

**Animal Service Center of the
Mesilla Valley**

FINANCIAL STATEMENTS

**For the Year Ended
June 30, 2018**



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**Animal Service Center of the Mesilla Valley
Official Roster
June 30, 2018**

The Board of Directors, none of whom are employed by the Animal Service Center of the Mesilla Valley for the year ended June 30, 2018, are:

Name	Title
Kasandra Gandara	Chair
Jess Williams	Vice Chair
Jack Eakman	Board Member
Billy G. Garrett	Board Member
Greg Z. Smith	Board Member
Ramon S. Gonzalez	Board Member
David Dollahon	Ex-Officio Member

Report

INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson
New Mexico State Auditor
To the Board of Directors
Animal Service Center of the Mesilla Valley
Las Cruces, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison schedule for the General Fund of the Animal Service Center of the Mesilla Valley ("ASCMV") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise ASCMV'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 comparison for the General Fund of the ASCMV as of June 30, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in Note 5 to the financial statements, ASCMV adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in a cumulative effect of change in accounting principle of (\$1,008,612) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 16, the GASB Supplementary Pension Schedules on pages 43 through 46, the GASB Supplementary OPEB Schedules on pages 47 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ASCMV's basic financial statements. The introductory section, the Schedule of Pledged Collateral, the Schedule of Deposit Accounts and Investments; and the Schedule of Joint Powers Agreements within the Supplementary Information section required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of ASCMV'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 ASCMV'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 ASCMV's internal control over financial reporting and compliance.

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

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

Animal Service Center of the Mesilla Valley Management's Discussion and Analysis For the Year Ended June 30, 2018

The management discussion and analysis for the Animal Service Center of the Mesilla Valley (ASCMV) presents an overview of the financial performance for the year ended June 30, 2018. It is intended to be read in conjunction with the financial statements, which follow this section.

ASCMV operates under a joint powers agreement between the City of Las Cruces and Dona Ana County. It is the mission of the Center to provide safe shelter for all lost and abandoned animals of the Mesilla Valley and surrounding communities. The Center utilizes all avenues available to it in placing each animal into a safe, loving, and permanent home whenever possible. ASCMV strives to meet the highest standards of humane animal care and husbandry, and to promote responsible pet ownership through public education and outreach.

The board of directors and its management value fiscal and programmatic accountability. ASCMV is the steward for contributions from participating governments, and operates as a governmental entity.

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. Required supplementary information
5. Supplementary information.

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

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

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

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



Animal Service Center of the Mesilla Valley Management's Discussion and Analysis For the Year Ended June 30, 2018

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

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

Fiscal Agent

The City of Las Cruces is the fiscal agent for ASCMV. As fiscal agent, the City establishes funds to account for money allocated to a particular purpose, and to demonstrate compliance with legal and contractual requirements.

Financial Analysis of the Animal Service Center of the Mesilla Valley

Net Position—Net position decreased to (\$448,161) at June 30, 2018, from \$346,813 at June 30, 2017. Actual revenues and transfers in exceeded expenditures by \$195,943. A restatement of (\$1,008,612) due to other postemployment benefits costs and a restatement of \$17,695 due to a grant receivable were made resulting in a change in net position of (\$794,974) for fiscal year 2018.

**Animal Service Center of the Mesilla Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Table 1 summarizes the net position:

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

	2018	2017
Assets		
Current assets	\$ 1,435,945	\$ 1,116,759
Capital assets - equipment, net	265,991	303,637
Total assets	1,701,936	1,420,396
Deferred outflows related to other postemployment benefits	16,320	-
Deferred outflows related to pensions	275,907	379,467
Total assets and deferred outflows of resources	1,994,163	1,799,863
Liabilities		
Current liabilities	\$ 225,253	\$ 178,213
Net other postemployment benefits liability	849,114	-
Net pension liability	1,100,641	1,250,971
Total liabilities	2,175,008	1,429,184
Deferred inflows related to other postemployment benefits	193,256	-
Deferred inflows related to pensions	74,060	23,866
Total liabilities and deferred inflows of resources	2,442,324	1,453,050
Net Position		
Net investment in capital assets	265,991	303,637
Unrestricted (deficit)	(714,152)	43,176
Total net position	(448,161)	346,813
Total liabilities, deferred inflows of resources, and net position	\$ 1,994,163	\$ 1,799,863

**Animal Service Center of the Mesilla Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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

