

# Metro Narcotics Agency

## FINANCIAL STATEMENTS

For the Year Ended June 30, 2019



**CRI** CARR  
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## **Introductory Section**

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**Metro Narcotics Agency  
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**Metro Narcotics Agency  
Official Roster  
June 30, 2019**

The Board of Directors, none of whom are employed by Metro Narcotics Agency, for the year ended June 30, 2019, are:

<b><u>Name</u></b>	<b><u>Title</u></b>
William Weisler	Chairman
Patrick Gallagher	Vice Chairman
Ken Miyagishima	Board Member
Bill Studer	Board Member
Fernando Macias	Board Member
Ramon Gonzalez	Board Member
Kim Stewart	Board Member
Mark D'Antonio	Board Member

## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón  
New Mexico State Auditor  
To the Board of Directors  
Metro Narcotics Agency  
Las Cruces, New Mexico

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison for the general fund and major special revenue funds of the Metro Narcotics Agency ("Metro") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Metro'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, each major fund, and the budgetary comparisons for the general fund and major special revenue funds of Metro as of June 30, 2019, and the respective 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***

#### *Reporting Entity*

As discussed in Note 1, the financial statements of Metro are intended to present the financial position and the changes in financial position of only the Metro Narcotics Agency. They do not purport to, and do not, present fairly the financial position of the City of Las Cruces, as of June 30, 2019, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. 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 11 through 18 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 Metro's basic financial statements. The introductory section, the schedule of pledged collateral, the schedule of deposit accounts and investments, the schedule of joint powers agreements, and other disclosures 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 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 are fairly stated, in all material respects, in relation to the financial statements taken as a whole.


The introductory section and other disclosures have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of Metro'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 Metro'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 Metro's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
December 2, 2019



## **Metro Narcotics Agency Management's Discussion and Analysis For the Year Ended June 30, 2019**

This management discussion and analysis for the Metro Narcotics Agency ("Metro" or "Metro Narcotics") presents an overview of the financial performance during the year ended June 30, 2019. It is intended to be read in conjunction with the financial statements, which follow this section.

Metro Narcotics operates under a joint powers agreement between city, county, and state law enforcement agencies to provide intervention and prosecution of drug and drug related activities. It is the mission of the organization to improve the quality of life for the citizens of the City of Las Cruces (the "City") and Doña Ana County (the "County"), New Mexico by working to rid the community of illegal drugs and to bring to prosecution those responsible for the distribution and trafficking of illegal drugs and contraband.

The board of directors and its management value fiscal and programmatic accountability. Metro is the steward for contributions from participating governments and grant dollars, it operates as a governmental fund.

### **Overview of Financial Statements**


This annual report consists of four parts:

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 fund and organization-wide financial statements.

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

The statement of net position presents information on all of Metro's assets, deferred outflows, liabilities and deferred inflows, with the difference 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.



## Metro Narcotics Agency Management's Discussion and Analysis For the Year Ended June 30, 2019

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

The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance are fund financial statements that provide detailed information about the individual funds—not Metro Narcotics as a whole. Fund financial statements also present budgetary comparisons. These funds focus on how cash and other financial assets flow in and out, and the balances left at year-end that are available for spending. Consequently, the governmental funds provide 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 Metro's programs.

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

### **Fiscal Agent**

The City is the fiscal agent for Metro Narcotics. As fiscal agent, the City establishes funds to account for money allocated to a particular purpose, and to demonstrate compliance with requirements of certain grants.

### **Financial Analysis of Metro Narcotics as a Whole**

*Net Position*—In 2019, net position increased to \$618,793 from \$490,276 in 2018. Actual revenues exceeded actual expenditures resulting in a net position increase of \$128,517.

The increase in net position is primarily due to an increase in 2019 of contributions from the City and County than there was in fiscal year 2018. There were also slight increases in due from other governments which also contributed to the increase in net position.

The General Fund shows an \$119,457 increase in fund balance for the year ended June 30, 2019. This is due to an increase in contributions (charges for services) from the City and County of approximately \$100k each and an increase in expenses of approximately \$100k.

The Seized Assets – DOJ fund shows no change in fund balance. This is due to no current year activity.

The Seized Assets – Treasury fund shows no change in fund balance. This is due to no current year activity.

The Seized Assets –State fund shows no change in fund balance. This is due to little current year activity.

**Metro Narcotics Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

Table 1 summarizes the net position of its governmental activities.

**Table 1  
Net Position  
As of June 30, 2019**

	2019	2018
<b>Assets</b>		
Current assets	\$ 470,543	\$ 270,029
Capital assets- equipment, net	236,912	227,852
<b>Total assets</b>	<b>\$ 707,455</b>	<b>\$ 497,881</b>
<b>Liabilities</b>		
Current and other liabilities	\$ 88,662	\$ 7,605
<b>Total liabilities</b>	<b>88,662</b>	<b>7,605</b>
<b>Net position</b>		
Net investment in capital assets	236,912	227,852
Restricted for seized assets	1,466	1,466
Unrestricted	380,415	260,958
<b>Total net position</b>	<b>618,793</b>	<b>490,276</b>
<b>Total liabilities and net position</b>	<b>\$ 707,455</b>	<b>\$ 497,881</b>

**Metro Narcotics Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

*Changes in Net Position*—Total revenues for the year ended June 30, 2019, were \$690,850 compared with expenses of \$562,333. Total revenues for the year ended June 30, 2018, were \$476,272 compared with expenses of \$678,453. Table 2 summarizes the changes in net position for the year.

