

**Animal Service Center of the
Mesilla Valley**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019



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**Animal Service Center of the Mesilla Valley
Official Roster
June 30, 2019**

The Board of Directors, none of whom are employed by the Animal Service Center of the Mesilla Valley for the year ended June 30, 2019, are:

<u>Name</u>	<u>Title</u>
Lynn J. Ellins	Chair
Jack Eakman	Vice Chair
Kasandra Gandara	Board Member
Ramon S. Gonzalez	Board Member
Manuel Sanchez	Board Member
Gregory Smith	Board Member
David Dollahon	Ex-Officio Member

Financial Section

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
To the Board of Directors
Animal Service Center of the Mesilla Valley
Las Cruces, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison for the general fund of the Animal Service Center of the Mesilla Valley ("ASCMV") as of and for the year ended June 30, 2019, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of ASCMV are intended to present the financial position and the changes in financial position of only Animal Service Center of the Mesilla Valley. They do not purport to, and do not, present fairly the financial position of the City of Las Cruces, as of June 30, 2019, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 18, the GASB supplementary pension schedules on pages 44 through 47, the GASB supplementary OPEB schedules on pages 48 through 49, and the notes to the required supplementary information on page 50 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, the schedule of joint powers agreements, and other disclosures are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of pledged collateral, the schedule of deposit accounts and investments, and the schedule of joint powers agreements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of pledged collateral, the schedule of deposit accounts and investments, and the schedule of joint powers agreements are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of 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, New Mexico
December 2, 2019

Animal Service Center of the Mesilla Valley Management's Discussion and Analysis For the Year Ended June 30, 2019

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, 2019. 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 (the "City") and Dona Ana County (the "County"). It is the mission of ASCMV to provide safe shelter for all lost and abandoned animals of the Mesilla Valley and surrounding communities. ASCMV 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 ASCMV's assets, deferred outflows of resources, liabilities, and deferred inflow of resources with the difference reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the organization is improving or deteriorating.

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, 2019

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 (\$1,600,879) at June 30, 2019, from (\$448,161) at June 30, 2018. Actual expenses exceeded revenues by (\$1,160,044).

The General Fund shows a \$17,569 decrease in fund balance for the year ended June 30, 2019. This is due to an increase in operating expense which was offset by an increase in operating contributions from the City and County. As a result in the increase in operating expenses the Board of Directors eliminated the minimum fund balance policy effective FY 2020.

The Capital Projects Fund shows a \$1,054,460 decrease in fund balance for the year ended June 30, 2019. This is due to the remodel of the ASCMV Shelter building in FY 2019.

**Animal Service Center of the Mesilla Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Table 1 summarizes the net position:

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

	2019	2018
Assets		
Current assets	\$ 446,339	\$ 1,435,945
Capital assets - equipment, net	299,853	265,991
Total assets	746,192	1,701,936
Deferred outflows related to other postemployment benefits	19,222	16,320
Deferred outflows related to pensions	539,158	275,907
Total assets and deferred outflows of resources	\$ 1,304,572	\$ 1,994,163
Liabilities		
Current liabilities	\$ 307,676	\$ 225,253
Net OPEB liability	772,777	849,114
Net pension liability	1,535,379	1,100,641
Total liabilities	2,615,832	2,175,008
Deferred inflows related to OPEB	239,299	193,256
Deferred inflows related to pensions	50,320	74,060
Total liabilities and deferred inflows of resources	2,905,451	2,442,324
Net position		
Net investment in capital assets	299,853	265,991
Unrestricted (deficit)	(1,900,732)	(714,152)
Total net position	(1,600,879)	(448,161)
Total liabilities, deferred inflows of resources, and net position	\$ 1,304,572	\$ 1,994,163

**Animal Service Center of the Mesilla Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Changes in Net Position—Total revenues for the year ended June 30, 2019, were \$2,960,487 compared with expenses of \$4,120,531. Table 2 summarizes the changes in net position for 2019 and 2018, respectively.