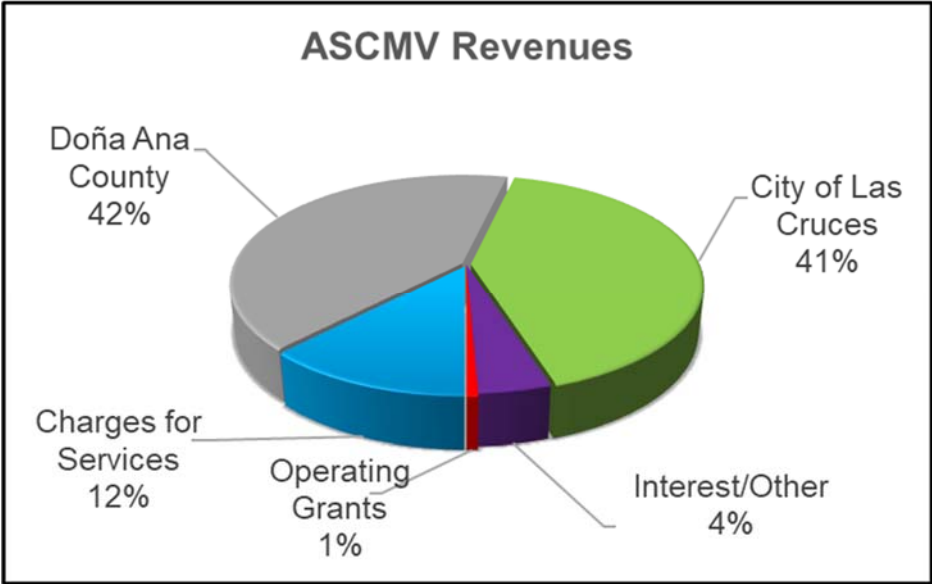
	2018	2017
Revenues		
Charges for services	\$ 266,598	\$ 309,498
Operating grants	14,775	7,530
Operating contributions:		
Doña Ana County	901,787	901,787
City of Las Cruces	901,787	901,787
Investment income	(1,574)	(2,873)
Other revenues	94,057	47,283
Total revenues	2,177,430	2,165,012
Expenses		
	2,581,487	2,332,085
Change in net position	(404,057)	(167,073)
Transfers		
	600,000	-
Net position, beginning of year originally reported	346,813	513,886
Restatement for other postemployment benefits costs	(1,008,612)	-
Restatement for outstanding grant receivable	17,695	-
Net position, beginning of year, as restated	(644,104)	513,886
Net position, end of year	\$ (448,161)	\$ 346,813

Changes in Net Position—Total revenues for the year ended June 30, 2018, were \$2,177,430 compared with expenses of \$2,581,487. Table 2 summarizes the changes in net position for 2018 and 2017, respectively.

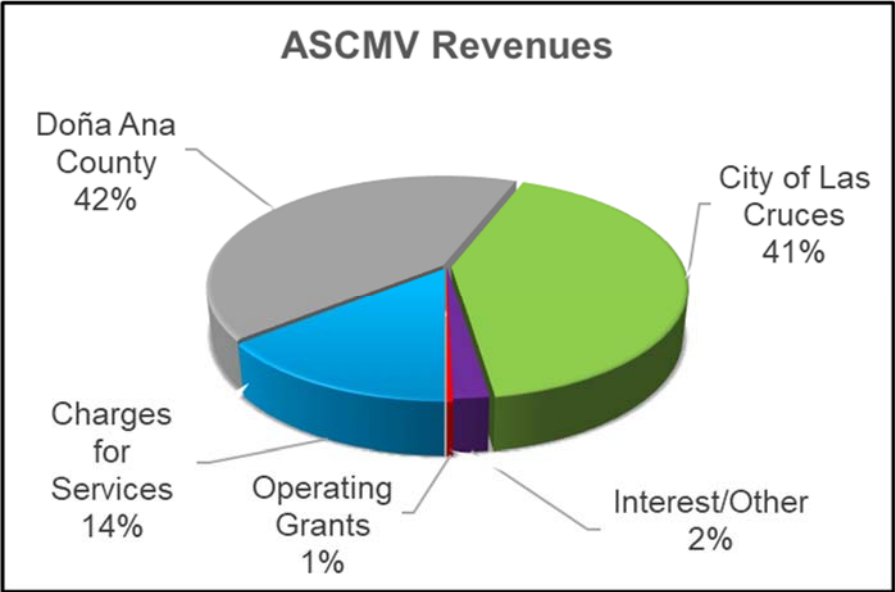
**Animal Service Center of the Mesilla Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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

**Chart 1
Revenues by Source 2018**



**Chart 2
Revenues by Source 2017**



Animal Service Center of the Mesilla Valley Management's Discussion and Analysis For the Year Ended June 30, 2018

Budgetary Information—The board of directors approves the annual budget and, when necessary, revisions to the existing budget. ASCMV makes every effort to ensure operational expenditures do not exceed funds available. Budgetary information is presented in the basic financial statements.

Table 3 summarizes the variance between the budgeted and actual expenditures for the year ended June 30, 2018.

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

	Budget		Actual	Variance	Percent Variance
	Original	Final			
Revenues					
Charges for services	\$ 355,240	\$ 355,240	\$ 266,598	\$ (88,642)	-25%
Operating grants	-	197,471	14,775	(182,696)	-93%
Operating contributions					
Dona Ana County	901,787	901,787	901,787	-	0%
City of Las Cruces	901,787	901,787	901,787	-	0%
Investment income (loss)	16,535	16,535	(1,574)	(18,109)	-110%
Other revenues	47,906	51,606	94,057	42,451	82%
Total revenues	2,223,255	2,424,426	2,177,430	(246,996)	-10%
Expenditures					
Animal services	2,371,155	2,585,407	2,489,929	95,478	4%
Capital projects	1,100,000	1,325,031	33,051	1,291,980	98%
Total expenditures	3,471,155	3,910,438	2,522,980	1,387,458	35%
Revenues (under) over expenditures	\$ (1,247,900)	\$ (1,486,012)	\$ (345,550)	\$ 1,140,462	-77%

In fiscal year 2018, the difference between the original revenue budget and the final budget resulted from an increase in donations and capital grants from The State of New Mexico Department of Finance and Administration, Petsmart, and Petco for the renovation of the Animal Shelter. The difference between the final revenue budget and the actual revenue results are related to the grants and donation not being fully expended in fiscal year 2018 and operating revenues in pet licenses, vaccinations, pet micro-chip, and onsite adoptions coming in lower than budgeted. The actual revenues were approximately 10% under the final budget.