**Table 2  
Changes in Net Position  
For the Years Ended June 30, 2019**

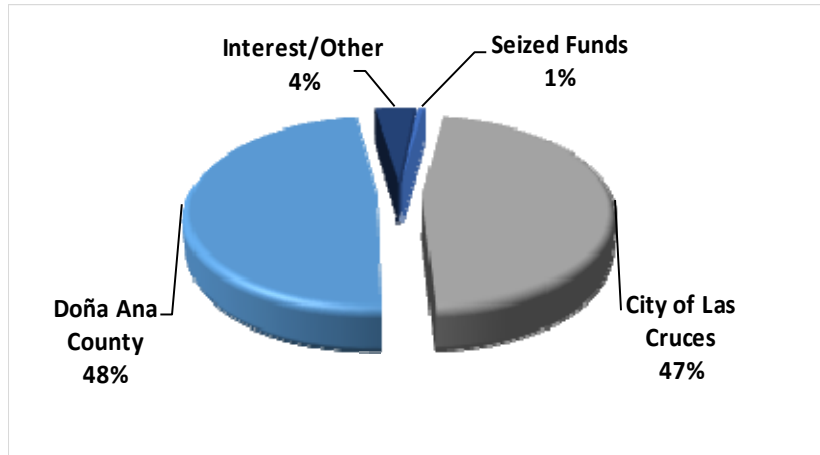
	2019	2018
<b>Revenues</b>		
Program revenues:		
Operating grants	\$ 14,302	\$ 16,693
Charges for services	658,215	451,086
General revenue:		
Investment income (loss)	13,954	(1,241)
Other revenues	4,379	9,734
<b>Total revenue</b>	<b>690,850</b>	<b>476,272</b>
<b>Expenses – law enforcement</b>	<b>562,333</b>	<b>678,453</b>
Change in net position	128,517	(202,181)
Net position, beginning of year	490,276	692,457
Net position, end of year	<b>\$ 618,793</b>	<b>\$ 490,276</b>

*Grant Activities*—For the period ended June 30, 2019, operating grants included a \$14,302 Federal Bureau of Investigation grant.

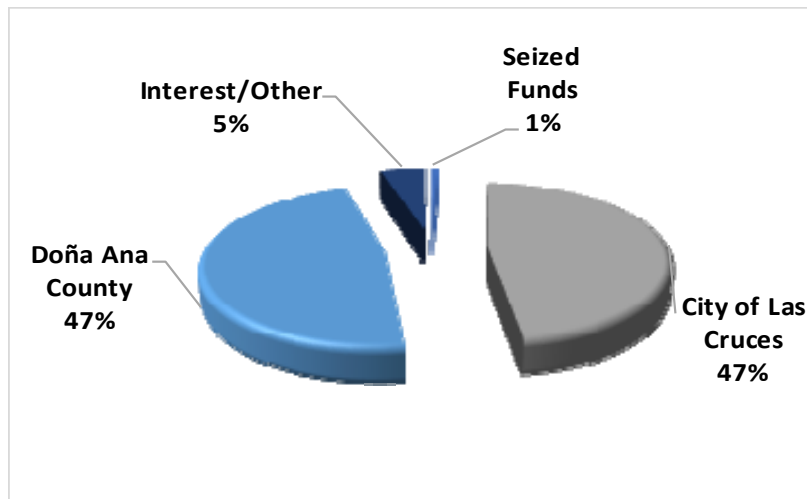
**Metro Narcotics Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

Charts 1 and 2 show the revenues by source for fiscal years 2019 and 2018, respectively.

**Chart 1  
2019 Revenues by Source**



**Chart 2  
2018 Revenues by Source**



**Metro Narcotics Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

*Budgetary Information*—The board of directors approves the annual budget and, when necessary, revisions to the existing budget. Metro makes every effort to ensure operational and grant expenditures do not exceed funds available. Table 3 summarizes the variance between the budgeted and actual expenditures for the year ended June 30, 2019.

**Table 3  
Budgetary Comparison – Aggregate of All Funds  
For the Year Ended June 30, 2019**

	Budget		Actual	Variance	Percent Variance
	Original	Final			
<b>Revenues</b>					
Operating grants	\$ 30,000	\$ 54,000	\$ <b>14,302</b>	\$ (39,698)	-74%
Charges for services	681,086	625,543	<b>658,215</b>	32,672	5%
Investment income	-	-	<b>13,954</b>	13,954	0%
Other revenues	-	10,000	<b>4,379</b>	(5,621)	-56%
Total revenue	711,086	689,543	<b>690,850</b>	1,307	0%
<b>Expenditures</b>					
Law enforcement	631,086	715,086	<b>493,712</b>	221,374	31%
Capital outlay	80,000	-	<b>77,681</b>	(77,681)	0%
Total expenditures	711,086	715,086	<b>571,393</b>	143,693	20%
Revenues (under) over expenditures	\$ -	\$ (25,543)	\$ <b>119,457</b>	\$ 145,000	568%

In fiscal year 2019, the increase from the original revenue budget to the final revenue budget is due to the acceptance of a Federal Bureau of Investigations grant during mid-year. The differences between the final budget and the actual results are related to grant activity which crossed fiscal year so that the expense and revenue were less than the budget, an unexpected decline in investment income, and less seizure activity than had been anticipated. The total of all revenues was greater than the final budget in the amount of \$1,307.

The increase from the original expenditure budget and the final expenditure budget in fiscal year 2019 is due to the allocation of a new grant received mid-year, an increase to the seized asset expenditures to spend out remaining fund balances, and an increase for capital outlay. This caused a variance between the final budget and the actual resulting in total expenditures to be at 20% less than budget in the amount of \$143,693.



**Metro Narcotics Agency  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2019**

**Capital Assets**

As of June 30, 2019, the organization’s capital assets totaled \$236,912 net of accumulated depreciation of \$949,284. As of June 30, 2018, the organization’s capital assets totaled \$227,852 net of accumulated depreciation of \$889,811.

Table 4 provides details of the net capital assets.

**Table 4  
Capital Assets and  
Accumulated Depreciation  
For the Year Ended June 30, 2019**

	<b>2019</b>	<b>2018</b>
Metro equipment	\$ 101,828	\$ 24,147
Seized equipment	741,560	741,560
HIDTA equipment	342,808	351,956
Total equipment	1,186,196	1,117,663
Accumulated depreciation	(949,284)	(889,811)
	<b>\$ 236,912</b>	<b>\$ 227,852</b>

During the fiscal year 2019 asset additions totaled \$77,681 and retirements totaled \$9,148, resulting in an increase in total equipment of \$68,533. No commitments have been made for future capital expenditures.