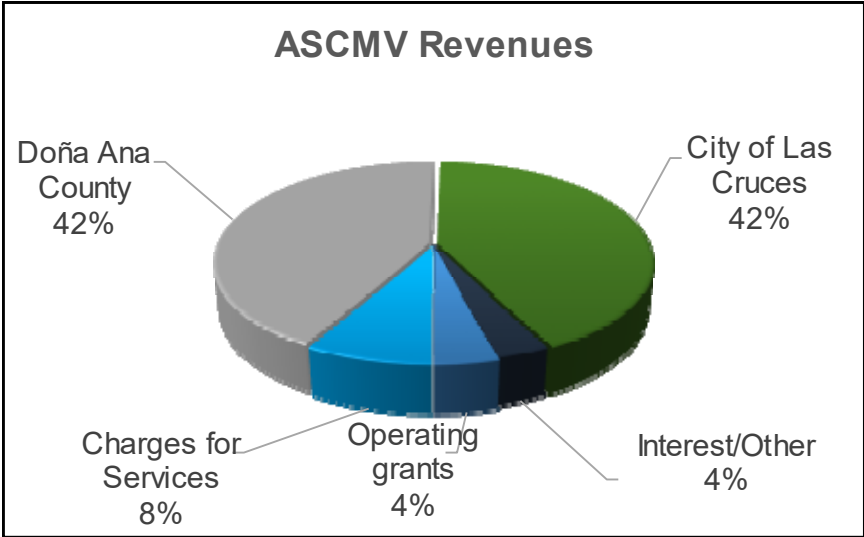
**Table 2
Changes in Net Position
For the Years Ended June 30, 2019**

	2019	2018
Revenues		
Charges for services	\$ 239,499	\$ 266,598
Operating grants	121,656	14,775
Operating contributions:		
Doña Ana County	1,250,000	901,787
City of Las Cruces	1,250,000	901,787
Investment income (loss)	45,358	(1,574)
Other revenues	53,974	94,057
Total revenues	2,960,487	2,177,430
Expenses		
	4,120,531	2,581,487
Revenues over (under) expenditures	(1,160,044)	(404,057)
Transfers		
	7,326	600,000
Change in net position	(1,152,718)	195,943
Net position, beginning of year, as originally stated	(448,161)	346,813
Restatement for OPEB costs	-	(1,008,612)
Restatement for outstanding grant receivable	-	17,695
Net position, beginning of year, as restated	(448,161)	(644,104)
Net position, end of year	\$ (1,600,879)	\$ (448,161)

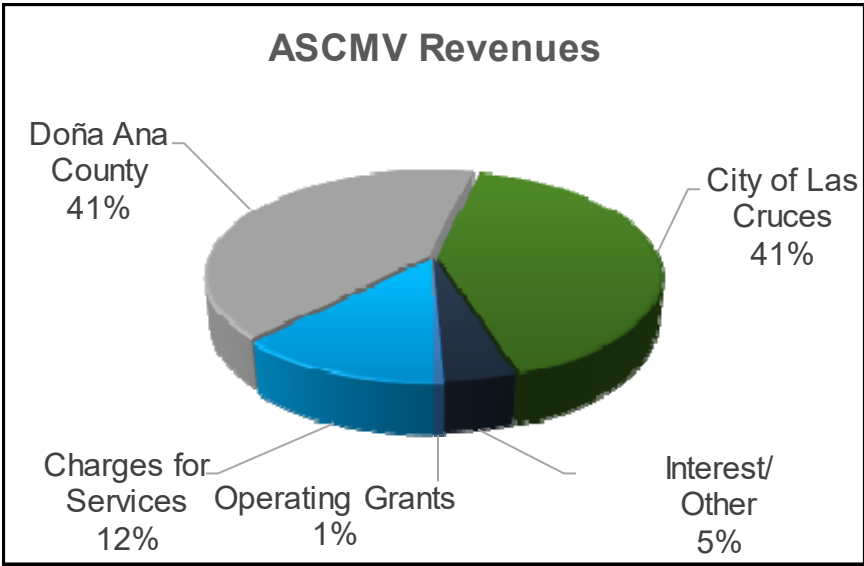
**Animal Service Center of the Mesilla Valley
Management’s Discussion and Analysis
For the Year Ended June 30, 2019**

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

**Chart 1
Revenues by Source 2019**



**Chart 2
Revenues by Source 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.

**Animal Service Center of the Mesilla Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Table 3 summarizes the variance between the budgeted and actual expenditures for the year ended June 30, 2019.

