

**Metro Narcotics Agency**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2020**



**PATTILLO, BROWN & HILL, LLP**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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## **Introductory Section**

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**Metro Narcotics Agency  
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June 30, 2020**

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**Metro Narcotics Agency  
Official Roster  
June 30, 2020**

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

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

## **Financial Section**

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## Independent Auditors' Report

To Brian S. Colón, Esq.  
New Mexico State Auditor

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, 2020, and the related notes to the financial statements, which collectively comprise the 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.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

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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 financial position of the governmental activities, each major fund and the budgetary comparison for the General Fund of the Metro, as of June 30, 2020, and the changes in its 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 Metro. They do not purport to, and do not, present the financial position of the City of Las Cruces, as of June 30, 2020, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United State 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 9 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Metro's basic financial statements. The other introductory section and the schedules required by 2.2.2 NMAC as noted in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC as noted 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules required by 2.2.2 NMAC as noted in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements 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 November 18, 2020 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metro's internal control over financial reporting and compliance.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
November 18, 2020

# **Metro Narcotics Agency Management’s Discussion and Analysis For the Year Ended June 30, 2020**

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, 2020. 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, 2020**

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 2020, net position increased to \$661,064 from \$618,793 in 2019. Actual revenues exceeded actual expenditures resulting in a net position increase of \$42,271.

The increase in net position is primarily due to an increase in 2020 of contributions from the City and County than there was in fiscal year 2019. There were also slight increases in due from other governments which also contributed to the increase in net position.

The General Fund shows a \$60,045 decrease in fund balance for the year ended June 30, 2020. This is due to a decrease in Capital Outlay from \$77,681 FY19 to \$36,052 in FY20.

DOJ and Treasury Funds had \$0 fund balances and were closed in fiscal year 2020.

The Seized Assets –State fund shows \$160 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, 2020**

Table 1 summarizes the net position of its governmental activities.

**Table 1  
Net Position  
As of June 30, 2020**

	2020	2019
<b>Assets</b>		
Current assets	\$ 467,940	\$ 470,543
Capital assets- equipment, net	196,953	236,912
<b>Total assets</b>	<b>\$ 664,893</b>	<b>\$ 707,455</b>
<b>Liabilities</b>		
Current and other liabilities	3,829	88,662
<b>Total liabilities</b>	<b>\$ 3,829</b>	<b>\$ 88,662</b>
<b>Net Position</b>		
Net investment in capital assets	196,953	236,912
Restricted for seized assets	160	1,466
Unrestricted	463,951	380,415
<b>Total net position</b>	<b>661,064</b>	<b>618,793</b>
<b>Total liabilities and net position</b>	<b>\$ 664,893</b>	<b>\$ 707,455</b>

**Metro Narcotics Agency  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2020**

*Changes in Net Position*—Total revenues for the year ended June 30, 2020, were \$676,208 compared with expenses of \$631,985. Total revenues for the year ended June 30, 2019, were \$690,850 compared with expenses of \$562,333. Table 2 summarizes the changes in net position for the year.

**Table 2  
Changes in Net Position  
For the Years Ended June 30, 2020**

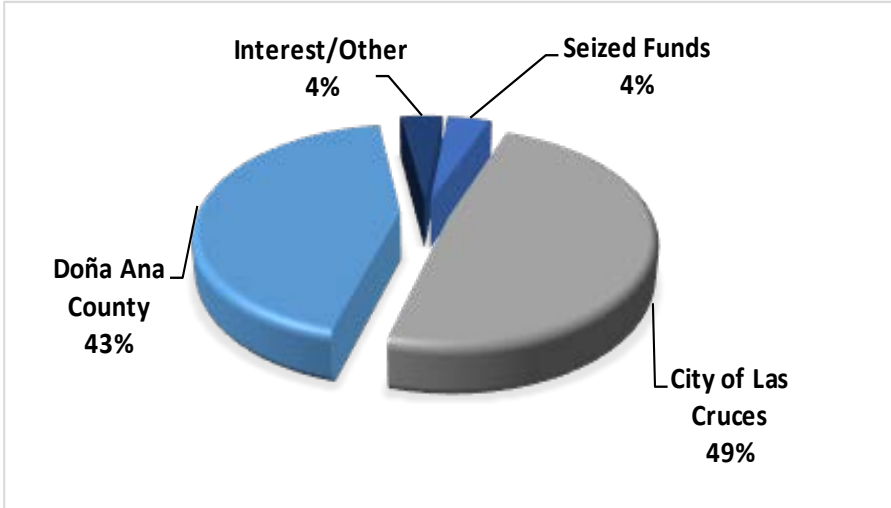
	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Program revenues		
Operating grants	\$ 4,958	\$ 14,302
Charges for services	620,366	658,215
General revenue		
Investment income (loss)	22,936	13,954
Other revenues	27,948	4,379
<b>Total revenue</b>	<b>676,208</b>	<b>690,850</b>
<b>Expenses – law enforcement</b>	<b>631,985</b>	<b>562,333</b>
Transfers in (out)	(1,952)	-
Change in net position	42,271	128,517
<b>Net position, beginning of year</b>	<b>618,793</b>	<b>490,276</b>
<b>Net position, end of year</b>	<b>\$ 661,064</b>	<b>\$ 618,793</b>