Animal Service Center of the Mesilla Valley Management’s Discussion and Analysis For the Year Ended June 30, 2018

The increase from the original expenditure budget to the final expenditure budget is a result of an increase to capital outlay for renovation of the animal shelter and an increase in budget for operating expenditures. The difference between the final expenditure budget and the actual expenditures is mainly due to the renovation of the animal shelter not being fully expended in fiscal year 2018. The actual expenditures were approximately 35% under the final budget.

Capital Assets

Capital Assets—As of June 30, 2018, capital assets totaled \$265,991, net of accumulated depreciation of \$210,854. As of June 30, 2017, capital assets totaled \$303,637, net of accumulated depreciation of \$173,208.

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

	2018	2017
Equipment	\$ 476,845	\$ 476,845
Accumulated depreciation	(210,854)	(173,208)
Capital assets, net	\$ 265,991	\$ 303,637

Economic Outlook

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

Goods & Services Production

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

Labor Market

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

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

Animal Service Center of the Mesilla Valley Management's Discussion and Analysis For the Year Ended June 30, 2018

Income

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

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

Housing Market

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

Local Business

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

Technology & Innovation

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

Tourism

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

Animal Service Center of the Mesilla Valley Management's Discussion and Analysis For the Year Ended June 30, 2018

Concluding Thoughts

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

AUTHORS:

FRANCISCO PALLARES, ECONOMIST

CHRIS KIOLBASA, INTERIM SR. BUDGET ANALYST

Source: United States Patent and Trademark Office

Source: City of Las Cruces and Jobs EQ

Source: City of Las Cruces Economic Development Department

Source: US Bureau of Economic Analysis

Source: US Bureau of Labor Statistics

Source: US Census Bureau ACS 5 Year Estimates

Source: NMSU Office of Institutional Analysis

Source: US Federal Housing Finance Authority

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

Source: City of Las Cruces Community Development Department

Contacting the Financial Management

The financial report is designed to provide the community and others with an overview of ASCMV 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 Board Chair at:

Animal Service Center of the Mesilla Valley
P.O. Box 20000
Las Cruces, NM 88004

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Financial Statements

Animal Service Center of the Mesilla Valley
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2018

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Statement of Net Position
Assets					
Pooled cash and investments	\$ 305,594	\$ 1,130,259	\$ 1,435,853	\$ -	\$ 1,435,853
Accounts receivable	-	92	92	-	92
Capital assets					
Equipment, net	-	-	-	265,991	265,991
Total assets	305,594	1,130,351	1,435,945	265,991	1,701,936
Deferred Outflows of Resources					
Deferred outflows related to other postemployment benefits	-	-	-	16,320	16,320
Deferred outflows related to pensions	-	-	-	275,907	275,907
Total deferred outflows of resources	-	-	-	292,227	292,227
Total assets and deferred outflow of resources	305,594	1,130,351	1,435,945	558,218	1,994,163
Liabilities					
Current liabilities					
Accounts payable	27,266	-	27,266	-	27,266
Accrued payroll and other	82,987	115,000	197,987	-	197,987
Total current liabilities	110,253	115,000	225,253	-	225,253
Net liability related to other postemployment benefits					
	-	-	-	849,114	849,114
Net pension liability	-	-	-	1,100,641	1,100,641
Total liabilities	110,253	115,000	225,253	1,949,755	2,175,008
Deferred Inflows of Resources					
Deferred inflows related to postemployment benefits	-	-	-	193,256	193,256
Deferred inflows related to pensions	-	-	-	74,060	74,060
Total deferred inflows of resources	-	-	-	267,316	267,316
Fund Balance/Net Position					
Assigned	-	1,015,351	1,015,351	(1,015,351)	-
Committed	215,451	-	215,451	(215,451)	0
Unassigned	(20,110)	-	(20,110)	20,110	-
Total Fund balance/net position	195,341	1,015,351	1,210,692	(1,210,692)	0
Total liabilities, deferred inflows of resources, and fund balance	\$ 305,594	\$ 1,130,351	\$ 1,435,945	1,006,379	2,442,324
Net position					
Net investment in capital assets				265,991	265,991
Unrestricted (deficit)				(714,152)	(714,152)
Total net position				\$ (448,161)	\$ (448,161)
Total liabilities, deferred inflows of resources, and net position				\$ 558,218	\$ 1,994,163