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

	<u>Budget</u>		Actual	Variance	Percent Variance
	Original	Final			
Revenues					
Charges for services	\$ 328,200	\$ 242,550	\$ 239,499	\$ (3,051)	-1%
Operating grants	27,501	135,000	121,656	(13,344)	-10%
Operating contributions					
Doña Ana County	1,250,000	1,250,000	1,250,000	-	0%
City of Las Cruces	1,250,000	1,250,000	1,250,000	-	0%
Investment income (loss)	17,000	17,000	45,358	28,358	167%
Other revenues	45,000	46,605	53,974	7,369	16%
Total revenues	2,917,701	2,941,155	2,960,487	19,332	1%
Expenditures					
Animal services	2,982,484	2,904,222	2,876,400	(27,822)	-1%
Capital projects	1,184,187	1,233,686	1,163,442	(70,244)	-6%
Total expenditures	4,166,671	4,137,908	4,039,842	(98,066)	-2%
Revenues (under) over expenditures	\$ (1,248,970)	\$ (1,196,753)	\$ (1,079,355)	\$ 117,398	-10%

In fiscal year 2019, the difference between the original revenue budget and the final budget resulted from an increase in local grants from PetSmart and Petco. The difference between the final revenue budget and the actual revenue results are related to investment income. The actual revenues were approximately 1% over the final budget.

The increase from the original expenditure budget to the final expenditure budget is a result of several increases to capital projects for the ASCMV Shelter. 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 2019. The actual expenditures were approximately 2% under the final budget.

Animal Service Center of the Mesilla Valley Management’s Discussion and Analysis For the Year Ended June 30, 2019

Capital Assets

Capital Assets—As of June 30, 2019, capital assets totaled \$299,853, net of accumulated depreciation of \$249,537. As of June 30, 2018, capital assets totaled \$265,991, net of accumulated depreciation of \$210,854.

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

	2019	2018
Equipment	\$ 549,390	\$ 476,845
Accumulated depreciation	(249,537)	(210,854)
Capital assets, net	\$ 299,853	\$ 265,991

Economic Outlook

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

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

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

The U.S. Census Bureau reports median household income for the City of Las Cruces in 2017 at \$40,924. In comparison, the state of New Mexico has a household income of \$46,718 for 2017, a difference of \$5,794 between the State and the City’s median household income. However, even though the City has a smaller median household income than the State, the trend has been positive overall since 2010, but decreasing since 2015. In 2015 the median household income in the City was \$41,330 which means that median household income has decreased \$406 in 2 years, but it has increased \$2,533 since 2010.

Animal Service Center of the Mesilla Valley Management's Discussion and Analysis For the Year Ended June 30, 2019

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

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

AUTHORS:

FRANCISCO PALLARES, ECONOMIST

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

Basic Financial Statements

Animal Service Center of the Mesilla Valley
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2019

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Governmental Activities Statement of Net Position
Assets					
Pooled cash and investments	\$ 362,703	\$ 82,621	\$ 445,324	\$ -	\$ 445,324
Accounts receivable	1,015	-	1,015	-	1,015
Total current assets	363,718	82,621	446,339	-	446,339
Capital assets					
Equipment, net	-	-	-	299,853	299,853
Total assets	363,718	82,621	446,339	299,853	746,192
Deferred outflows of resources					
Deferred outflows related to OPEB	-	-	-	19,222	19,222
Deferred outflows related to pensions	-	-	-	539,158	539,158
Total deferred outflows of resources	-	-	-	558,380	558,380
Total assets and deferred outflows of resources	\$ 363,718	\$ 82,621	\$ 446,339	\$ 858,233	\$ 1,304,572

(Continued)

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

Animal Service Center of the Mesilla Valley
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2019

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Governmental Statement of Net Position
Liabilities					
Current liabilities					
Accounts payable	\$ 78,470	\$ 108,386	\$ 186,856	\$ -	\$ 186,856
Accrued payroll and other	107,476	13,344	120,820	-	120,820
Total current liabilities	185,946	121,730	307,676	-	307,676
Net OPEB liability	-	-	-	772,777	772,777
Net pension liability	-	-	-	1,535,379	1,535,379
Total liabilities	185,946	121,730	307,676	2,308,156	2,615,832
Deferred inflows of resources					
Deferred inflows related to OPEB					
	-	-	-	239,299	239,299
Deferred inflows related to pensions					
	-	-	-	50,320	50,320
Total deferred inflows of resources	-	-	-	289,619	289,619
Fund balance/net position					
Committed	242,019	-	242,019	(242,019)	-
Unassigned	(64,247)	(39,109)	(103,356)	103,356	-
Total fund balance/net position	177,772	(39,109)	138,663	(138,663)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 363,718	\$ 82,621	\$ 446,339	2,459,112	2,905,451
Net position					
Net investment in capital assets				299,853	299,853
Unrestricted (deficit)				(1,900,732)	(1,900,732)
Total net position				(1,600,879)	(1,600,879)
Total liabilities, deferred inflows of resources, and net position				\$ 858,233	\$ 1,304,572