*Grant Activities*—For the period ended June 30, 2020, operating grants included a \$4,958 Federal Bureau of Investigation grant.

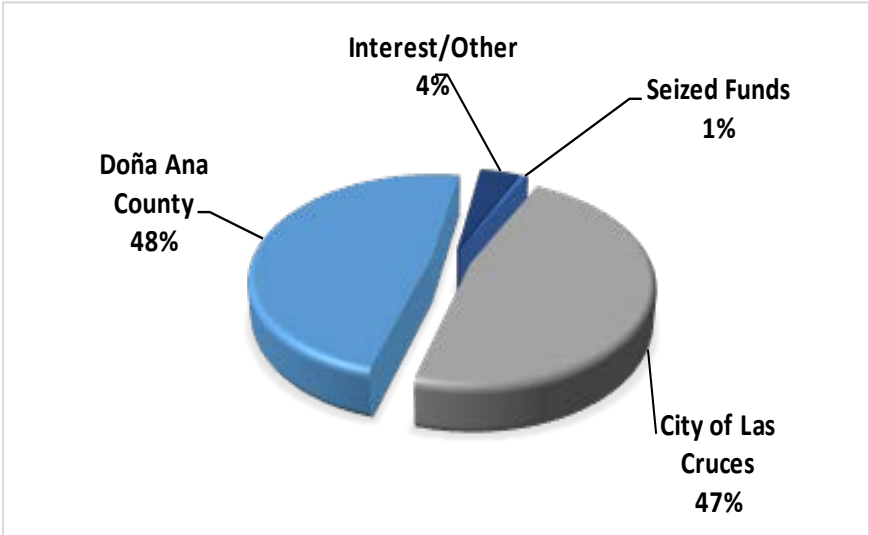
**Metro Narcotics Agency  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2020**

Charts 1 and 2 show the revenues by source for fiscal years 2020 and 2019, respectively.

**Chart 1  
2020 Revenues by Source**



**Chart 2  
2019 Revenues by Source**



**Metro Narcotics Agency  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2020**

*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, 2020.

**Table 3  
Budgetary Comparison – Aggregate of All Funds  
For the Year Ended June 30, 2020**

	Budget		Actual	Variance	Percent Variance
	Original	Final			
<b>Revenues</b>					
Operating grants	\$ 30,000	\$ 30,000	\$ 4,958	\$ (25,042)	-83%
Charges for services	651,086	651,086	618,414	(32,672)	-5%
Investment income	-	-	22,936	22,936	
Other revenues	30,000	31,952	29,900	(2,052)	-6%
Total revenue	711,086	713,038	676,208	(36,830)	-5%
<b>Expenditures</b>					
Law enforcement	676,086	676,986	555,974	121,012	18%
Capital outlay	35,000	36,052	36,052	-	
Total expenditures	711,086	713,038	592,026	121,012	17%
Revenues (under) over expenditures	\$ -	\$ -	\$ 84,182	\$ 84,182	

In fiscal year 2020, 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 increase in investment income, and less seizure activity than had been anticipated. The total of all revenues was less than the final budget in the amount of \$36,830.

The increase from the original expenditure budget and the final expenditure budget in fiscal year 2020 is due to 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 17% less than budget in the amount of \$121,012.



**Metro Narcotics Agency  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2020**

**Capital Assets**

As of June 30, 2020, the organization’s capital assets totaled \$196,953 net of accumulated depreciation of \$883,108. As of June 30, 2019, the organization’s capital assets totaled \$236,912 net of accumulated depreciation of \$949,284.

Table 4 provides details of the net capital assets.