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

Animal Service Center of the Mesilla Valley
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Statement of Net Activities
Revenues					
Charges for services	\$ 266,598	\$ -	\$ 266,598	\$ -	\$ 266,598
Operating grants	-	14,775	14,775	-	14,775
Operating contributions:			-		-
Dona Ana County	901,787	-	901,787	-	901,787
City of Las Cruces	901,787	-	901,787	-	901,787
Investment income (loss)	(1,574)	-	(1,574)	-	(1,574)
Other revenues	43,484	50,574	94,058	-	94,058
Total revenues	2,112,082	65,349	2,177,431	-	2,177,431
Expenditures/Expenses					
Current					
Animal services:					
Personnel	1,658,149	-	1,658,149	(67,218)	1,590,931
Repairs and maintenance	37,893	-	37,893	-	37,893
Services	486,305	33,051	519,356	(33,051)	486,305
Insurance	53,447	-	53,447	-	53,447
Supplies	214,784	-	214,784	-	214,784
Pension	-	-	-	70,642	70,642
OPEB	-	-	-	17,437	17,437
Other	39,351	-	39,351	-	39,351
Capital contributions to primary government	-	-	-	33,051	33,051
Depreciation	-	-	-	37,646	37,646
Total expenditures/expenses	2,489,929	33,051	2,522,980	58,507	2,581,487
Change in fund balance/net position	(377,847)	32,298	(345,549)	(58,507)	(404,056)
Transfers	(244,448)	844,448	600,000	-	600,000
Fund balance/net position, beginning of year, as originally reported	817,636	120,910	938,546	307,137	346,813
Restatement GASB 75, for other postemployment benefits, Note 9	-	-	-	-	(1,008,612)
Restatement for outstanding grant receivable, Note 9	-	17,695	17,695	-	17,695
Fund balance/net position, beginning of year, as restated	817,636	138,605	956,241	289,442	(644,104)
Fund balance/net position, end of year	\$ 195,341	\$ 1,015,351	\$ 1,210,692	\$ 230,935	\$ (448,160)

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

**Animal Service Center of the Mesilla Valley
General Fund Statement of Revenues, Expenditures, and Changes in
Fund Balance—Budget and Actual
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 355,240	\$ 355,240	\$ 266,598	\$ (88,642)
Operating grants	-	-	-	-
Operating contributions				
Dona Ana County	901,787	901,787	901,787	-
City of Las Cruces	901,787	901,787	901,787	-
Investment income	16,535	16,535	(1,573)	(18,108)
Other revenues	47,906	51,606	43,483	(8,123)
Total revenues	2,223,255	2,226,955	2,112,082	(114,873)
Expenditures				
Animal services:				
Personnel	1,668,803	1,681,005	1,658,149	22,856
Repairs and maintenance	44,242	48,341	37,893	10,448
Services	355,352	507,652	486,305	21,347
Insurance	85,000	85,000	53,447	31,553
Supplies	174,509	218,559	214,784	3,775
Other	43,249	44,850	39,351	5,499
Total expenditures	2,371,155	2,585,407	2,489,929	95,478
Net change in fund balance	(147,900)	(358,452)	(377,847)	(210,351)
Transfers	-	(244,448)	(244,448)	-
Fund balance, beginning of year	817,636	817,636	817,636	-
Fund balance, end of year	\$ 669,736	\$ 214,736	\$ 195,341	\$ (210,351)

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Animal Service Center of the Mesilla Valley (ASCMV) is an organization formed by a joint powers agreement (JPA) dated August 4, 2008 and amended on January 3, 2012, between the City of Las Cruces and the County of Doña Ana (the County). The JPA continues on a yearly basis unless terminated by the parties. The City of Las Cruces and Doña Ana County recognize that the net operating costs may exceed the current joint funding level. Both parties intend to share net operating cost of ASCMV. The operations of ASCMV began in February 2009.

The ASCMV operates an animal shelter providing housing, food, and veterinary care for approximately 15,000 animals every year, most of which are brought by animal control or dropped off by owners. The ASCMV tries to reunite those animals with their owners, find rescue organizations to take them, or get them adopted. If these efforts fail, the animals are euthanized.

The ASCMV is governed by a board that consists of six members and two ex-officio members. Three members are appointed from the City Council by the Mayor with the advice and consent of the City Council. Three members are appointed from the County Commission by the Chair with the advice and consent of the County Commission. The two ex-officio members are the City Manager and the County Manager, or their designees.

The City of Las Cruces is the fiscal agent for ASCMV and accounts for its resources as a governmental entity. ASCMV does not have any component units.

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 the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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. ASCMV 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.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASCMV 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.

Capital Projects Fund—The capital projects fund is funded by transfers from the general fund accounts capital asset acquisitions. Acquisitions are reported as capital outlay expenditures in the capital projects fund.

Cash and Cash Equivalents

ASCMV 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 ASCMV and are therefore considered cash equivalents.

Capital Assets

Capital assets are recorded at cost or, in the case of donated assets, at their fair market value at the date of receipt and are depreciated over the estimated useful lives of the related assets. ASCMV capitalizes all equipment with a unit cost of \$5,000 or more and an estimated useful life of greater than one year.

Nonexchange Transactions

Nonexchange transactions, in which ASCMV gives (or receives) value without directly receiving (or giving) equal value in exchange, includes donations. On an accrual basis, revenue from 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

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy

Prior to fiscal year 2011, the ASCMV reported the governmental fund balances as Reserved and Unreserved. Effective fiscal year 2011, the ASCMV has implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and reports the governmental fund balances in two categories, which include:

1. *Assigned fund balance* – comprises amounts intended to be used by ASCMV for specific purposes. Intent can be expressed by the Council, or by an official or body to which the Council delegates the authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
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 ASCMV 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.

Net Position

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

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

Where there are expenditures for purposes for which both restricted and unrestricted net position are available it is the policy of ASCMV to first expend restricted funds.

On June 2, 2011, the ASCMV board adopted a fund balance policy to establish a minimum fund balance reserve of 1/12 of budgeted expenditures effective fiscal year 2011. ASCMV's general budgeted expenditures for fiscal year 2018 were \$2,585,407 and 1/12 of this amount is \$215,450. ASCMV's general fund balance at June 30, 2018, is \$195,343.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Other Postemployment Benefits (OPEB)

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

Deferred Outflows and Inflows of Resources

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

New Accounting Pronouncement

The following accounting pronouncements have been recently issued, but not yet adopted by ASCMV. Management anticipates that, upon adoption by ASCMV, except for GASB Sstatement No. 84, Fiduciary Activities, 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 ASCMV have been omitted.

- ◆ Statement No. 83: Certain Asset Retirement Obligations
- ◆ Statement No. 84: Fiduciary Activities
- ◆ Statement No. 87: *Lease Accounting Standards*
- ◆ Statement No. 88: *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*
- ◆ 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*

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS

ASCMV 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.

ASCMV's share of the City's cash and investment pool at June 30, 2018, is \$1,435,4853.

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

Carrying amount of bank deposits	\$	13,683,280
Investments at fair value		140,941,241
Accrued interest		645,271
Total cash and investment pool	\$	155,269,792

Bank Balance of Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's investment ordinance requires collateralization of 100% of the uninsured portion of the City's deposits with financial institutions. Securities pledged by financial institutions are accepted at market value, except obligations of the state of New Mexico and its subdivisions, which are accepted at par value. As of June 30, 2018, the City's deposits, totaling \$64,596,307, was insured by FDIC or collateralized by securities held in trust by a third-party bank for the depository bank in the City's name and thus was not exposed to custodial credit risk.

Investments

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

As of June 30, 2018, the City's investment pool had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Yrs.)
Overnight repurchase agreement	\$ 10,376,615	0.00
U.S. agency coupon bonds	126,581,306	12.81
U.S. treasury bills	3,983,320	0.22
Total Pooled Investments	\$ 140,941,241	

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment pool includes step-up coupon securities that total \$108,540,495 issued by U.S. government agencies that are callable by the issuer under certain circumstances. For purposes of calculating weighted average maturity, the City uses duration.

Credit Risk. The City's investment policy lists the criteria for selecting investments and the order of priority as follows: 1) safety; 2) liquidity; and 3) yield. As of June 30, 2018, the City's investments in coupon bonds of U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. The City's money market fund investments were rated AAAM by Standard & Poor's and/or Aaa by Moody's. The external investment pools of the NM State Investment Council are not rated.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities held in street name with a broker or dealer be insured, and that all other securities be held by the City or a third-party safekeeping financial institution acting as trustee for the City. As of June 30, 2018, 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, 2018, 35% of the City's investment pool was in Fannie Mae (FNMA), 31% was in Federal Home Loan Mortgage Corporation (FHLMC), 24% in Federal Home Loan Bank (FHLB), 7% was in Federal Farm Credit Bank (FFCB) and 3% was in U.S. Treasuries.

Fair Market Value Hierarchy. The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets: Level 2 inputs are significant other observable inputs: Level 3 inputs are significant unobservable inputs.

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

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

U.S. Agency securities of \$126 million and U.S. Treasury securities of \$4 million are valued using quoted prices in an active market for identical assets (Level 1 input).

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 3: CAPITAL ASSETS

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

	Balances			Balances	
	June 30, 2017	Additions	Transfers	June 30, 2018	
Equipment	\$ 476,845	\$ -	\$ -	\$ 476,845	
Less accumulated depreciation	(173,208)	(37,646)	-	(210,854)	
Capital assets, net	\$ 303,637	\$ (37,646)	\$ -	\$ 265,991	

ASCMV did not make any capital asset purchases during the fiscal year 2018. Depreciation expense was \$37,646 charged to Animal Services for the year ended June 30, 2018.

During the year ASCMV spent \$33,051 on a remodeling project for the administration building at the Center. The ASCMV administration building is a City facility. Therefore, this capital outlay was considered a donation to the City to be recorded as an increase in the book value of the building. This expenditure is not reflected in ASCMV assets.

NOTE 4: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 4: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at <http://www.nmpera.org/financial-overview>.

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

Contributions. The contribution requirements of defined benefit plan members and the City of Las Cruces are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 28 through 29 of the PERA FY17 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 4: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

The PERA coverage option that applies to ASCMV is 0.0801%. Statutorily required contributions to the pension plan from ASCMV were \$67,218 and employer paid member benefits that were “picked up” by the employer were \$55,556 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City of Las Cruces proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to fiscal year ended June 30, 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

At June 30, 2018, ASCMV reported a liability of \$1,100,641 for its net pension liability. At June 30, 2017, the ASCMV’s proportion was 0.0801%.

For the year ended June 30, 2018, ASCMV recognized PERA pension expense of \$137,829.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 4: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

At June 30, 2018, ASCMV reported deferred outflows of resources and deferred inflows or resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 50,756	\$ 11,374
Net difference between projected and actual investment earnings on pension plan investments	90,301	-
Differences between expected and actual experience	43,248	56,371
Change in proportion	24,384	6,315
ASCMV's contributions subsequent to the measurement date	67,218	-
Total	\$ 275,907	\$ 74,060

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 4: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Deferred outflows of resources of \$67,218 result from contributions subsequent to the measurement date of June 30, 2017 and are recognized as a reduction of the net pension liability for the year ended June 30, 2018. Deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$ 35,865
2020	105,349
2021	19,804
2022	(26,389)

Actuarial assumptions

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 4: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

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

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

Discount rate: The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67.

Therefore, the 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the ASCMV's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the ASCMV's net pension liability in each PERA Fund Division that ASCMV's participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

PERA Fund Division - ASCMV	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
ASCMV's proportionate share of the net pension liability	\$ 1,725,069	\$ 1,100,641	\$ 581,343

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 4: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Funding Policy

Plan members who earn less than \$20,000 annually are required to contribute 13.15% of their gross salary. Plan members who earn more than \$20,000 annually are required to contribute 14.65% of their gross salary. The ASCMV is required to contribute 9.55% of the gross covered salary. The contribution requirements of plan members and the ASCMV are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The ASCMV's contribution to PERA for the fiscal years ending June 30, 2018, 2017, and 2016 were \$67,218, \$67,527 and \$63,985, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

General Information about the OPEB

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

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

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

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

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Agency were \$16,088 for the year ended June 30, 2018.

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

At June 30, 2017, the Agency reported a liability of \$849,114 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Agency’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2018, the Agency’s proportion was 0.01874 percent.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

For the year ended June 30, 2018, the recognized OPEB expense of \$33,758. At June 30, 2018 the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 148,457
Net difference between projected and actual earnings on pension plan investments	-	12,215
Agency's contributions subsequent to the measurement date	16,320	-
Difference between expected and actual experience	-	32,584
Total	\$ 16,320	\$ 193,256

Deferred outflows of resources totaling \$16,320 represent the Agency's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (41,088)
2020	(41,088)
2021	(41,088)
2022	(41,088)
2023	(28,904)
Total	\$ (193,256)

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

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

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

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

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

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

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 1,029,962	\$ 849,114	\$ 707,222

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)

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

1% Decrease	Current Trend Rates	1% Increase
\$ 722,230	\$ 849,114	\$ 948,052

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

Payable Changes in the Net OPEB Liability. At June 30, 2018, the Agency did not have a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

NOTE 6: RELATED PARTY TRANSACTIONS

ASCMV receives funding from members of the joint powers agreement. During fiscal year 2018, ASCMV received \$901,787 from the City of Las Cruces and \$901,787 from Dona Ana County.

The City is compensated for services rendered to ASCMV as its fiscal agent, as set forth in the joint powers agreement in the amount of \$115,233 per year.

NOTE 7: RISK MANAGEMENT

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

NOTE 8: ADJUSTMENTS

Fund balances of ASCMV governmental funds of \$1,210,691 differ from total net position of (\$515,379) reported on the statement of net position because capital assets, net pension liabilities and net OPEB liabilities, are not reported in the governmental funds. Additionally, the net change in the fund balance of the governmental funds differs from the net position reported on the statement of activities because capital outlay costs are reported as expenditures in the governmental funds and depreciation expense is reported on the statement of activities.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 8: ADJUSTMENTS (Continued)

The following is a summary of the differences:

Fund balance	\$	1,210,692
Capital assets are not financial resources and, therefore, are not reported in the funds		265,991
Net pension assets are not available for operations and, therefore, are not reported in the funds		292,227
Net pension liabilities are not due and payable in the current		(2,217,071)
<hr/>		
Net position	\$	(448,161)
<hr/>		

The net decrease of the fund balance of ASCMV's governmental funds revenues, expenditures, and changes in fund balances of (\$345,550) differs from the net decrease in net position of (\$471,275) reported on the statement of activities as follows:

Revenues over expenditures	\$	(345,549)
Other Revenues		-
Salaries and Benefits		-
Capital outlay		-
Pension		(3,424)
OPEB		(17,437)
Depreciation		(37,646)
<hr/>		
Net change in net position	\$	(404,056)
<hr/>		

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2018

NOTE 9: RESTATEMENT OF PRIOR PERIOD NET POSITION AND FUND BALANCE

During the year ended June 30, 2018, ASCMV implemented GASB Statement No. 75. In addition, an outstanding grant receivable was incorrectly omitted from last year's financial statements. As a result of this accounting standard change, beginning net position/fund balance was restated in ACSMV financial statements as follows:

		Animal Service Center of Mesilla Valley
Net position, beginning of the year, originally reported	\$	346,813
GASB 75, for other postemployment benefits		(1,008,612)
Restatement of outstanding grant receivable		17,695
Net position, beginning of year, restated	\$	(644,104)

NOTE 10: TAX ABATEMENTS

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

NOTE 11: SUBSEQUENT EVENTS

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

The 2018 General Obligation (GO) Bond allocated approximately \$9.8 Million dollars to construct a new animal shelter facility and related improvements.

Required Supplementary Information

**Animal Service Center of the Mesilla Valley
Schedule of Proportionate Share of the Net Pension Liability
Public Employees Retirement Association (PERA)
Last 10 Fiscal Years***

	Fiscal Year		
	2018	2017	2016
ASCMV's proportion of the net pension liability	0.0801%	0.0783%	0.0766%
ASCMV's proportionate share of the net pension liability	\$ 1,100,641	\$ 1,250,971	\$ 781,003
ASCMV's covered-employee payroll	\$ 703,852	\$ 669,996	\$ 683,960
ASCMV's proportionate share of the net pension liability as a percentage of its covered employees payroll		186.71%	114.19%
Plan fiduciary net position as a percentage of the total pension liability			

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Animal Services Center of the Mesilla Valley will present information for those years for which information is available. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30 of the previous year.

See notes to required supplementary information.

Fiscal Year	
2015	2007 through 2014
0.0786%	Information not available
\$ 698,680	
\$ 718,667	
97.22%	

See notes to required supplementary information.

**Animal Service Center of the Mesilla Valley
Schedule of Pension Contributions
Public Employees Retirement Association (PERA)
Last 10 Fiscal Years***

	Fiscal Year		
	2018	2017	2016
Statutorily required contribution	\$ 67,218	\$ 67,527	\$ 63,985
ASCMV's contributions in relation to the statutorily required contribution	67,218	67,527	63,985
ASCMV's contribution deficiency (excess)	\$ -	\$ -	\$ -
ASCMV's covered-employee payroll	\$ 844,967	\$ 703,852	\$ 669,996
ASCMV's contribution as a percentage of covered-employee payroll	7.96%	9.59%	9.55%

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

See notes to required supplementary information.

Fiscal Year	
2015	2014
\$ 103,226	\$ 100,177
<u>103,226</u>	<u>100,177</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 683,960</u>	<u>\$ 718,667</u>
15.09%	13.94%

See notes to required supplementary information.

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

	As of and for the Year Ended June 30, 2018
ASCMV's proportion of the net OPEB liability	0.01874%
ASCMV's proportionate share of the net OPEB liability	\$ 849,114
ASCMV's covered-employee payroll	\$ 804,306
ASCMV's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	105.57%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

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

See notes to required supplementary information.

**Animal Service Center of the Mesilla Valley
Schedule of Employer Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years***

	As of and for the Year Ended June 30, 2018
Contractually required contributions	\$ 16,320
Contributions in relation to the contractually required contribution	(16,320)
Contribution deficiency (excess)	\$ -
ASCMV's covered-employee payroll	\$ 804,306
Contributions as a percentage of covered-employee payroll	2.00%

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

See notes to required supplementary information.

Animal Service Center of the Mesilla Valley
Notes to Required Supplementary Information
June 30, 2018

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

Changes of benefit terms The Public Employee Retirement Association (PERA) Fund, COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2017.pdf

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

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

NEW MEXICO RETIREE HEALTH CARE AUTHORITY (NMRHCA) PLAN

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY17 audit available at http://nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.17.pdf.

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

Supplementary Information

Animal Service Center of the Mesilla Valley
Schedule of Pledged Collateral
June 30, 2018

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

DEPOSITS

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

Summary of Collateralization

Wells Fargo Bank		
Ending bank balance		\$ 64,596,307
Less: FDIC insurance		(500,000)
Total uninsured public funds		\$ 64,096,307
Pledged collateral held by the pledging bank's trust department in the City's name		
		\$ 70,905,403
100% collateral requirement		64,096,307
Pledged collateral in excess of requirement		\$ 6,809,096
Uninsured and uncollateralized		\$ -

Animal Service Center of the Mesilla Valley Schedule of Deposit Accounts and Investments June 30, 2018

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

Pooled Deposit Accounts

Account	Type of Account	Pooled Cash & Investments	Other Cash & Investments	Total Reconciled Balance	On Deposit 6/30/2018
DEPOSIT ACCOUNTS					
<i>Wells Fargo Bank</i>					
Community Development	Checking	\$ -	\$ -	\$ -	\$ 244,991
Community Development Home Rehab	Checking	-	-	-	61,098
Community Development Home Program	Checking	-	-	-	6,221
Metro Narcotics Agency	Savings	-	-	-	95,674
2006 Water Projects	Savings	131,034	-	131,034	131,034
Revenue Bonds Proceeds	Savings	-	-	-	48,954,817
Treasury Fund - Operating	Checking	15,088,030	-	15,088,030	15,082,563
Payroll Direct Deposit Account	Checking	(442,559)	-	(442,559)	-
Accounts Payable	Checking	(1,292,910)	-	(1,292,910)	-
On Demand	Checking	4,277	-	4,277	19,910
Depository	Checking	116,024	-	116,024	-
Credit Card	Checking	24,466	-	24,466	-
Electronic	Checking	54,917	-	54,917	-
TOTAL DEPOSIT ACCOUNTS		\$ 13,683,279	\$ -	\$ 13,683,279	\$ 64,596,308
INVESTMENTS					
<i>Wells Fargo Bank</i>					
Stagecoach Sweep Repo	Sweep	\$ 10,376,615	\$ -	\$ 10,376,615	
<i>First Tennessee</i>					
FFCB 1.45 6/3/2019	Investment	1,982,480	-	1,982,480	
FFCB 2.24 11/10/2027-16	Investment	4,593,100	-	4,593,100	
FFCB 2.24 7/6/2027-17	Investment	2,758,350	-	2,758,350	
FHLB 0 11/30/2018	Investment	3,965,960	-	3,965,960	
FHLB 2.2 10/13/2026-17	Investment	922	-	922	
FHLB 2.35 12/27/2024-16	Investment	775,399	-	775,399	
FHLB Step 5/9/2031-16	Investment	7,060,050	-	7,060,050	
FHLB Step 9/15/2027-18	Investment	9,694,500	-	9,694,500	
FHLMC Step 2/23/2031-16	Investment	10,162,900	-	10,162,900	
FHLMC Step 4/20/2032-17	Investment	4,817,150	-	4,817,150	
FHLMC Step 5/23/2031-16	Investment	16,848,135	-	16,848,135	
FHLMC Step 5/23/2031-16	Investment	11,359,080	-	11,359,080	
FNMA Step 2/10/2031-17	Investment	3,909,320	-	3,909,320	
FNMA Step 2/20/2031-17	Investment	\$ 7,678,400	\$ -	7,678,400	
FNMA Step 2/24/2031-17	Investment	7,806,000	-	7,806,000	
FNMA Step 3/10/2031-17	Investment	14,138,080	-	14,138,080	
FNMA Step 4/7/2031-17	Investment	15,066,880	-	15,066,880	
T-Bill 0 9/20/2018	Investment	3,983,320	-	3,983,320	
<i>Stifel Nicolaus</i>					
FHLB 1.375 5/28/2019	Investment	3,964,600	-	3,964,600	
TOTAL INVESTMENTS		140,941,241	-	140,941,241	
TOTAL DEPOSITS AND INVESTMENTS		154,624,520	-	154,624,520	
<i>Other Cash:</i>					
Petty Cash & Change Funds	Cash	-	400	400	
<i>Accrued Interest Receivable</i>					
Accrued Interest - Pooled Investments	Accrued Int	645,271	-	645,271	
TOTAL CASH AND INVESTMENTS		\$ 155,269,791	\$ 400	\$ 155,270,191	
Less: balances in City of Las Cruces Funds		(153,834,338)	-	(153,834,338)	
ASCMV pooled cash and investment balance		1,435,453	400	1,435,853	

**Animal Service Center of the Mesilla Valley
Schedule of Joint Powers Agreements and Memoranda of Understanding
June 30, 2018**

Participants	Responsible Party	Description	Beginning Date	Ending Date
City of Las Cruces	ASCMV	Provide financing, operation, and maintenance of Center	1/29/2008	Perpetual
Dona Ana County	ASCMV	Provide financing, operation, and maintenance of Center	1/29/2008	Perpetual
City of Anthony	ASCMV	Provide assistance with off-site animal shelter services	3/13/2014	3/13/2018
City of Sunland Park	ASCMV	Provide assistance with off-site animal shelter services	11/1/2015	10/31/2019
White Sands Missile Range	ASCMV	Provide assistance with off-site animal shelter services	10/20/2014	60 day notice

Project Amount	FY2018 Revenue	Audit Responsibility	Fiscal Agent
50%	\$ 901,787	City of Las Cruces	City of Las Cruces
50%	\$ 901,787	City of Las Cruces	City of Las Cruces
\$35 per animal	\$ 4,585	City of Las Cruces	City of Las Cruces
\$50 per animal	\$ 600	City of Las Cruces	City of Las Cruces
\$35 per animal	\$ -	City of Las Cruces	City of Las Cruces

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson
New Mexico State Auditor
To the Board of Directors
Animal Service Center of the Mesilla Valley
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 schedule for the General Fund of the Animal Service Center of the Mesilla Valley ("ASCMV") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise ASCMV's basic financial statements, and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

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

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2018-004.

ASCMV's Responses to Findings

The ASCMV's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. ASCMV's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 ASCMV'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 ASCMV's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Animal Service Center of the Mesilla Valley Schedule of Findings and Responses For the Year Ended June 30, 2018

NM 2018-004 Internal Controls over Cash Receipts (Other Noncompliance)

Condition: ASCMV has multiple deficiencies over their receipting process as noted below:

- Eight of 40 deposits tested were not deposited within 24 hours of receipt.
- Three of 40 deposits tested did not have appropriate signature on the Animal Shelter Cash Slip
- Two of 40 Daily Sales Transaction documents tested were not signed.

Criteria: Per the City of Las Cruces "Procedures for All Departments Receipting Money, Effective April 10, 2012" procedure, item 4 on the list of procedures states "Each department must submit the following to the cashier department every day (do not accumulate and send multiple days. Each days' documents must be sent immediately.) Cash count sheet, receipts, cash register tape, detailed computer report and yellow copy of the bank deposit slip; additionally item 12 on the list of procedures states that all deposits are to be made every day.


Effect: ASCMV is not properly safeguarding assets and is in violation City policy.

Cause: The entities internal controls over deposits were not accurately followed for all deposits.

Auditors' Recommendation: CRI recommends the entity emphasize the importance of timely deposits and following all internal controls over receipts and monitor these procedures closely to ensure compliance with policies and procedures.

Agency's Response: The ASCMV is an independent agency. The City of Las Cruces is the fiscal agent for ASCMV but is not directly responsible for internal controls at the agency.

The ASCMV has contracted with an armored car service to ensure safe and timely deposits. In August 2018 employees of ASCMV attended Cashiering training provided by the City of Las Cruces. ASCMV is anticipating changing software which assists in receipting in December 2018 which will strengthen internal controls.



**Animal Service Center of the Mesilla Valley
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018**

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

**Animal Service Center of the Mesilla Valley
Other Disclosures
For the Year Ended June 30, 2018**

Exit Conference

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

ASCMV Board of Directors

Kassandra Gandara	Chair
Jess Williams	Vice-Chair
David Dollahon	Ex-Officio Member

City of Las Cruces (Fiscal Agent)

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

ASCMV

Clinton Thacker	Animal Shelter Director
Bernice Navarro	Administrative Operations Manager
Steve Montanez	Management Analyst

Carr, Riggs & Ingram, LLC

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

Financial Statement Preparation

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