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, 2019

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Governmental Activities Statement of Activities
Revenues					
Charges for services	\$ 239,499	\$ -	\$ 239,499	\$ -	\$ 239,499
Operating grants	20,000	101,656	121,656	-	121,656
Operating contributions:					
Doña Ana County	1,250,000	-	1,250,000	-	1,250,000
City of Las Cruces	1,250,000	-	1,250,000	-	1,250,000
Investment income (loss)	45,358	-	45,358	-	45,358
Other revenues	53,974	-	53,974	-	53,974
Total revenues	2,858,831	101,656	2,960,487	-	2,960,487
Expenditures/expenses					
Current					
Animal services:					
Personnel	2,073,403	-	2,073,403	23,024	2,096,427
Repairs and maintenance	54,139	1,163,442	1,217,581	(1,163,442)	54,139
Services	372,664	-	372,664	-	372,664
Insurance	49,906	-	49,906	-	49,906
Supplies	222,209	-	222,209	-	222,209
Pension-PERA	-	-	-	80,529	80,529
OPEB	-	-	-	10,998	10,998
Other	31,534	-	31,534	-	31,534
Capital contributions to primary government	-	-	-	1,163,442	1,163,442
Depreciation	-	-	-	38,683	38,683
Capital outlay	72,545	-	72,545	(72,545)	-
Total expenditures/expenses	2,876,400	1,163,442	4,039,842	80,689	4,120,531
Revenues over (under) expenditures	(17,569)	(1,061,786)	(1,079,355)	(80,689)	(1,160,044)
Other financing sources (uses)					
Transfers	-	7,326	7,326	-	7,326
Total other financing sources (uses)	-	7,326	7,326	-	7,326
Change in fund balance/net position	(17,569)	(1,054,460)	(1,072,029)	(80,689)	(1,152,718)
Fund balance/net position, beginning of year	195,341	1,015,351	1,210,692	230,935	(448,161)
Fund balance/net position, end of year	\$ 177,772	\$ (39,109)	\$ 138,663	\$ 150,246	\$ (1,600,879)

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 328,200	\$ 242,550	\$ 239,499	\$ (3,051)
Operating grants	-	20,000	20,000	-
Operating contributions				
Doña Ana County	1,250,000	1,250,000	1,250,000	-
City of Las Cruces	1,250,000	1,250,000	1,250,000	-
Investment income	17,000	17,000	45,358	28,358
Other revenues	45,000	46,605	53,974	7,369
Total revenues	2,890,200	2,826,155	2,858,831	32,676
Expenditures				
Animal services				
Personnel	2,035,355	1,996,577	2,073,403	(76,826)
Repairs and maintenance	51,000	53,200	54,139	(939)
Services	405,000	475,400	372,664	102,736
Insurance	85,129	54,849	49,906	4,943
Supplies	244,500	218,538	222,209	(3,671)
Other	70,000	38,158	31,534	6,624
Capital outlay	91,500	67,500	72,545	(5,045)
Total expenditures	2,982,484	2,904,222	2,876,400	27,822
Revenues over (under) expenditures	(92,284)	(78,067)	(17,569)	4,854
Other financing sources (uses)				
Transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(92,284)	(78,067)	(17,569)	4,854
Fund balance, beginning of year	195,341	195,341	195,341	-
Fund balance, end of year	\$ 103,057	\$ 117,274	\$ 177,772	\$ 4,854

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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 (the “City”) and the County of Doña Ana (the “County”). The JPA continues on a yearly basis unless terminated by the parties. The City and 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, 2019

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 acquisition 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.

Accounts Payable

The liability for account payables consists of unpaid amounts due to vendors.

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based of amounts earned by the employees through June 30, 2019, along with applicable PERA, Retiree Health Care, Social Security Taxes, and Medicare payable.

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.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

ASCMV's budget is prepared on a basis consistent with generally accepted accounting principles in the United States of America (GAAP), using an estimate of anticipated revenues and expenditures. 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.

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 three 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.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 fund budgeted expenditures for fiscal year 2019 were \$2,904,222 and 1/12 of this amount is \$242,019. ASCMV's general fund balance at June 30, 2019, is \$177,772, leaving a deficit of \$64,247 classified as unassigned in the general fund.