**Table 4  
Capital Assets and  
Accumulated Depreciation  
For the Year Ended June 30, 2020**

	<b>2020</b>	<b>2019</b>
Metro equipment	\$ 137,880	\$ 101,828
Seized equipment	741,560	741,560
HIDTA equipment	342,808	342,808
Retirements	(142,187)	-
Total equipment	1,080,061	1,186,196
Accumulated depreciation	(883,108)	(949,284)
	<b>\$ 196,953</b>	<b>\$ 236,912</b>

During the fiscal year 2020 asset additions totaled \$36,052 and retirements totaled \$142,187, resulting in a decrease in total equipment of \$106,135. No commitments have been made for future capital expenditures.

**Economic Outlook**

The 2020 economic outlook of the City of Las Cruces shows negative economic conditions driven by the pandemic of COVID-19. The slowdown is consistent with the generalized trends in the nation and the state of New Mexico. Las Cruces Metropolitan Statistical Area (MSA) experienced consistent economic output growth over the past several years up to 2019.

The U.S. Census Bureau reports median household income for the City of Las Cruces in 2018 at \$40,551. In comparison, the state of New Mexico has a household income of \$48,059 for 2018, a difference of \$7,508 between the State and the City.

The pandemic also had a negative effect in labor. The unemployment rate for the City of Las Cruces is higher than the State of New Mexico and lower than the Nation. The May 2020 preliminary figures of the not seasonally adjusted unemployment rate for the City of Las Cruces is 9%, while the State indicates an 8.8% unemployment rate. In comparison, the Nation has 13% for the same measurement.

The number of payroll jobs in Las Cruces MSA has decreased from a year ago. The preliminary numbers on total non-farm payroll employment in Las Cruces MSA for May 2020 indicate a total of 67,000 payroll

**Metro Narcotics Agency  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2020**

jobs. In comparison to the May 2019 figures at 73,800 payroll jobs, it represents a loss of roughly 6,800 jobs. The decrease in payroll jobs is also a characteristic of the negative economic effects associated to the pandemic of COVID-19.

The new business registrations data indicates a downward tendency in new business registrations. In the first 5 months of 2020, there were 164 new business registrations, which is below the first 5 months of 2019 at 194. In the same manner, business registration renewals for the first 5 months of 2020 totaled 883 which is below the first 5 months of 2019 at 1,009.

Median listing home prices have been increasing since August 2017. The median listing home prices, according to realtor.com, is \$242,050 for June 2020.

**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, 2020**

	General Fund	Seized Assets-DOJ Fund	Seized Assets-Treasury Fund
<b>Assets</b>			
Current assets			
Pooled Cash and Investments	\$ 449,889	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-
Receivables	-	-	-
Due from general fund	-	-	-
Due from other funds	-	-	-
Due from other governments	17,891	-	-
Total current assets	467,780	-	-
Capital assets - equipment, net	-	-	-
Total assets	\$ 467,780	\$ -	\$ -
<b>Liabilities</b>			
Current liabilities			
Due to Metro general fund	\$ -	\$ -	\$ -
Accounts payable	857	-	-
Accrued payroll liabilities	2,972	-	-
Total current liabilities	3,829	-	-
<b>Fund Balance/Net Position</b>			
Restricted for seized assets	-	-	-
Committed	56,757	-	-
Unassigned	407,194	-	-
Total fund balance	463,951	-	-
Total liabilities and fund balance	\$ 467,780	\$ -	\$ -
Net position			
Net investment in capital assets			
Restricted for seized assets			
Unrestricted			
Total net position			
Total liabilities and net position			

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

**Metro Narcotics Agency**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**June 30, 2020**

Seized Assets-State Fund	Total	Adjustments (Note 08)	Statement of Net Position
\$ -	\$ 449,889	\$ -	\$ 449,889
160	160	-	160
-	-	-	-
-	-	-	-
-	-	-	-
-	17,891	-	17,891
160	467,940	-	467,940
-	-	196,953	196,953
<u>\$ 160</u>	<u>\$ 467,940</u>	<u>\$ 196,953</u>	<u>\$ 664,893</u>
\$ -	\$ -	\$ -	\$ -
-	857	-	857
-	2,972	-	2,972
-	3,829	-	3,829
160	160	(160)	-
	56,757	(56,757)	
-	407,194	(407,194)	-
160	464,111	(464,111)	-
<u>\$ 160</u>	<u>\$ 467,940</u>	<u>\$ (464,111)</u>	<u>\$ 3,829</u>
		196,953	196,953
		160	160
		463,951	463,951
		661,064	661,064
		<u>\$ 196,953</u>	<u>\$ 664,893</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, 2020**

	General Fund	Seized Assets- DOJ Fund	Seized Assets-Treasury Fund
<b>Revenues</b>			
Program			
Operating grants	\$ 4,958	\$ -	\$ -
Charges for services	618,414	-	-
General			
Investment income	(1,201)	25,443	(1,306)
Other revenues	1,082		-
<b>Total revenues</b>	<b>623,253</b>	<b>25,443</b>	<b>(1,306)</b>
<b>Expenditures/Expenses</b>			
Current - law enforcement activities			
Personnel	215,294	-	-
Repairs and maintenance	53,299	-	-
Building rental	-	-	-
Services	104,495	-	-
Supplies	62,320	-	-
Insurance	84,957	-	-
Other	6,791	-	-
Depreciation	-	-	-
Capital outlay	36,052	-	-
<b>Total expenditures/expenses</b>	<b>563,208</b>	<b>-</b>	<b>-</b>
Revenues (under) over expenditures/ expenses	60,045	25,443	(1,306)
Transfers in (out)	-	(1,952)	-
Net change in fund balances	60,045	23,491	(1,306)
<b>Fund balances/net position,</b> beginning of year	<b>403,906</b>	<b>(23,491)</b>	<b>1,306</b>
<b>Fund balances/net position,</b> end of year	<b>\$ 463,951</b>	<b>\$ -</b>	<b>\$ -</b>

*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, 2020**

Seized Assets-State Fund	Total	Adjustments (Note 8)	Statement of Net Activities
\$ -	\$ 4,958	\$ -	\$ 4,958
1,952	620,366	-	620,366
-	22,936	-	22,936
26,866	27,948	-	27,948
28,818	676,208	-	676,208
-	215,294	-	215,294
-	53,299	-	53,299
-	-	-	-
-	104,495	-	104,495
-	62,320	-	62,320
-	84,957	-	84,957
28,818	35,609	-	35,609
-	-	76,011	76,011
-	36,052	(36,052)	-
28,818	592,026	39,959	631,985
-	84,182	(39,959)	44,223
-	(1,952)	-	(1,952)
-	82,230	(39,959)	42,271
160	381,881	236,912	618,793
\$ 160	\$ 464,111	\$ 196,953	\$ 661,064

*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, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Operating Grants	\$ 30,000	\$ 30,000	\$ 4,958	\$ (25,042)
Charges for services	651,086	651,086	<b>618,414</b>	(32,672)
Investment income/(loss)	-	-	<b>(1,201)</b>	(1,201)
Other revenues	-	-	<b>1,082</b>	1,082
Total revenue	681,086	681,086	<b>623,253</b>	(57,833)
<b>Expenditures</b>				
Current - law enforcement activities				
Personnel	264,326	268,336	<b>215,294</b>	53,042
Repairs and maintenance	79,500	74,046	<b>53,299</b>	20,747
Services	97,700	120,430	<b>104,495</b>	15,935
Supplies	86,600	81,038	<b>62,320</b>	18,718
Insurance	102,960	86,184	<b>84,957</b>	1,227
Other	15,000	15,000	<b>6,791</b>	8,209
Capital Outlay	35,000	36,052	<b>36,052</b>	-
Total expenditures	681,086	681,086	<b>563,208</b>	117,878
Change in fund balance	-	-	<b>60,045</b>	60,045
<b>Fund balance, beginning of year</b>	284,449	258,906	<b>403,906</b>	-
<b>Fund balance, end of year</b>	\$ 284,449	\$ 258,906	\$ <b>463,951</b>	\$ 60,045

*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, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 25,443	\$ 25,443
Other revenues	-	-	-	-
Total revenues	-	-	25,443	25,443
<b>Expenditures</b>				
Current - law enforcement activities				
Personnel	-	-	-	-
Repairs and maintenance	-	-	-	-
Services	-	-	-	-
Supplies	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Transfers in (out)	-	-	(1,952)	(1,952)
Change in fund balance	-	-	<b>23,491</b>	<b>23,491</b>
<b>Fund balance, beginning of year</b>	(23,491)	(23,491)	<b>(23,491)</b>	-
<b>Fund balance, end of year</b>	\$ (23,491)	\$ (23,491)	\$ -	\$ 23,491

*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, 2020**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ (1,306)	\$ (1,306)
Other revenues	-	-	-	-
Total revenues	-	-	<b>(1,306)</b>	<b>(1,306)</b>
<b>Expenditures</b>				
Current - law enforcement activities				
Personnel	-	-	-	-
Repairs and maintenance	-	-	-	-
Services	-	-	-	-
Supplies	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Change in fund balance	-	-	<b>(1,306)</b>	<b>(1,306)</b>
<b>Fund balance, beginning of year</b>	<b>1,306</b>	<b>1,306</b>	<b>1,306</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 1,306</b>	<b>\$ 1,306</b>	<b>\$ -</b>	<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, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other revenues	30,000	31,952	<b>28,818</b>	(3,134)
Total revenues	30,000	31,952	<b>28,818</b>	(3,134)
<b>Expenditures</b>				
Current - law enforcement activities				
Personnel	-	-	-	-
Repairs and maintenance	-	-	-	-
Services	-	-	-	-
Supplies	-	-	-	-
Insurance	-	-	-	-
Other	30,000	31,952	<b>28,818</b>	3,134
Capital outlay	-	-	-	-
Total expenditures	30,000	31,952	<b>28,818</b>	3,134
Change in fund balance	-	-	-	-
<b>Fund balance, beginning of year</b>	160	160	<b>160</b>	-
<b>Fund balance, end of year</b>	\$ 160	\$ 160	<b>\$ 160</b>	\$ -

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

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2020**

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

**Reporting Entity**

Metro Narcotics Agency (“Metro”) is an organization formed by a joint powers agreement (“JPA”) between the City of Las Cruces (“City”), the County of Dona Ana (“County”), 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, 2020**

**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, 2020**

**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 2020 were \$681,086 and 1/12 of this amount is \$56,758. Metro's general fund balance at June 30, 2020 is \$463,951.

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, 2020**

**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.

Adoption of New Accounting Pronouncements

For the year ended June 30, 2020, the City implemented the provisions of GASB Statement No. 95: *Postponement of the Effective Dates of Certain Authoritative Guidance*.

New Accounting Pronouncements

- ◆ *Statement No. 84: Fiduciary Activities*
- ◆ *Statement No. 87: Lease Accounting Standards*
- ◆ *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*
- ◆ *Statement No. 92: Omnibus 2020*
- ◆ *Statement No. 93: Replacement of Interbank Offered Rates*
- ◆ *Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment of Arrangements*
- ◆ *Statement No. 96: Subscription-Based Information Technology Arrangements*

**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, 2020**

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

Pooled Cash and Investments consist of the following at June 30, 2020:

Equity in City of Las Cruces cash and investment pool	\$ 354,248
Metro Narcotics Agency money market account and petty cash	95,801
Total pooled cash and investments	\$ 450,049

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

Pooled cash and cash investments	\$ 449,889
Restricted cash and investments	160
Total	\$ 450,049

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

Carrying amount of bank deposits	\$ 8,492,663
Investments at fair value	152,074,328
Accrued interest	253,018
Total cash and investment pool	\$ 160,820,009

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, 2020, the City’s deposits, totaling \$9,733,040, 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) obligations of state and local governments, school districts and public authorities which are rated in the top three rating categories by a nationally recognized rating agency; d) repurchase agreements whose underlying securities and/or collateral consist of allowed investments described in (a) or (b) above; e) accounts of deposit at federally-insured financial institutions; f) pooled funds maintained by the State Treasurer; and g) mutual funds whose portfolios consist solely of allowed investments.



**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2020**

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

As of June 30, 2020, the City's investment pool had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Avg Maturity (Yrs)</b>
First American Treasury Obligations	\$ 6,894,554	N/A
U.S. Agency Coupon Bonds	98,155,656	2.20
U.S. Treasury Securities	39,568,118	0.27
Negotiable CDs	7,456,000	0.63
<b>Total Pooled Investments</b>	<b>\$ 152,074,328</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 does not include any step-up coupon securities that are 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, 2020, the City's investments in coupon bonds of U.S. agencies and Municipal Bonds 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, 2020, 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, 2020, 6% of the City's investment pool was in Fannie Mae (FNMA), 17% was in Federal Home Loan Mortgage Corporation (FHLMC), 20% in Federal Home Loan Bank (FHLB), 25% was in Federal Farm Credit Bank (FFCB), 27% was in U.S. Treasuries and 5% was in Certificates of Deposits. Of the Telshor Fund, 20% was in FHLB, 49% was in FFCB, and 31% was in FHLMC. 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, 27% was in FHLB, 33% was in Certificates of Deposits and 40% was in Municipal Bonds. Of the Debt Service Fund portfolio, 78% was in FHLB and 22% was in Certificates of Deposits. Of the Capital Projects portfolio, 62% was in FHLB, 20% was in U.S. Treasuries, 15% was in Certificates of Deposits and 3% was in Municipal Bonds.

*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

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2020**

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

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.

The City has the following recurring fair value measurements as of June 30, 2020:

<b>Investment Type</b>	<b>Level 1</b>	<b>Level 2</b>
New Mexico State Investment Council Pool	\$ 18,078,688	\$ 5,386,638
First American Treasury Obligations	-	6,894,554
U.S. Agency Coupon Bonds	-	138,500,109
U.S. Treasury Securities	-	45,565,598
Negotiable CDs	-	13,907,000
Municipal Bonds	-	2,383,995
Total Pooled Investments	\$ 18,078,688	\$ 212,637,894

**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, 2020, the amounts receivable from these entities which are expected to be collected within one year are as follows:

Due From Fed	\$ 17,891
Total	\$ 17,891

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	<b>Balances</b>			<b>Balances</b>
	<b>June 30, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2020</b>
Equipment	\$ 1,186,196	\$ 36,052	\$ (142,187)	\$ 1,080,061
Less accumulated depreciation	(949,284)	(76,011)	142,187	(883,108)
Capital assets, net	\$ 236,912	\$ (39,959)	\$ -	\$ 196,953

Depreciation expense for the year ended June 30, 2020, was \$76,011 charged to the law enforcement activities function. In addition, acquisitions totaled \$36,052 and asset retirements totaled \$142,187; resulting in a decrease in total equipment of \$106,135.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2020**

**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, 2020**

**NOTE 7: COMMITMENTS (Continued)**

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

Year ended June 30, 2020	Due Date
2021	8/1/2020
2022	8/1/2021
2023	8/1/2022
2024	8/1/2023
\$ 1,700,000	

**NOTE 8: ADJUSTMENTS**

Fund balances of Metro's governmental funds of \$464,111 differ from total net position of \$661,064 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	\$ 464,111
Capital assets are not financial resources and, therefore, are not reported in the funds	196,953
Net position	\$ 661,064
Net change in fund balances	\$ 84,182
Capital outlay	36,052
Depreciation expense	(76,011)
Net change in net position	\$ 44,223

**NOTE 9: RELATED PARTY TRANSACTIONS**

Metro receives funding from members of the joint powers agreement. During the year ended June 30, 2020, Metro received \$325,543 from the City of Las Cruces and \$292,871 from Doña Ana County.

**Metro Narcotics Agency**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 10: 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 11: SUBSEQUENT EVENTS**

Metro has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through June 30, 2020, the date the consolidated financial statements were issued. Metro is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements, other than as described below.

**NOTE 12: IMPACT OF COVID-19**

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. As of the date of issuance, this public health emergency stands to substantially impact the global economy, including significant volatility in the financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. On March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. The pandemic has not significantly impacted Metro law enforcement operations. We will continue to examine the impact that the CARES Act may have on our business.

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## **Supplementary Information**

**Metro Narcotics Agency  
Schedule of Pledged Collateral  
June 30, 2020**

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.

**Summary of Collateralization**

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**US Bank**

Ending bank balance	\$ 9,733,040.00
Less:FDIC insurance	(250,000.00)
Total Uninsured Public Funds	9,483,040.00

US Bank -FHLB Letter of Credit (expiration 9-1-2020)	\$ 25,000,000.00
100% Collateral requirement	9,483,040.00

Pledged Collateral in Excess of requirement	\$ 15,516,960.00
Uninsured and uncollateralized	\$ -



**Metro Narcotics Agency**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2020**

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:

<b>Deposit Accounts</b>					
<i>US Bank</i>					
Community Development Checking	Checking	\$ -	\$ -	\$ -	\$ 94,954
Metro Savings	Savings		95,701	95,701	95,701
Treasury Master	Checking	9,607,856	-	9,607,856	9,542,385
Payroll	Checking	(801,443)	-	(801,443)	-
Accounts Payable	Checking	(681,845)	-	(681,845)	-
Depository	Checking	368,094	-	368,094	-
<hr/>					
TOTAL DEPOSIT ACCOUNTS		8,492,663	95,701	8,588,364	9,733,040

**Metro Narcotics Agency**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2020**

**Investments**

*US Bank*

FIRST AMERICAN TREASURY OBLIGATIONS	Sweep	6,894,554	6,894,554
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*First Horizon National Corp.*