**Economic Outlook**

The 2019 economic outlook of the City of Las Cruces shows mixed economic conditions with low growth anticipated in the future.

Since the Great Recession, the City of Las Cruces has undergone a long, slow growth. The industry structure of Las Cruces which is reliant on government, health care, and education provides relative stability in Las Cruces economy, however, although these sectors are stable, they are not expected to grow much. There are no expected growth scenarios without significant changes to the structure of the Las Cruces economy.

The seasonally adjusted preliminary unemployment rate figures for the City of Las Cruces in February 2019 was 4.7%, which is below the State of New Mexico with a rate of 5.1%, but above the nation at 3.8%.

## **Metro Narcotics Agency Management's Discussion and Analysis For the Year Ended June 30, 2019**

The U.S. Census Bureau reports median household income for the City of Las Cruces in 2017 at \$40,924. In comparison, the state of New Mexico has a household income of \$46,718 for 2017, a difference of \$5,794 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 since 2010, but decreasing since 2015. In 2015 the median household income in the City was \$41,330 which means that median household income has decreased \$406 in 2 years, but it has increased \$2,533 since 2010.

Median listing home prices have been increasing since June 2017. The median listing home prices according to the three websites are: \$190,500, \$185,000, and \$196,675 for Zillow.com, Trulia.com, and Realtor.com respectively in February 2019. It is important to point out that even though there is an upward trend in home prices, there are steep fluctuations in median listing prices of homes in the City of Las Cruces.

The new business registrations data indicates a downward tendency in new business registrations. In February 2019, there were 30 new business registrations, which is below the 2010-2018 average for February at 58. Business registration renewals indicate that on February 2019, 173 business renewed their registrations with the City. This is smaller than the 2018 figures for the same month by 95.

#### **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 Metro Narcotics' 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 Metro Narcotics Board at:

Metro Narcotics Board of Directors  
217 E. Picacho  
Las Cruces, NM  
(575) 528-4200

## **Basic Financial Statements**

**Metro Narcotics Agency**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**June 30, 2019**

	General Fund	Seized Assets-DOJ Fund	Seized Assets-Treasury Fund
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 407,580	\$ -	\$ -
Restricted cash and cash equivalents	-	-	1,306
Due from other funds	23,491	-	-
Due from other governments	61,497	-	-
Total current assets	492,568	-	1,306
Capital assets - equipment, net	-	-	-
<b>Total assets</b>	<b>\$ 492,568</b>	<b>\$ -</b>	<b>\$ 1,306</b>
<b>Liabilities</b>			
Current liabilities			
Due to Metro general fund	\$ -	\$ 23,491	\$ -
Accounts payable	86,859	-	-
Accrued payroll liabilities	1,803	-	-
Total current liabilities	88,662	23,491	-
<b>Fund balance/net position</b>			
Restricted for seized assets	-	-	1,306
Committed	58,757	-	-
Unassigned	345,149	(23,491)	-
Total fund balance	403,906	(23,491)	1,306
<b>Total liabilities and fund balance</b>	<b>\$ 492,568</b>	<b>\$ -</b>	<b>\$ 1,306</b>
<b>Net position</b>			
Net investment in capital assets			
Restricted for seized assets			
Unrestricted			
<b>Total net position</b>			
<b>Total liabilities and net position</b>			

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

Seized Assets-State Fund		Total	Adjustments (Note 9)	Governmental Activities Statement of Net Position
\$ -	\$ 407,580	\$ -	\$ 407,580	
160	1,466	-	1,466	
-	23,491	(23,491)	-	
-	61,497	-	61,497	
160	494,034	(23,491)	470,543	
-	-	236,912	236,912	
<u>\$ 160</u>	<u>\$ 494,034</u>	<u>\$ 213,421</u>	<u>\$ 707,455</u>	
\$ -	\$ 23,491	\$ (23,491)	\$ -	
-	86,859	-	86,859	
-	1,803	-	1,803	
-	112,153	(23,491)	88,662	
160	1,466	(1,466)	-	
-	58,757	(58,757)	-	
-	321,658	(321,658)	-	
160	381,881	(381,881)	-	
<u>\$ 160</u>	<u>\$ 494,034</u>	<u>(405,372)</u>	<u>88,662</u>	
		236,912	236,912	
		1,466	1,466	
		380,415	380,415	
		618,793	618,793	
		<u>\$ 213,421</u>	<u>\$ 707,455</u>	

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

**Metro Narcotics Agency**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

	General Fund	Seized Assets- DOJ Fund	Seized Assets-Treasury Fund
<b>Revenues</b>			
Program			
Operating grants	\$ 14,302	\$ -	\$ -
Charges for services	658,215	-	-
General			
Investment income	13,954	-	-
Other revenues	2,321	-	-
<b>Total revenues</b>	<b>688,792</b>	<b>-</b>	<b>-</b>
<b>Expenditures/Expenses</b>			
Current - law enforcement activities			
Personnel	200,103	-	-
Repairs and maintenance	52,075	-	-
Services	101,118	-	-
Supplies	38,293	-	-
Insurance	87,912	-	-
Other	12,153	-	-
Depreciation	-	-	-
Capital outlay	77,681	-	-
<b>Total expenditures/expenses</b>	<b>569,335</b>	<b>-</b>	<b>-</b>
Revenues (under) over expenditures/expenses	119,457	-	-
Net change in fund balances	119,457	-	-
Fund balances/net position, beginning of year	284,449	(23,491)	1,306
Fund balances/net position, end of year	\$ 403,906	\$ (23,491)	\$ 1,306