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 net 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.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as 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 Statement 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. 84: *Fiduciary Activities*
- ◆ Statement No. 87: *Lease Accounting Standards*
- ◆ Statement No. 89: *Accounting for Interest Cost Incurred before the End of a Construction Period*
- ◆ Statement No. 90: *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*
- ◆ Statement No. 91: *Conduit Debt Obligations*

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, 2019, is \$445,324

At June 30, 2019, the City’s cash and investment pool consists of the following:

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

Bank Balance of Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City’s investment ordinance requires collateralization of 100% of the uninsured portion of the City’s deposits with financial institutions. Securities pledged by financial institutions are accepted at market value, except obligations of the state of New Mexico and its subdivisions, which are accepted at par value. As of June 30, 2019, the City’s deposits, totaling \$14,012,345 were insured by FDIC or collateralized by a letter of credit with FHLB CINCINNATI valued at \$25,000,000 and thus were not exposed to custodial risk.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Investments

The City's investment policy allows investment in: a) U.S. Treasury obligations; b) U.S. government agency and instrumentality obligations; c) repurchase agreements whose underlying securities and/or collateral consist of allowed investments described in (a) or (b) above; d) accounts of deposit at federally-insured financial institutions; e) pooled funds maintained by the State Treasurer; and f) mutual funds whose portfolios consist solely of allowed investments.

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

Investment Type	Fair Value	Weighted Average Maturity (Yrs.)
U.S. agency coupon bonds	\$ 152,748,895	9.01
U.S. treasury bills	5,343,636	0.21
Negotiable CD's	1,001,072	0.79
Total pooled investments	\$ 159,093,603	

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment pool includes step-up coupon securities that total \$114,702,875 issued by U.S. government agencies that are callable by the issuer under certain circumstances. For purposes of calculating weighted average maturity, the City uses years to maturity.

Credit Risk. The City's investment policy lists the criteria for selecting investments and the order of priority as follows: 1) safety; 2) liquidity; and 3) yield. As of June 30, 2019, the City's investments in coupon bonds of U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. The City's money market fund investments were rated AAA 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, 2019, all of the City's securities are held in either the street name or by a third-party financial institution in the City's name.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

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

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

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

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

NOTE 3: CAPITAL ASSETS

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

	Balances			Balances
	June 30, 2018	Additions	Transfers	June 30, 2019
Equipment	\$ 476,845	\$ 72,545	\$ -	\$ 549,390
Less accumulated depreciation	(210,854)	(38,683)	-	(249,537)
Capital assets, net	\$ 341,283	\$ 33,862	\$ -	\$ 299,853

ASCMV did make capital asset purchases during the fiscal year 2019. Depreciation expense was \$38,683 charged to Animal Services for the year ended June 30, 2019.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 3: CAPITAL ASSETS (Continued)

During the year ASCMV spent \$1,163,442 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

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, unless specifically excluded.

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, 2018 available at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>.

Contributions. The contribution requirements of defined benefit plan members and ASCMV 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 FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY18 annual audit report at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>.

The PERA coverage option that applies to ASCMV is 0.0963%. Statutorily required contributions to the pension plan from ASCMV were \$77,605 and employer paid member benefits that were “picked up” by the employer were \$83,098 for the year ended June 30, 2019.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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

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, 2018. 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, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. ASCMV's proportion of the net pension liability was based on a projection of ASCMV's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For ASCMV at June 30, 2019, a liability of \$1,535,379 was recorded for its net pension liability. At June 30, 2019, ASCMV's proportion was 0.0963% which was an increase of 0.1162 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, ASCMV recognized PERA pension expense of \$235,687.

At June 30, 2019, ASCMV reported deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 139,204	\$ 8,828
Difference between expected and actual experience	44,376	40,311
Net difference between projected and actual earnings on pension plan investments	113,871	-
Changes in proportion and differences between contributions and proportionate share of contributions	164,102	1,181
ASCMV 's contributions subsequent to the measurement date	77,605	-
Total	\$ 539,158	\$ 50,320

Deferred outflows of resources of \$77,605 result from contributions subsequent to the measurement date of June 30, 2018 and are recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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

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

Year Ended June 30:	
2020	\$ 221,278
2021	119,133
2022	64,613
2023	6,209

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement date:

Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2017
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	7.25% annual rate, net of investment expense
· Projected benefit payment	100 years
· