	3,988,030	3,988,030	3,614,955	373,075
Total expenditures	3,988,030	3,988,030	3,614,955	373,075
Revenues over (under) expenditures	\$ (207,625)	\$ (207,625)	\$ 256,863	\$ 464,488

In fiscal year 2018 the difference between the final revenue budget and the actual revenue of \$91,413 is primarily the result of more revenue being generated for Alarm Fees than had been estimated in the budget. The differences between the final expenditures budget and the actual expenditures of \$373,075 are the result of efforts to control expenditures throughout the year.

Mesilla Valley Regional Dispatch Authority Management’s Discussion and Analysis For the Year Ended June 30, 2018

Capital Assets

Capital Assets—As of June 30, 2018, the organization’s capital assets totaled \$365,976 net of accumulated depreciation of \$334,411. As of June 30, 2017, the organization’s capital assets totaled \$415,664 net of accumulated depreciation of \$340,535. Major capital assets activity for the year included \$8,962 in additions and \$64,774 of fully depreciated asset deletions.

**Table 4
Capital Assets and
Accumulated Depreciation
For the Year Ended June 30, 2018**

	2018	2017
Equipment	\$ 700,387	\$ 756,199
Accumulated depreciation	(334,411)	(340,535)
Capital assets, net	\$ 365,976	\$ 415,664

During fiscal year 2018, MVRDA purchased \$8,962 in capital assets. No commitments have been made for future capital expenditures.

Economic Outlook

The 2018 economic outlook of the City of Las Cruces shows mild economic improvements with low, steady growth anticipated in the near future.

Goods & Services Production

The Bureau of Economic Analysis (BEA) reports that Gross Metropolitan Product (GMP), which is the value of all goods and services produced within Las Cruces metropolitan statistical area (MSA) grew by only 0.07 percent from 2015 to 2016. This has been the trend in recent years and is expected to continue in the next fiscal year.

Labor Market

The seasonally-adjusted preliminary unemployment rate figures for the City of Las Cruces in February 2018 was 4.9%, which is below the State of New Mexico with a rate of 5.8%, but above the nation at 4.1%. The annual change in the unemployment rate indicates that although the City was not as affected as the State by the Great Recession (December 2007 – June 2009), it is still behind the unemployment rate levels it had prior to the Great Recession. Las Cruces has a large portion of the labor force employed by education, government, and healthcare which creates a certain amount of stability in the unemployment rate.

Enrollment at New Mexico State University is on the decline, but the number of degrees awarded has increased, including the Science, Technology, Engineering, Mathematics, and Health (STEMH) disciplines which comprise about 38% of the Bachelor’s Degrees in 2016.

Mesilla Valley Regional Dispatch Authority Management's Discussion and Analysis For the Year Ended June 30, 2018

Income

The U.S. Census Bureau reports median household income for the City of Las Cruces in 2016 at \$41,215. In comparison, the state of New Mexico has a household income of \$45,674 for 2016. A difference of \$4,459 between the State and the City's median household income. However, even though the City has a smaller median household income than the State, the trend has been positive overall. In 2010 the median household income in the City was \$38,391, which means that median household income has increased \$2,824 in 6 years.

For the City of Las Cruces, about 33% of households earn less than \$24,999 annually. This represents 1 out of every 3 households in the City earn below \$24,999. In comparison to the State, with 29% of households earning below \$24,999, the City has a larger proportion of households earning less annual income. Las Cruces has instituted their own minimum wage above the Federal and State levels that appears to have aided the median wage, but many households remain within \$3.00 per hour of the current minimum wage of \$9.30 per hour. The minimum wage level is anticipated to increase in January of 2019 for Las Cruces pending City Council confirmation in 2018.

Housing Market

Median listing home prices as reported by Trulia.com and Realtor.com in the City of Las Cruces were \$188,928 and \$186,550 respectively for February 2018. This represents a change from January 2018 of \$1,851 for Trulia.com and -\$950 for Realtor.com, which are mixed signals in the housing market. The Federal Housing Financing Agency (FHFA) report the All-Transactions House Price Indexes, which is an index on the purchase-only data by adding prices from appraisal and sales of homes in a geographic area. Las Cruces faces a lower index than compared to the state of New Mexico as a whole.

Local Business

There were 53 new business and 268 businesses renewed permits in February 2018, which are both below their averages for that month from previous years. This continues the recent trend of declining numbers of businesses. As GMP increased slightly, this suggests fewer small businesses (fewer than 20 employees) and that larger businesses (20 or more employees) are capturing more of the market than in prior years.

Technology & Innovation

The number of utility patents assigned by inventors from City of Las Cruces in February 2018 was 4. Once adjusted for population, the City of Las Cruces produces more patents per person than El Paso, but is still behind Albuquerque or Santa Fe. The annual technology production as a percentage of 2016 GMP for Las Cruces MSA is close to 1% of the total GMP. In comparison El Paso, MSA has 4.2% of its GMP from technology, whereas New Mexico has about 5% of its gross product coming from industries in technology.

Tourism

The Average Daily Rate (ADR) is a measure of the room income per month divided by the room nights rented per month. The annual average for 2017 of the ADR is \$82.67 (excluding December). Since January 2016, the average daily rate per room has been increasing. Occupancy rates have remained relatively steady overall at just below 50% for most months, but the most recent months with data (September, October, and November 2017) have occupancy rates higher than the average for Las Cruces from 2011-2017 for those months.

Mesilla Valley Regional Dispatch Authority Management's Discussion and Analysis For the Year Ended June 30, 2018

Concluding Thoughts

Since the Great Recession, the United States has undergone a long, slow growth. This has been true for Las Cruces as well, although the growth is lower than the US as a whole or even the state of NM. The stability of the Las Cruces economy reduces the impact of economic downturns and allows for a mildly positive expectation of the future, but does not portend any high growth spurts without significant changes to the structure of the Las Cruces economy.

AUTHORS:

FRANCISCO PALLARES, ECONOMIST

CHRIS KIOLBASA, INTERIM SR. BUDGET ANALYST

Source: United States Patent and Trademark Office

Source: City of Las Cruces and Jobs EQ

Source: City of Las Cruces Economic Development Department

Source: US Bureau of Economic Analysis

Source: US Bureau of Labor Statistics

Source: US Census Bureau ACS 5 Year Estimates

Source: NMSU Office of Institutional Analysis

Source: US Federal Housing Finance Authority

Source: Zillow.com, Trulia.com, Realtor.com

Source: City of Las Cruces Community Development Department

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:

Mesilla Valley Regional Dispatch Authority
845 N. Motel Blvd
Las Cruces, NM 88007
(575) 525-5810

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Financial Statements

Mesilla Valley Regional Dispatch Authority
General Fund Balance Sheet and Statement of Net Position
June 30, 2018

	General Fund	Adjustments (Note 9)	Statement of Net Position
Assets			
Current assets			
Pooled cash and investments	\$ 1,439,906	\$ -	\$ 1,439,906
Due from other governments	32,763	-	32,763
Total current assets	1,472,669	-	1,472,669
Capital assets			
Equipment, net	-	365,976	365,976
Total assets	1,472,669	365,976	1,838,645
Deferred Outflows of Resources			
Deferred outflows related to pensions	-	505,346	505,346
Deferred outflows related to OPEB	-	34,433	34,433
Total deferred outflows of resources	-	539,779	539,779
Total assets and deferred outflows of resources	\$ 1,472,669	\$ 905,755	\$ 2,378,424

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

	General Fund	Adjustments (Note 9)	Statement of Net Position
Liabilities			
Current liabilities			
Accounts payable	\$ 6,727	\$ -	\$ 6,727
Accrued payroll liabilities	127,171	-	127,171
Total current liabilities	133,898	-	133,898
Long-term Liabilities			
Net Pension Liability	-	1,529,862	1,529,862
Net OPEB Liability	-	1,791,595	1,791,595
Total long-term liabilities	-	3,321,457	3,321,457
Total Liabilities	133,898	3,321,457	3,455,355
Deferred Inflows of Resources			
Deferred inflows related to pensions	-	179,804	179,804
Deferred inflows related to OPEB	-	407,763	407,763
Total deferred inflows of resources	-	587,567	587,567
Fund Balance/Net Position			
Fund balance			
Unassigned	1,338,771	(1,338,771)	-
Total liabilities and fund balance	\$ 1,472,669	\$ 2,570,253	
Net position			
Net investment in capital assets		365,976	365,976
Unrestricted (deficit)		(2,030,474)	(2,030,474)
Total net position		\$ (1,664,498)	\$ (1,664,498)
Total liabilities, deferred inflows, and net position		\$ 905,755	\$ 2,378,424

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, 2018

	General Fund	Adjustments (Note 9)	Statement of Activities
Revenues			
Program revenues			
Charges for services	\$ 3,614,955	\$ -	\$ 3,614,955
General revenues			
Other income	261,518	-	261,518
Investment (loss)	(4,655)	-	(4,655)
Total revenues	3,871,818	-	3,871,818
Expenditures/Expenses			
Current			
Public safety			
Salaries and benefits	3,126,489	-	3,126,489
Telephone	63,125	-	63,125
Insurance	63,502	-	63,502
Repairs and maintenance	196,938	-	196,938
Supplies	74,718	-	74,718
Travel	26,067	-	26,067
Services	33,090	-	33,090
Pension	-	184,737	184,737
Other Post Employment Benefits	-	36,796	36,796
Other	22,064	-	22,064
Depreciation	-	58,650	58,650
Capital outlay	8,962	(8,962)	-
Total expenditures/expenses	3,614,955	271,221	3,886,176
Change in fund balance/net position	256,863	(271,221)	(14,358)
Fund balance/net position,			
beginning of year, as originally reported	1,081,908	(603,919)	477,989
Restatement, Note 1	-	(2,128,129)	(2,128,129)
Fund balance (deficit)/net position, beginning			
of year, as restated	1,081,908	(2,732,048)	(1,650,140)
Fund balance/net position, end of year	\$ 1,338,771	\$ (3,003,269)	\$ (1,664,498)

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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 3,614,956	\$ 3,614,956	\$ 3,614,955	\$ (1)
Operating grants	20,000	20,000	-	(20,000)
Other	145,449	145,449	261,518	116,069
Investment income (loss)	-	-	(4,655)	(4,655)
Total revenues	3,780,405	3,780,405	3,871,818	91,413
Expenditures				
Current				
Public safety				
Salaries and benefits	3,160,590	3,160,590	3,126,489	34,101
Telephone	80,000	80,000	63,125	16,875
Insurance	86,800	86,800	63,502	23,298
Repairs and maintenance	407,160	409,102	196,938	212,164
Supplies	107,800	106,440	74,718	31,722
Travel	30,840	31,200	26,067	5,133
Services	53,840	52,898	33,090	19,808
Other	31,000	31,000	22,064	8,936
Capital outlay	30,000	30,000	8,962	21,038
Total expenditures	3,988,030	3,988,030	3,614,955	373,075
Change in fund balance	(207,625)	(207,625)	256,863	464,488
Fund balance, beginning of year	1,081,908	1,081,908	1,081,908	-
Fund balance, end of the year	\$ 874,283	\$ 874,283	\$ 1,338,771	\$ 464,488

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

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Mesilla Valley Regional Dispatch Authority (MVRDA) was formed through a Joint Powers Agreement (JPA) between the City of Las Cruces, Dona Ana County, the Village of Hatch, the Town of Mesilla, the City of Sunland Park, and the City of Anthony. The JPA provides for a governing board for the MVRDA. The MVRDA is governed by a board that consists of thirteen members including an elected official of the City of Las Cruces, appointed by the City Council; a member of the Dona Ana County Board of Commissioners, appointed by the Commission; the City of Las Cruces Manager; the Dona Ana County Manager; the City of Las Cruces Police Chief; the Dona Ana County Sheriff; the City of Las Cruces Fire Chief; the Dona Ana County Fire Chief; one member appointed by the Board of Trustees for the Town of Mesilla; one member appointed by the Board of Trustees for the Village of Hatch; one member appointed by the City Council for the City of Sunland Park; one member appointed by the City Council for the City of Anthony; and one member shall be appointed by a majority vote of the MRDA Board.

The JPA outlines financial contributions of all members of the JPA. The amount of contributions to the MVRDA budget for Mesilla, Hatch, Sunland Park, and Anthony shall be determined by the MVRDA Board on an annual basis as part of the process for a budget proposal to the City of Las Cruces and Dona Ana County. The contributions shall be based on the number of calls expected for response within Mesilla, Hatch, Sunland Park, and Anthony, and not based upon a percentage of the MVRDA budget. The remaining contribution requirements are assessed to the City of Las Cruces and Dona Ana County via a 53%, 47% split respectively. The JPA provides that if the agreement is terminated, all real or personal property contributed by the parties shall be returned to the respective party that contributed such property and any surplus real or personal property or any surplus money accrued by MVRDA pursuant to the JPA shall be returned to the City of Las Cruces, Dona Ana County, Hatch, Mesilla, Sunland Park, and Anthony, in proportion to the most recent budgetary contribution percentages applicable.

MVRDA is 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.

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, 2018

NOTE 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 for equipment 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. The legal level of budgetary control is at the fund level. 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, 2018

NOTE 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:

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".

Where there are expenditures for purposes for which both restricted and unrestricted net position are available it is the intent of MVRDA to first expend restricted funds. However, MVRDA has not had any reported restricted funds in more than 5 years.

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, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, 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.

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, 2018, MVRDA implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* which established standards for measuring and recognizing other postemployment benefits (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to other postemployment benefits provided through participating plans. In addition, Statement No. 75 requires disclosure of information related to other postemployment benefits. Net position as of July 1, 2017, has been restated as follows:

Net position as previously reported at June 30, 2017	\$ 477,989
<u>Prior period adjustment – Implementation of GASB 75:</u>	<u>(2,128,129)</u>
<u>Net Position as restated July 1, 2017</u>	<u>\$ (1,650,140)</u>

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. 84: *Fiduciary Activities*, which will impact MVRDA
- ◆ Statement No 87: *Leases*
- ◆ Statement No. 88: *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- ◆ Statement No. 89: *Accounting for Interest Cost Incurred before the End of a Construction Period*
- ◆ Statement No. 90: *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 2: POOLED CASH AND INVESTMENTS

MVRDA participates in a pool of cash and investments maintained by the Treasurer of the City of Las Cruces. Pooled cash and investments are reported at fair value.

MVRDA's equity in City's cash and investment pool \$ 1,439,906

At June 30, 2018, the City's cash and investment pool consist of the following:

	Pooled Cash & Investments
Carrying amount of bank deposits	\$ 13,683,279
Investments at fair value	140,941,241
Accrued interest	645,271
<u>Total cash and investment pool</u>	<u>\$ 155,269,791</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, 2018, the City's deposits, totaling \$64,596,307, 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, 2018, 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	\$ 10,376,615	
U.S. agency coupon bonds	126,581,306	12.81
U.S. Treasury Bills	3,983,320	0.22
<u>Total Pooled Investments</u>	<u>\$ 140,941,241</u>	

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 2: POOLED CASH AND INVESTMENTS (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 \$108,540,495 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, 2018, the City's investments in coupon bonds of U.S. agencies were rated AA+ or better by Standard & Poor's and Aaa by Moody's Investors Service. 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, 2018, 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, 2018, 35% of the City's investment pool was in Fannie Mae (FNMA), 31% was in Federal Home Loan Mortgage Corporation (FHLMC), 24% in Federal Home Loan Bank (FHLB), 7% was in Federal Farm Credit Bank (FFCB) and 3% was in U.S. Treasuries.

Fair Market Value Hierarchy. The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets: Level 2 inputs are significant other observable inputs: Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Level 1	Level 2
Overnight repurchase agreement	\$ -	\$ 10,376,615
U.S. agency coupon bonds	126,581,306	-
U.S. treasury bills	3,983,320	-
Total Pooled Investments	<u>\$ 130,564,626</u>	<u>\$ 10,376,615</u>

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 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, 2018, the amounts receivable from these entities which are as follows:

Due From Other Governments	32,763
Total	\$ 32,763

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balances June 30, 2017	Additions	Retirements	Balances June 30, 2018
Equipment	\$ 756,199	\$ 8,962	\$ (64,774)	\$ 700,387
Less accumulated depreciation	(340,535)	(58,650)	64,774	(334,411)
Capital assets, net	\$ 415,664	\$ (49,688)	\$ -	\$ 365,976

Depreciation expense was charged to Public Safety, totaling \$58,650 for the year ended June 30, 2018.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 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 2018, operating contributions include \$1,740,625 from the City, \$1,543,573 from the County, \$47,780 from Hatch, \$164,700 from Sunland Park, \$69,027 from the City of Anthony, and \$49,250 from Mesilla.

NOTE 6: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

According to the Department of Finance and Administration (DFA), compliant with the requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The City including MVRDA, as part of the primary government of the State of New Mexico, is a contributing employer to the cost-sharing multiple employer defined benefit pension plan administered by the PERA. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the CAFR of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of Santa Fe Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

The Public 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 Officers, 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), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 6: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tire I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member’s final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivor’s annuities are also available.

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, 2017 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.pdf).

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.

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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY17 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association FY2017.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2017.pdf)

The PERA coverage options that apply to MVRDA are 1.14% of the City’s proportionate share. Statutorily required contributions to the pension plan from MVRDA were \$256,302 and employer paid member benefits that were “picked up” by the employer were \$127,892 for the year ended June 30, 2018.

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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 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, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to FY 2017 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, 2018, MVRDA reported a liability of \$1,529,862 for its proportionate share of the net pension liability. At June 30, 2018, the MVRDA's proportion was 1.14% of the City's proportionate allocation.

For the year ended June 30, 2018, MVRDA recognized PERA pension expense of \$184,737.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 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
Changes of assumptions	\$ 137,280	\$ 30,766
Differences between expected and actual experience	116,986	129,928
Net difference between projected and actual earnings on pension plan investments	244,267	-
Changes in proportion and differences between SCSWA's contributions and proportionate share of contributions	6,812	19,110
Contributions subsequent to the measurement date	127,892	-
Total	\$ 633,237	\$ 179,804

Deferred outflows of resources of \$127,892 related to pensions resulting from MVRDA'S contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year ended June 30:	
2019	\$ 81,385
2020	81,385
2021	81,385
2022	81,386
	325,541

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 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, 2016 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, 2017 using generally accepted actuarial principles. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial Assumptions:	
· Investment rate of return	7.51% annual rate, net of investment expense
· Projected benefit payment	100 years
· Payroll Growth	2.75% for first 9 years, then 3.25% annual rate
· Projected salary increases	2.75% to 14.00% annual rate
· Includes inflation at	2.25% annual rate first 9 years, 2.75% all other years
· Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
· Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2016 (economic)

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 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:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets to include Real Estate Equity	20.00%	7.35%
Total	<u>100.0%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.51 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 GASBS 67. Therefore, the 7.51% 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 (6.51%) or one percentage point higher (8.51%) than the single discount rate.

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
City of Las Cruces' proportionate share of the net pension liability	1,326,152	1,529,862	1,733,572

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

General Information about the OPEB

Plan description. Employees of the Agency are provided with OPEB through the Retiree Health Care Fund (“the Fund”)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (“NMRHCA”). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (“the Act”) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	97,349

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Agency were \$33,944 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2017, the Agency reported a liability of \$1,791,595 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Agency’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2018, the Agency’s proportion was 0.03953 percent.

For the year ended June 30, 2018, the recognized OPEB expense of \$71,228. At June 30, 2018 the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 313,238
Net difference between projected and actual earnings on pension plan investments	-	25,773
Agency's contributions subsequent to the measurement date	34,433	-
Difference between expected and actual experience	-	68,752
Total	\$ 34,433	\$ 407,763

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

Deferred outflows of resources totaling \$34,433 represent the Agency’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(86,693)
2020		(86,693)
2021		(86,693)
2022		(86,693)
2023		(60,991)
Total	\$	(407,763)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Mesilla Valley Regional Dispatch Authority
Notes to Financial Statements
June 30, 2018

NOTE 7: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Agency, as well as what the Agency’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 2,173,177	\$ 1,791,595	\$ 1,492,210

The following presents the net OPEB liability of the Agency, as well as what the Agency’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rates	1% Increase
\$ 1,523,875	\$ 1,791,595	\$ 2,000,351

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

Payable Changes in the Net OPEB Liability. At June 30, 2018, the Agency had no payables for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 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 and there are no contingent liabilities. 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, 2018

NOTE 9: ADJUSTMENTS

The general fund surplus of \$1,338,771 differs from total net position balance of (\$1,664,498) reported on the statement of net position and governmental funds balance sheet as follows:

Fund balance	\$	1,338,771
Capital assets are not financial resources and, therefore, are not reported in the general fund		365,976
Net pension assets are not available for operations and, therefore, are not reported in the funds		505,346
Other Post employment Benefits are not available for operations and, therefore, are not reported in funds		34,433
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds		(1,709,666)
Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds		(2,199,358)
Total net position	\$	(1,664,498)

The net increase of the fund balance of MVRDA's governmental funds revenues, expenditures, and changes in fund balances of \$256,863, differs from the net decrease in net position of \$14,358 reported on the statement of activities as follows:

Revenues over expenditures	\$	256,863
Capital outlay		8,962
Pension costs actuarially determined		(184,737)
Other Post Employment Benefits Costs		(36,796)
Depreciation		(58,650)
Net change in net position	\$	(14,358)

NOTE 10: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 3, 2018, which is the date on which the financial statements were available to be issued.

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		
	2018	2017	2016
MVRDA's proportion of the City's net pension liability	4.359%	2.932%	1.360%
MVRDA's proportionate share of the net pension liability	\$ 1,529,862	\$ 1,807,953	\$ 961,779
MVRDA's covered-employee payroll	\$ 1,607,699	\$ 1,469,601	\$ 1,537,846
MVRDA's proportionate share of the net pension liability as a percentage of its covered employees payroll	95.16%	123.02%	62.54%
Plan fiduciary net position as a percentage of the total pension liability	88.52%	112.46%	65.44%

*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.

See notes to required supplementary information.

Fiscal Year

2015

1.835%

\$ 723,781

\$ 1,554,006

46.58%

47.08%

See notes to required supplementary information.

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

	Fiscal Year		
	2018	2017	2016
Statutorily required contribution	\$ 146,903	\$ 118,970	\$ 106,270
MVRDA's contributions in relation to the statutorily required contribution	146,903	118,970	106,270
MVRDA's contribution deficiency (excess)	\$ -	\$ -	\$ -
MVRDA's covered-employee payroll	\$ 1,728,267	\$ 1,607,699	\$ 1,469,601
MVRDA's contribution as a percentage of covered-employee payroll	8.50%	7.40%	7.23%

*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.

See notes to required supplementary information.

Fiscal Year	
2015	2014
\$ 110,400	\$ 104,525
110,400	104,525
\$ -	\$ -
<u>\$ 1,537,848</u>	<u>\$ 1,554,006</u>
7.18%	6.73%

See notes to required supplementary information.

**Mesilla Valley Regional Dispatch Authority
 Schedule of Employer's Proportionate Share of the Net OPEB Liability of
 New Mexico Retiree Health Care Act Plan
 New Mexico Retiree Health Care Authority (NMRHCA) Plan
 Last 10 Fiscal Years***

		2018 Measurement Date (As of and for the Year Ended June 30, 2017)
MVRDA proportion of the net OPEB liability		0.03953%
MVRDA proportionate share of the net OPEB liability	\$	1,791,595
MVRDA covered-employee payroll	\$	1,714,596
MVRDA proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		104.49%
Plan fiduciary net position as a percentage of the total OPEB liability		11.34%

*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.

See notes to required supplementary information.

**Mesilla Valley Regional Dispatch Authority
Schedule of Employer Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years***

		As of and for the Year Ended June 30, 2018
Contractually required contributions	\$	34,434
Contributions in relation to the contractually required contribution		(34,434)
Contribution deficiency (excess)	\$	-
City of Las Cruces' covered-employee payroll	\$	1,714,596
Contributions as a percentage of covered-employee payroll		2.00%

*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.

See notes to required supplementary information.

Mesilla Valley Regional Dispatch Authority
Notes to Required Supplementary Information
June 30, 2018

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

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 FY17 audit available at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2017.pdf

Changes of assumptions The PERA of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2017-PERA-Valuation-Report-FINAL.pdf>.

The summary of Key Findings for the PERA Fund (on page 2 of the report).

NEW MEXICO RETIREE HEALTH CARE AUTHORITY (NMRHCA) PLAN

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.3_0.17.pdf.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NMRHCA_5507316_Final_per_Auditor_update_Final_Report_11.21.17.pdf. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

Supplementary Information

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Mesilla Valley Regional Dispatch Authority
Schedule of Pledged Collateral
June 30, 2018

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

DEPOSITS

Institution/Security	CUSIP #	Maturity Date	Safe Keeping Location	Market Value
Wells Fargo Bank, NA			BNY Mellon	
FMAC FGPC 3.500% 07/01/2045	3128MJWQ9	7/01/2045		\$ 128,757
FNMA FNMS 3.500% 09/01/47	31418CPE8	9/01/2047		70,776,646
				\$ 70,905,403

Summary of Collateralization

Wells Fargo Bank

Ending bank balance	\$ 64,596,307
Less: FDIC insurance	(500,000)

Total uninsured public funds	\$ 64,096,307
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Pledged collateral held by the pledging bank's trust department in the City's name	\$ 70,905,403
100% collateral requirement	64,096,307

Pledged collateral in excess of requirement	\$ 6,809,096
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Uninsured and uncollateralized	\$ -
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**Mesilla Valley Regional Dispatch Authority
Schedule of Deposit Accounts and Investments
June 30, 2018**

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	Other Cash & Investments	Total Reconciled Balance	On Deposit 6/30/2018
DEPOSIT ACCOUNTS					
<i>Wells Fargo Bank</i>					
Community Development	Checking	\$ -	\$ -	\$ -	\$ 244,991
Community Development Home Rehab	Checking	-	-	-	61,098
Community Development Home Program	Checking	-	-	-	6,221
Metro Narcotics Agency	Savings	-	-	-	95,674
2006 Water Projects	Savings	131,034	-	131,034	131,034
Revenue Bonds Proceeds	Savings	-	-	-	48,954,817
Treasury Fund - Operating	Checking	15,088,030	-	15,088,030	15,082,563
Payroll Direct Deposit Account	Checking	(442,559)	-	(442,559)	-
Accounts Payable	Checking	(1,292,910)	-	(1,292,910)	-
On Demand	Checking	4,277	-	4,277	19,910
Depository	Checking	116,024	-	116,024	-
Credit Card	Checking	24,466	-	24,466	-
Electronic	Checking	54,917	-	54,917	-
TOTAL DEPOSIT ACCOUNTS		\$ 13,683,279	\$ -	\$ 13,683,279	\$ 64,596,308

Pooled Investments

INVESTMENTS

Wells Fargo Bank

Stagecoach Sweep Repo	Sweep	\$ 10,376,615	\$ -	\$ 10,376,615
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First Tennessee

FFCB 1.45 6/3/2019	Investment	1,982,480	-	1,982,480
FFCB 2.24 11/10/2027-16	Investment	4,593,100	-	4,593,100
FFCB 2.24 7/6/2027-17	Investment	2,758,350	-	2,758,350
FHLB 0 11/30/2018	Investment	3,965,960	-	3,965,960
FHLB 2.2 10/13/2026-17	Investment	922	-	922
FHLB 2.35 12/27/2024-16	Investment	775,399	-	775,399
FHLB Step 5/9/2031-16	Investment	7,060,050	-	7,060,050
FHLB Step 9/15/2027-18	Investment	9,694,500	-	9,694,500
FHLMC Step 2/23/2031-16	Investment	10,162,900	-	10,162,900
FHLMC Step 4/20/2032-17	Investment	4,817,150	-	4,817,150
FHLMC Step 5/23/2031-16	Investment	16,848,135	-	16,848,135
FHLMC Step 5/23/2031-16	Investment	11,359,080	-	11,359,080
FNMA Step 2/10/2031-17	Investment	3,909,320	-	3,909,320
FNMA Step 2/20/2031-17	Investment	\$ 7,678,400	-	\$ 7,678,400
FNMA Step 2/24/2031-17	Investment	7,806,000	-	7,806,000
FNMA Step 3/10/2031-17	Investment	14,138,080	-	14,138,080
FNMA Step 4/7/2031-17	Investment	15,066,880	-	15,066,880
T-Bill 09/20/2018	Investment	3,983,320	-	3,983,320