ALLY BANK 0.75 4/30/2021	Investment	248,000	248,000
BANK RHODE ISLAND 0.65 5/7/2021	Investment	250,000	250,000
BANKWELL BANK 1.15 9/30/2020	Investment	248,000	248,000
BARCLAYS BANK/DELAWARE 0.9 9/25/2020	Investment	248,000	248,000
BERKSHIRE BK/PITTSFIELD 1.05 1/21/2021	Investment	248,000	248,000
BMO HARRIS BANK NA 1 11/1/2023-20	Investment	248,000	248,000
BROOKLINE BANK 0.65 5/7/2021	Investment	250,000	250,000
EAGLEMARK SAVINGS BANK 0.15 9/24/2020	Investment	248,000	248,000
ESSA BANK AND TRUST PA 0.2 9/30/2020	Investment	248,000	248,000
FFCB 0.15 5/26/2021	Investment	7,999,600	7,999,600
FFCB 0.2 9/8/2021-20	Investment	3,000,210	3,000,210
FFCB 0.21 6/23/2021-20	Investment	1,999,900	1,999,900
FFCB 0.53 11/27/2023-20	Investment	3,000,120	3,000,120
FHLB 0 11/12/2020	Investment	3,997,480	3,997,480
FHLB 0 7/16/2020	Investment	999,950	999,950
FHLB 0 7/24/2020	Investment	799,936	799,936
FHLB 0 7/7/2020	Investment	1,899,962	1,899,962
FHLB 1.97 9/11/2024-20	Investment	7,518,750	7,518,750
FHLMC 0.35 11/18/2022-21	Investment	3,998,600	3,998,600
FHLMC 0.45 11/18/2022-20	Investment	6,998,250	6,998,250
FHLMC 0.625 4/27/2023-20	Investment	4,000,920	4,000,920
FHLMC 1.75 1/17/2023-20	Investment	2,500,925	2,500,925
FHLMC 1.75 1/17/2025-20	Investment	2,501,350	2,501,350
FHLMC 1.85 2/18/2025-20	Investment	821,148	821,148
FIFTH THIRD BANK 0.9 9/25/2020	Investment	248,000	248,000
FIRST CMTY BK OF TENN 0.1 7/22/2020	Investment	248,000	248,000
FIRST CMTY BK TENN 1.05 9/28/2020	Investment	250,000	250,000
GREAT SOUTHERN BANK 0.8 9/30/2020	Investment	248,000	248,000
GREENWOODS STATE BK WI 0.15 9/30/2020	Investment	248,000	248,000
HOWARD BANK/ELLCOTT 1.05 9/30/2020	Investment	248,000	248,000
HSBC BANK USA NA 1 5/8/2023-21	Investment	248,000	248,000
JP MORGAN CHASE BANK NA 0.6 5/5/2021-20	Investment	248,000	248,000
KENNEBEC SAVINGS BANK 0.15 9/24/2020	Investment	248,000	248,000
LAKELAND BANK 0.85 9/28/2020	Investment	248,000	248,000
M1 BANK 1.05 9/30/2020	Investment	248,000	248,000
MEADOWS BANK 0.15 12/28/2020	Investment	248,000	248,000
MIDDLETOWN VALLEY BK 1.15 9/30/2020	Investment	250,000	250,000
PACIFIC CITY BANK 0.55 1/29/2021	Investment	250,000	250,000
PINNACLE BANK TN 1 5/6/2022	Investment	250,000	250,000
PREFERRED BANK LA CALIF 0.6 5/7/2021	Investment	248,000	248,000
SANTANDER BANK NA 0.2 9/24/2020	Investment	248,000	248,000
STERLING BANK AND TRUST 0.95 9/16/2020	Investment	248,000	248,000
SUNFLOWER BANK NA 1 9/21/2020	Investment	250,000	250,000
TAB BANK INC 0.7 12/28/2020	Investment	250,000	250,000
T-Bill 0 7/30/2020	Investment	3,999,600	3,999,600
UMPQUA BANK ROSEBURG 1.05 11/30/2020	Investment	248,000	248,000

**Metro Narcotics Agency**  
**Schedule of Deposit Accounts and Investments**  
**June 30, 2020**

*Oppenheimer & Co. Inc.*

FFCB 0.53 11/27/2023-20	Investment	2,000,080		2,000,080
FFCB 0.53 11/27/2023-20	Investment	2,000,080		2,000,080
FFCB 1.89 11/27/2024-20	Investment	16,096,000		16,096,000
FHLB 0 4/27/2021	Investment	2,995,740		2,995,740
FHLMC 0 7/23/2020	Investment	3,999,720		3,999,720
T-Bill 0 12/17/2020	Investment	3,997,160		3,997,160