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

Seized Assets-State Fund		Total	Adjustments (Note 9)	Governmental Activities
				Statement of Net Activities
\$ -	\$ 14,302	\$ -	\$ 14,302	
-	658,215	-	658,215	
-	13,954	-	13,954	
2,058	4,379	-	4,379	
<u>2,058</u>	<u>690,850</u>	<u>-</u>	<u>690,850</u>	
-	200,103	-	200,103	
-	52,075	-	52,075	
-	101,118	-	101,118	
-	38,293	-	38,293	
-	87,912	-	87,912	
2,058	14,211	-	14,211	
-	-	68,621	68,621	
-	77,681	(77,681)	-	
<u>2,058</u>	<u>571,393</u>	<u>(9,060)</u>	<u>562,333</u>	
-	119,457	9,060	128,517	
-	119,457	9,060	128,517	
160	262,424	227,852	490,276	
<u>\$ 160</u>	<u>\$ 381,881</u>	<u>\$ 236,912</u>	<u>\$ 618,793</u>	

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

**Metro Narcotics Agency**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Operating grants	\$ 30,000	\$ 54,000	\$ <b>14,302</b>	\$ (39,698)
Charges for services	681,086	625,543	<b>658,215</b>	32,672
Investment income/(loss)	-	-	<b>13,954</b>	13,954
Other	-	-	<b>2,321</b>	2,321
<b>Total revenues</b>	<b>711,086</b>	<b>679,543</b>	<b>688,792</b>	<b>9,249</b>
<b>Expenditures</b>				
Current - law enforcement activities				
Personnel	282,146	281,146	<b>200,103</b>	81,043
Repairs and maintenance	79,610	74,610	<b>52,075</b>	22,535
Services	97,750	102,750	<b>101,118</b>	1,632
Supplies	49,827	131,527	<b>38,293</b>	93,234
Insurance	103,982	97,282	<b>87,912</b>	9,370
Other	17,771	17,771	<b>12,153</b>	5,618
Capital outlay	80,000	-	<b>77,681</b>	(77,681)
<b>Total expenditures</b>	<b>711,086</b>	<b>705,086</b>	<b>569,335</b>	<b>135,751</b>
Change in fund balance	-	(25,543)	<b>119,457</b>	145,000
Fund balance, beginning of year	284,449	284,449	<b>284,449</b>	-
<b>Fund balance, end of year</b>	<b>\$ 284,449</b>	<b>\$ 258,906</b>	<b>\$ 403,906</b>	<b>\$ 145,000</b>

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



**Metro Narcotics Agency**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual**  
***Seized Asset Fund – DOJ***  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
Current - law enforcement activities				
Personnel	-	-	-	-
Repairs and maintenance	-	-	-	-
Services	-	-	-	-
Supplies	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in fund balance	-	-	-	-
Fund balance, beginning of year	(23,491)	(23,491)	<b>(23,491)</b>	-
<b>Fund balance, end of year</b>	<b>\$ (23,491)</b>	<b>\$ (23,491)</b>	<b>\$ (23,491)</b>	<b>\$ -</b>

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

**Metro Narcotics Agency**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual**  
***Seized Asset Fund – Treasury***  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-
<b>Total revenues</b>	-	-	-	-
<b>Expenditures</b>				
Current - law enforcement activities				
Personnel	-	-	-	-
Repairs and maintenance	-	-	-	-
Services	-	-	-	-
Supplies	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Change in fund balance	-	-	-	-
Fund balance, beginning of year	1,306	1,306	<b>1,306</b>	-
Fund balance, end of year	\$ 1,306	\$ 1,306	<b>\$ 1,306</b>	-

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

**Metro Narcotics Agency**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual**  
**Seized Asset Fund – State**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other revenues	\$ -	\$ 10,000	\$ 2,058	\$ (7,942)
<b>Total revenues</b>	<b>-</b>	<b>10,000</b>	<b>2,058</b>	<b>(7,942)</b>
<b>Expenditures</b>				
Current - law enforcement activities				
Other	-	10,000	2,058	7,942
<b>Total expenditures</b>	<b>-</b>	<b>10,000</b>	<b>2,058</b>	<b>7,942</b>
Change in fund balance	-	-	-	-
Fund balance, beginning of year	160	160	160	-
<b>Fund balance, end of year</b>	<b>\$ 160</b>	<b>\$ 160</b>	<b>\$ 160</b>	<b>\$ -</b>

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Metro Narcotics Agency (“Metro”) is an organization formed by a joint powers agreement between the City of Las Cruces, the County of Dona Ana, and the New Mexico State Police Department. The Agency is governed by an eight-member board comprised of members from the City of Las Cruces, Doña Ana County, the District Attorney’s Office, and the New Mexico State Police. The responsibility for the financial statements rests with the Metro Board. Metro does not have any component units. The City of Las Cruces is the fiscal agent for Metro and accounts for its resources as agency funds.

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

*Organization-Wide Financial Statements*—The organization-wide financial statements consist of the statement of net position and statement of activities. These financial statements are reported using the economic resources measurement focus and 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.

*Governmental Fund Financial Statements*—Governmental funds are 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. Metro considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Metro reports the following major governmental funds:

- ◆ *General Fund*—The general fund accounts for all financial resources except those required to be accounted for in another fund.
- ◆ *Special Revenue Fund (Seized Assets Fund)*—The seized assets fund accounts for the proceeds of seized assets received from other law enforcement agencies. In accordance with terms of the Metro joint powers agreement, proceeds received from the sale of seized property are restricted for uses allowed under the Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies (the “Guide”). In fiscal year 2014, the seized assets fund was separated into three separate seized asset funds to avert commingling of funds. The three funds are 1) Department of Justice (DOJ), 2) Department of Treasury, and 3) State of New Mexico.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pooled Cash and Investments

Metro 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 Metro and are therefore considered current assets.

Capital Assets

Capital assets are recorded at cost or, in the case of donated assets, at fair value at the date of receipt, and are depreciated over their estimated useful lives. The initial purchase of software meeting Metro'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. Metro capitalizes items purchased with grants funded by the High Intensity Drug Trafficking Act that have a unit cost of \$500 or more and an estimated useful life of greater than one year. However, items purchased with other than grant money are only capitalized when they have a cost of more than \$5,000 and an estimated useful life of greater than one year.