Stifel Nicolaus

FHLB 1.375 5/28/2019	Investment	3,964,600	-	3,964,600
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TOTAL INVESTMENTS		140,941,241	-	140,941,241
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TOTAL DEPOSITS AND INVESTMENTS		154,624,520	-	154,624,520
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Other Cash:

Petty Cash & Change Funds	Cash	-	-	-
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Accrued Interest Receivable

Accrued Interest - Pooled Investments	Accrued Int	645,271	-	645,271
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TOTAL CASH AND INVESTMENTS		\$ 155,269,791	\$ -	\$ 155,269,791
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Less: balances in City of Las Cruces Funds		(153,829,885)	-	(153,829,885)
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MVRDA pooled cash and investment balance		1,439,906	-	1,439,906
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**Mesilla Valley Regional Dispatch Authority
Schedule of Joint Powers Agreements
June 30, 2018**

Participants	Responsible Party	Description	Beginning Date
City of Las Cruces	MRVDA	Operate a combined communications center	September 5, 2006
Dona Ana County	MRVDA	Operate a combined communications center	September 5, 2006
Town of Mesilla	MRVDA	Operate a combined communications center	September 5, 2006
Village of Hatch	MRVDA	Operate a combined communications center	September 5, 2006
City of Sunland Park	MRVDA	Operate a combined communications center	September 5, 2006
City of Anthony	MRVDA	Operate a combined communications center	November 2011

Ending Date	Project Amount	FY2018 Revenue	Audit Responsibility
Perpetual	\$ 1,740,625	\$ 1,740,625	City of Las Cruces
Perpetual	\$ 1,543,573	\$ 1,543,573	City of Las Cruces
Perpetual	\$ 49,250	\$ 49,250	City of Las Cruces
Perpetual	\$ 47,780	\$ 47,780	City of Las Cruces
Perpetual	\$ 164,700	\$ 164,700	City of Las Cruces
Perpetual	\$ 69,027	\$ 69,027	City of Las Cruces

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Compliance Section

**REPORT 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***

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
To the Board of Directors
Mesilla Valley Regional Dispatch Authority
Las Cruces, New Mexico

We have audited, 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, financial statements of the governmental activities, the General Fund, and the budgetary comparison schedule for the General Fund of the Mesilla Valley Regional Dispatch Authority ("MVRDA") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise MVRDA's basic financial statements, and have issued our report thereon dated December 3, 2018.

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 opinions 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 MVRDA'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 MVRDA'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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
December 3, 2018



**Mesilla Valley Regional Dispatch Authority
Schedule of Findings and Responses
For the Year Ended June 30, 2018**

There were no audit findings for the fiscal year ended June 30, 2018.



**Mesilla Valley Regional Dispatch Authority
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2018**

There were no audit findings for the fiscal year ended June 30, 2017.

**Mesilla Valley Regional Dispatch Authority
Other Disclosures
For the Year Ended June 30, 2018**

Exit Conference

An exit conference was conducted on November 28, 2018 with the following individuals in attendance:

MVRDA Board of Directors

Javier Perea	Vice-Chairman
Eric Enriques	Board Member
Stuart Ed	Board Member

City of Las Cruces (Fiscal Agent)

William Studer	Assistant City Manager – Acting Director of Financial Services
Jennifer Vega-Brown	City Attorney
Karin Byrum	Treasurer
Josie Medina	Financial Reporting Analyst Senior
Joshua Saffell	Financial Reporting Analyst

MVRDA

Hugo Castro	Executive Director
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Carr, Riggs & Ingram, LLC

Danny Martinez, CPA, CGFM	Partner
Alan D. "A.J." Bowers, Jr., CPA	Partner
Vicki Dallas, CPA	Manager

Financial Statement Preparation

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