*US Bank*

FHLB 0 4/27/2021	Investment	2,995,740		2,995,740
FHLB 0 5/17/2021	Investment	1,997,000		1,997,000
FHLB 0 5/27/2021	Investment	1,996,800		1,996,800
FHLB 0 7/8/2020	Investment	999,973		999,973
FNMA 0 12/15/2020	Investment	4,996,000		4,996,000
T-Bill 0 10/22/2020	Investment	3,998,100		3,998,100
T-Bill 0 7/14/2020	Investment	2,999,895		2,999,895
T-Bill 0 7/2/2020	Investment	3,999,700		3,999,700
T-Bill 0 7/30/2020	Investment	4,999,500		4,999,500
T-Bill 0 8/25/2020	Investment	3,999,200		3,999,200
FHLB 0 9/16/2020	Investment	1,999,400		1,999,400
T-Bill 0 11/27/2020	Investment	3,997,340		3,997,340
T-Bill 0 8/25/2020	Investment	2,999,400		2,999,400
T-Note 2.25 4/30/2021	Investment	2,543,458		2,543,458
FNMA 1.25 5/6/2021	Investment	2,018,300		2,018,300
FNMA 1.25 8/17/2021	Investment	2,023,722		2,023,722
T-Note 2.25 4/30/2021	Investment	2,034,766		2,034,766

<b>TOTAL INVESTMENTS</b>		<b>\$ 152,074,328.00</b>		<b>\$ 152,074,328.00</b>
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<b>TOTAL DEPOSITS AND INVESTMENTS</b>		<b>160,569,768</b>	<b>95,701</b>	<b>160,665,469</b>
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*Other Cash:*

Petty Cash & Change Funds	Cash	-	100	100
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*Accrued Interest Receivable*

Accrued Interest - Pooled Investments	Accrued Int	253,018	-	253,018
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<b>TOTAL CASH AND INVESTMENTS</b>		<b>160,820,009</b>	<b>95,801</b>	<b>160,915,810</b>
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Less balances in City of Las Cruces funds		160,465,761		160,465,761
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<b>Metro cash and investment balance</b>		<b>\$ 354,248</b>	<b>\$ 95,801</b>	<b>\$ 450,049</b>
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**Metro Narcotics Agency  
Schedule of Joint Powers Agreements  
June 30, 2020**

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

**Metro Narcotics Agency  
Schedule of Joint Powers Agreements  
June 30, 2020**

<b>Project Amount</b>	<b>Current Year Contributions</b>	<b>Audit Responsibility</b>
\$ 325,543	\$ 325,543	City of Las Cruces
\$ 325,543	\$ 292,871	City of Las Cruces
\$ 30,000	\$ 4,958	City of Las Cruces

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## **Compliance Section**

**INDEPENDENT AUDITORS' 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***

To Brian S. Colón, Esq.  
New Mexico State Auditor

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 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, 2020, and the related notes to the financial statements, which collectively comprise the Metro's basic financial statements, and have issued our report thereon dated November 18, 2020.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Metro's internal control over financial reporting (internal control) as a basis for designing 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 the Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

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**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque



financial reporting 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 the 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 financial statements. 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.



Pattillo, Brown & Hill, LLP  
Albuquerque, New Mexico  
November 18, 2020

**Metro Narcotics Agency  
Schedule of Findings and Responses  
June 30, 2020**

**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**

None

**SECTION III – PRIOR YEAR AUDIT FINDINGS**

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

**Metro Narcotics Agency  
Other Disclosures  
June 30, 2020**

**EXIT CONFERENCE**

An exit conference was conducted on November 18, 2020 with the following individuals in attendance:

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

Ken Miyagishima	Mayor
Ifo Pili	City Manager
Barbara DeLeon	Interim Assistant City Manager
Terri Gayhart	Director of Financial Services
Alfredo Pacheco	Deputy Finance Director
Karin Byrum	Treasurer
Jennifer Vega-Brown	City Attorney
Josie Medina	Accounting Manager
Maria Sanchez	Senior Accountant
Joshua Saffell	Senior Accountant
Virginia Barela	Executive Administrative Assistant
Mariel Rocha	Accountant
Viola Perea	Internal Audit

**Metro**

John Rubio	Sergeant
Eric Avilucea	Sergeant
Ernestine Molina	Office Assistant

**Pattillo, Brown & Hill, LLP**

Chris Garner, CPA	Partner
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**FINANCIAL STATEMENT PREPARATION**

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