Seized Assets

Seized assets are recorded at the estimated fair market value upon receipt.

Nonexchange Transactions

Nonexchange transactions, in which Metro gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. 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

Metro's budget is prepared on a basis consistent with generally accepted accounting principles in the United States of America (GAAP), using an estimate of anticipated revenues and expenditures. The annual budget is prepared for the general fund, and the seized assets fund. Accordingly, separate budgetary statements for individual funds are presented. New Mexico State law prohibits expenses 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 Metro's board of directors; however, State of New Mexico, Department of Finance and Administration approval must be obtained for budget increases and budget transfers between funds.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance Policy

Prior to fiscal year 2012, Metro reported the governmental fund balances as Reserved and Unreserved. Metro reports the governmental fund balances in three categories, which include:

1. Restricted fund balance—includes amounts that can be spent only for the specific purposes imposed by creditors, grantors, contributors, or laws and regulations of other governments. An example is federal grants.
2. Committed fund balance—includes amounts that are set aside to meet a fund reserve equal to 1/12 budgeted expenses in the general fund as determined by the Metro Narcotics Board
3. 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.

On May 18, 2011, the Metro board adopted a fund balance policy to establish a minimum fund balance reserve of 1/12 of budgeted expenditures effective fiscal year 2012. Metro's general fund budgeted expenditures for fiscal year 2019 were \$705,086 and 1/12 of this amount is \$58,757. Metro's general fund balance at June 30, 2019 is \$403,906.

Net Position

The net position of Metro is 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 policy of Metro to first expend restricted funds.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 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, 2019, Metro implemented the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placement* and GASB Statement No. 83, *Certain Asset Retirement Obligation*. These Statements were required to be implemented as of June 15, 2018. These statements did not materially impact Metro's financial statements.

New Accounting Pronouncements

The following accounting pronouncements have been recently issued, but not yet adopted by Metro. Management anticipates that, upon adoption by Metro, except for GASB Statement No. 84 and No. 87, none of these statements will have a significant impact on the Agency's financial position or results of operations. Pronouncements that are not applicable to Metro have been omitted.

- ◆ Statement No. 84: *Fiduciary Activities*
- ◆ Statement No. 87: *Leases*
- ◆ 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*
- ◆ Statement No. 91: *Conduit Debt Obligations*

**NOTE 2: CASH AND CASH EQUIVALENTS**

Metro 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. Metro's share of the City of Las Cruces cash and investment pool is immediately available for spending and is therefore considered a current asset.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

Pooled Cash and Investments consist of the following at June 30, 2019:

Equity in City of Las Cruces cash and investment pool	\$	313,257
Metro Narcotics Agency money market account and petty cash		95,789
<b>Total pooled cash and investments</b>	<b>\$</b>	<b>409,046</b>

Pooled Cash and Investments are reported on the statement of position as follows:

Pooled cash and investments	\$	407,580
Restricted cash and investments		1,466
<b>Total</b>	<b>\$</b>	<b>409,046</b>

The City of Las Cruces cash and investment pool consists of the following:

Carrying amount of bank deposits	\$	9,592,017
Investments at fair value		159,093,603
Accrued interest		668,161
<b>Total cash and investment pool</b>	<b>\$</b>	<b>169,353,781</b>

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, 2019, the City’s deposits, totaling \$14,012,345, was insured by FDIC or collateralized by a letter of credit with FHLB CINCINNATI valued at \$25,000,000 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) accounts of deposit at federally-insured financial institutions; e) pooled funds maintained by the State Treasurer; and f) mutual funds whose portfolios consist solely of allowed investments.



**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

As of June 30, 2019, the City's investment pool had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Avg Maturity (Yrs)</b>
U.S agency coupon bonds	\$ 152,748,895	9.01
U.S Treasury bills	5,343,636	0.21
Negotiable CDs	1,001,072	0.79
<b>Total pooled investments</b>	<b>\$ 159,093,603</b>	

*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 \$114,708,875 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 years of maturity.

*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, 2019, 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, 2019, all of the City's securities are held in either the street name or by a third-party financial institution in the City's name.

*Concentration of Credit Risk.* The City's formal investment policy places no limit on the amount the City may invest in any one issuer. As of June 30, 2019, 35% of the City's investment pool was in Fannie Mae (FNMA), 29% was in Federal Home Loan Mortgage Corporation (FHLMC), 27% in Federal Home Loan Bank (FHLB), 5% was in Federal Farm Credit Bank (FFCB), 3% was in U.S. Treasuries and 1% was in Certificates of Deposits. Of the Telshor Fund, 33% was in FHLB, 41% was in FFCB, 11% was in FNMA, 6% was in FAMC and 9% was in U.S. Treasuries. Of the Water and Wastewater Funds portfolio, 100% was in FHLB. Of the Gas Funds portfolio, 100% was in FHLB. Of the TIDD Funds portfolio, 100% was in FNMA. Of the Debt Service Funds portfolio, 100% was in FHLB. Of the Capital Projects, 26% was in FHLB, 15% was in FHLMC and 59% 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. Level 3 inputs are significant unobservable inputs. The valuation method for recurring fair value measurements of investments is the market approach.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

The City has the following recurring fair value measurements as of June 30, 2019:

<b>Investment Type</b>	<b>Level 1</b>		<b>Level 2</b>	
New Mexico state investment councils pool	\$	17,656,116	\$	5,144,744
U.S. agency securities		11,807,729		185,086,310
U.S. treasury securities		22,305,569		-
Negotiable CDs				1,001,074
<b>Total pooled investments</b>	<b>\$</b>	<b>51,769,414</b>	<b>\$</b>	<b>191,232,128</b>

**NOTE 3: DUE FROM OTHER GOVERNMENTS**

Metro receives funding from several governmental agencies including Federal Bureau of Investigation, The County of Dona Ana, and the City of Las Cruces. At June 30, 2019, the amounts receivable from these entities which are expected to be collected within one year are as follows:

Due from federal	\$	17,940
Due from local governments		43,515
Due from others		42
<b>Total</b>	<b>\$</b>	<b>61,497</b>

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

	<b>Balances</b>				<b>Balances</b>	
	<b>June 30, 2018</b>		<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2019</b>	
Equipment	\$	1,117,663	\$	77,681	\$	(9,148)
Less accumulated depreciation		(889,811)		(68,621)		9,148
<b>Capital assets, net</b>	<b>\$</b>	<b>227,852</b>	<b>\$</b>	<b>9,060</b>	<b>\$</b>	<b>-</b>
					\$	236,912

Depreciation expense for the year ended June 30, 2019, was \$68,621 charged to the law enforcement activities function. In addition, acquisitions totaled \$77,681 and asset retirements totaled \$9,148; resulting in an increase in total equipment of \$68,533.

**NOTE 5: RISK MANAGEMENT**

Metro 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 Metro carries commercial insurance to cover these risks. 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 prior three years.

**NOTE 6: JOINT POWERS AGREEMENT**

Metro is an organization formed by a joint powers agreement (“JPA”) between the City of Las Cruces, the County of Doña Ana, and the New Mexico State Police Department, dated October 1, 2001, to perform the following:

- ◆ To perform and document through covert and overt investigations of violations of the New Mexico State Statutes and United States Code relating to narcotics and drug related offenses;
- ◆ To arrest, and to assist in the prosecution of, persons accused of drug and drug- related offenses, consistent with the United States Constitution, and other federal and state law;
- ◆ To develop and confidentially maintain intelligence data regarding criminal activity in Las Cruces- Dona Ana County area concerning drug and drug-related activities and offenses;
- ◆ To collect, maintain, and disseminate criminal intelligence including files regarding such criminal activity in accordance with 28 CFT 23;
- ◆ To account for the disposition of all seized property, including illegal narcotics, as well as to account for all federal or state reimbursements for services rendered, commonly referred to as “seized asset funds.”

The JPA continues on a yearly basis unless terminated by the parties.

The City and the County agree to fund Metro’s operating expenses proportionate to their respective share of the task force, which is the total number of law enforcement agencies assigned to Metro for each fiscal year. The number of participating agencies in the task force can vary from year to year.

**NOTE 7: COMMITMENTS**

Metro leases facilities under an operating lease, which includes substantially all utilities and maintenance costs. The lease expires in fiscal year 2021; however, Metro has the option to renew this lease for a period of up to four additional five-year periods beginning on August 1, 2020. Aside from the lease commitment there are no other significant commitments to disclose.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 7: COMMITMENTS (Continued)**

The following is a schedule of minimum annual rent payments under the operating lease agreement.

<u>Year ended June 30,</u>			<u>Due Date</u>
2020	\$	425,000	8/1/2019
2021		425,000	8/1/2020
	\$	850,000	

**NOTE 8: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

**Deficit fund balance of individual funds:** The Agency maintained a deficit fund balance at June 30, 2019 in the Seized Assets-DOJ Special Revenue Fund in the amount of (\$23,491).

**NOTE 9: ADJUSTMENTS**

Fund balances of Metro’s governmental funds of \$381,881 differ from total net position of \$618,793 reported on the statement of net position because capital assets are not reported in the funds. Also an adjustment was made between the Seized Assets-DOJ fund and the general fund to recognize an overage in cash caused by the recognition of fair market value as a due to general fund. Additionally, the net change in fund balances of Metro’s governmental funds differ from the reduction in net position reported on the statement of activities because depreciation expense and capital outlay are reported on the statement of activities.

The following is a summary of the differences:

Fund balance	\$	381,881
Capital assets are not financial resources and, therefore, are not reported in the funds		236,912
<b>Net position</b>	<b>\$</b>	<b>618,793</b>
Net change in fund balances	\$	119,457
Capital outlay		77,681
Depreciation expense		(68,621)
<b>Net change in net position</b>	<b>\$</b>	<b>128,517</b>



**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: RELATED PARTY TRANSACTIONS**

Metro receives funding from members of the joint powers agreement. During the year ended June 30, 2019, Metro received \$325,543 from the City of Las Cruces and \$332,672 for Doña Ana County.

**NOTE 11: TAX ABATEMENTS**

As Metro receives its funding as part of an agreement between the City of Las Cruces and Dona Ana County it is not impacted by tax abatements and therefore has nothing to disclose.

**NOTE 12: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 2, 2019, which is the date on which the financial statements were available to be issued.

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## Supplementary Information

**Metro Narcotics Agency  
Schedule of Pledged Collateral  
June 30, 2019**

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

<b>Summary of Collateralization</b>	
<b>US Bank</b>	
Ending bank balance	\$ 14,012,345
Less: FDIC insurance	(250,000)
<b>Total uninsured public funds</b>	<b>\$ 13,762,345</b>
US Bank -FHLB Letter of Credit (expiration 9-3-19)	\$ 25,000,000
100% collateral requirement	13,762,345
<b>Pledged collateral in excess of requirement</b>	<b>\$ 11,237,655</b>
<b>Uninsured and uncollateralized</b>	<b>\$ -</b>



**Metro Narcotics Agency**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2019**

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

Account	Type of Account	Fair Value Level	Pooled Cash & Investments	Other Cash & Investments	Total Reconciled Balance	On Deposit June 30, 2019
<b>Deposit Accounts</b>						
<i>US Bank</i>						
Community Development Checking	Checking		\$ -	\$ 641,051	\$ 641,051	\$ 642,151
Community Development Home	Checking		-	9,445	9,445	9,445
Community Development Savings	Savings		-	81,778	81,778	81,778
Metro Savings	Savings		-	95,689	95,689	95,689
Treasury Master	Checking		13,183,282	-	13,183,282	13,183,282
Payroll	Checking		(2,266,468)	-	(2,266,468)	-
Accounts Payable	Checking		(1,011,057)	-	(1,011,057)	-
Depository	Checking		(313,740)	-	(313,740)	-
<b>Total deposit accounts</b>			<b>\$ 9,592,017</b>	<b>\$ 827,963</b>	<b>\$ 10,419,980</b>	<b>\$14,012,345</b>

**Investments**

*First Tennessee*

BMO HARRIS BANK NA 2 4/1/2020	Investment	2	\$ 250,000	\$ -	\$ 250,000
FFCB 2.09 9/8/2026	Investment	2	-	9,815,800	9,815,800
FFCB 2.24 11/10/2027-16	Investment	2	4,941,900	-	4,941,900
FFCB 2.24 7/6/2027-17	Investment	2	2,966,220	-	2,966,220
FHLB 0 11/27/2019	Investment	2	4,956,550	-	4,956,550
FHLB 0 7/12/2019	Investment	2	-	836,439	836,439
FHLB 0 7/12/2019	Investment	2	-	1,778,807	1,778,807
FHLB 0 7/12/2019	Investment	2	-	999,330	999,330
FHLB 0 7/19/2019	Investment	2	-	1,198,680	1,198,680
FHLB 0 7/22/2019	Investment	2	-	6,491,680	6,491,680
FHLB 0 8/1/2019	Investment	2	5,988,600	-	5,988,600
FHLB 0 8/29/2019	Investment	2	5,978,280	-	5,978,280
FHLB 0 9/10/2019	Investment	2	2,987,220	-	2,987,220
FHLB 2.05 9/29/2026-18	Investment	2	-	3,920,800	3,920,800
FHLB 2.2 10/13/2026-17	Investment	2	-	969,238	969,238
FHLB 2.2 10/13/2026-17	Investment	2	-	1,487,289	1,487,289
FHLB 2.2 10/13/2026-17	Investment	2	989	-	989
FHLB 2.35 12/27/2024-16	Investment	2	818,182	-	818,182
FHLB 2.35 12/27/2024-16	Investment	2	-	1,000,000	1,000,000
FHLB Step 1/30/2023-18	Investment	2	-	1,000,360	1,000,360
FHLB Step 5/9/2031-16	Investment	2	7,484,250	-	7,484,250
FHLB Step 9/15/2027-18	Investment	2	9,921,200	-	9,921,200
FHLMC Step 2/23/2031-16	Investment	2	10,911,780	-	10,911,780
FHLMC Step 4/20/2032-17	Investment	2	5,000,300	-	5,000,300
FHLMC Step 5/23/2031-16	Investment	2	18,226,940	-	18,226,940
FHLMC Step 5/23/2031-16	Investment	2	11,844,480	-	11,844,480
FNMA 0 7/11/2019	Investment	2	1,998,780	-	1,998,780
FNMA 0 7/22/2019	Investment	2	-	2,846,352	2,846,352
FNMA Step 2/10/2031-17	Investment	2	3,995,360	-	3,995,360
FNMA Step 2/20/2031-17	Investment	2	7,962,240	-	7,962,240
FNMA Step 2/24/2031-17	Investment	2	7,991,120	-	7,991,120

(Continued)

**Metro Narcotics Agency**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2019**

Account	Type of Account	Fair Value Level	Pooled Cash & Investments	Other Cash & Investments	Total Reconciled Balance	On Deposit 6/30/2019
FNMA Step 3/10/2031-17	Investment	2	\$ 14,467,086	\$ -	\$ 14,467,086	
FNMA Step 4/7/2031-17	Investment	2	15,897,760	-	15,897,760	
<i>Patriot Bank N//Stamford</i>						
2 12/30/2019	Investment	2	250,000	-	250,000	
PROSPECT BANK 2 11/29/2019	Investment	2	250,000	-	250,000	
T-Bill 0 7/5/2019	Investment	1	3,999,120	-	3,999,120	
T-Bill 0 9/12/2019	Investment	1	-	1,991,640	1,991,640	
<i>Stifel Nicolaus</i>						
FAMC 1.41 3/6/2020	Investment	2	-	1,490,460	1,490,460	
FHLMC 0.875 7/19/2019	Investment	1	-	3,697,003	3,697,003	
FNMA 1.4 11/26/2019-19	Investment	2	-	2,637,382	2,637,382	
<i>JP Morgan Bank Step</i>						
12/26/2020-19	Investment	2	251,072	-	251,072	
STIFELCASH	Investment	2	1	-	1	
<i>US Bank</i>						
FHLB 0 11/27/2019	Investment	2	-	1,982,620	1,982,620	
FHLB 0 8/28/2019	Investment	2	-	1,992,905	1,992,905	
FHLB 0 8/28/2019	Investment	2	298,932	-	298,932	
FHLB 1.5 10/21/2019	Investment	1	4,967,000	-	4,967,000	
FNMA 0.875 8/2/2019	Investment	1	3,143,726	-	3,143,726	
T-Bill 0 7/9/2019	Investment	1	-	692,522	692,522	
T-Bill 0 7/9/2019	Investment	1	-	1,081,368	1,081,368	
T-Bill 0 7/9/2019	Investment	1	-	207,984	207,984	
T-Bill 0 7/9/2019	Investment	1	-	1,016,793	1,016,793	
T-Bill 0 7/9/2019	Investment	1	-	692,522	692,522	
T-Bill 0 7/9/2019	Investment	1	-	1,081,368	1,081,368	
T-Bill 0 7/9/2019	Investment	1	-	207,984	207,984	
T-Bill 0 7/9/2019	Investment	1	-	1,016,793	1,016,793	
T-Bill 0 8/22/2019	Investment	1	-	2,072,245	2,072,245	
T-Bill 0 8/22/2019	Investment	1	-	3,235,794	3,235,794	
T-Bill 0 8/22/2019	Investment	1	-	622,355	622,355	
T-Bill 0 8/22/2019	Investment	1	-	3,042,566	3,042,566	
T-Note 1.5 4/15/2020	Investment	1	1,344,516	-	1,344,516	
<i>NM State Investment Council</i>						
Large Cap Active Equity Pool	Investment	1	-	7,786,450	7,786,450	
Large Cap Index Equity Pool	Investment	2	-	5,144,744	5,144,744	
Non-U.S. Developed Equity Pool	Investment	1	-	3,220,062	3,220,062	
Mid/Small Cap Equity Pool	Investment	1	-	6,649,604	6,649,604	
<b>Total investments</b>			<b>\$ 159,093,603</b>	<b>\$ 83,907,939</b>	<b>\$ 243,001,542</b>	

(Continued)

**Metro Narcotics Agency**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2019**

<b>Account</b>	<b>Type of Account</b>	<b>Fair Value Level</b>	<b>Pooled Cash &amp; Investments</b>	<b>Other Cash &amp; Investments</b>	<b>Total Reconciled Balance</b>	<b>On Deposit 6/30/2019</b>
Total deposits and investments			\$ 168,685,620	\$ 84,735,902	\$ 253,421,522	
<i>Other Cash:</i>						
Petty Cash & Change Funds	Cash		-	16,797	16,797	
<i>New Mexico Finance Authority</i>						
2018 Gasoline Tax Revenue						
4788-PP	Debt Service		-	2,536,442	2,536,442	
2018 Gasoline Tax Revenue						
4788-PP	Debt Service		-	241	241	
2018 MGRT 4738-PP	Debt Service		-	125,242	125,242	
2018 MGRT 4738-PP	Debt Service		-	40,114	40,114	
2018 A PPRF JU	Debt Service		-	2,468,100	2,468,100	
2018 A PPRF JU	Debt Service		-	2,575,825	2,575,825	
2018 A PPRF JU	Debt Service		-	85	85	
2018 A PPRF JU	Debt Service		-	86	86	
ZS PP-3116	Debt Service		-	284,181	284,181	
JB DW-1974	Debt Service		-	36	36	
2018 HHGRT 4756-PP	Debt Service		-	9,635,738	9,635,738	
2018 HHGRT 4756-PP	Debt Service		-	410	410	
RPL-2472	Debt Service		-	104	104	
JB PP-2248	Program Funds		-	163	163	
D. MST PP-3252	Debt Service		-	274	274	
PP-3661 VAF Loan	Debt Service		-	26,388	26,388	
PP-3661 VAF Loan	Debt Service		-	315	315	
D. MST PP-3228	Debt Service		-	37	37	
PP-3712	Debt Service		-	4,774,352	4,774,352	
PPRF 4879	Debt Service		-	2,025,001	2,025,001	
NMFA Loan 4806	Debt Service		-	952,381	952,381	
PPRF 4879	Debt Service		-	139,469	139,469	
NMFA Loan 4806	Debt Service		-	106,709	106,709	
2018 TIDD SPNG BD	TIDD		-	1,651,270	1,651,270	
<i>Accrued Interest Receivable</i>						
Accrued Interest - Pooled						
Investments	Accrued Int		668,161	-	668,161	
Total cash and investments			\$ 169,353,781	\$ 112,095,663	\$ 281,449,444	

**Metro Narcotics Agency  
Schedule of Joint Powers Agreements  
June 30, 2019**

<b>Participants</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning Date</b>
City of Las Cruces	Metro	Intervention and prosecution of drug and drug related activities	October 1, 2001
Dona Ana County	Metro	Intervention and prosecution of drug and drug related activities	October 1, 2001
New Mexico State Police Department	Metro	Intervention and prosecution of drug and drug related activities	October 1, 2001
Federal Bureau of Investigation	Metro	Investigate/Prosecute avenues by which to convict and incarcerate dangerous offenders	October 1, 2001

<b>Ending Date</b>	<b>Project Amount</b>	<b>Current Year Contributions</b>	<b>Audit Responsibility</b>
Perpetual	\$ 325,543	\$ 325,543	City of Las Cruces
Perpetual	\$ 325,543	\$ 332,672	City of Las Cruces
Perpetual	\$ -	\$ -	City of Las Cruces
Perpetual	\$ 30,000	\$ 14,302	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**

Brian S. Colón  
New Mexico State Auditor  
To the Board of Directors  
Metro Narcotics Agency  
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, the financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue funds of the Metro Narcotics Agency ("Metro") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated December 2, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Metro'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 Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro'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 Metro'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 entity'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 2, 2019



**Metro Narcotics Agency  
Schedule of Findings and Responses  
June 30, 2019**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

1. Type of auditors’ report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	None Noted

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no audit findings noted for the fiscal year ended June 30, 2019.

**SECTION III – PRIOR YEAR AUDIT FINDINGS**

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

**Metro Narcotics Agency  
Other Disclosures  
June 30, 2019**

**EXIT CONFERENCE**

An exit conference was conducted on November 20, 2019 with the following individuals in attendance:

**Metro Board of Directors**

William Studer	Board Member
Patrick Gallagher	Board Member

**City of Las Cruces (Fiscal Agent)**

Yvonne Flores	City Councilor
Jack Eakman	City Councilor
David Dollahon	Assistant City Manager/Operations
Barbara DeLeon	Interim Assistant City Manager/Administration
Terri Gayhart	Director of Financial Services
Alfredo Pacheco	Deputy Finance Director/Finance/Administration
Karin Byrum	Treasurer/Finance/Treasury
Josie Medina	Accounting Manager/Finance/Accounting
Maria Sanchez	Senior Accountant/Finance/Accounting
Joshua Saffell	Senior Accountant/Finance/Accounting

**Metro**

Bobby Holden	Special Agent in Charge
John Rubio	Assistant Special Agent in Charge

**Carr, Riggs & Ingram, LLC**

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
Vicki Dallas, CPA, CITP	Manager

**FINANCIAL STATEMENT PREPARATION**

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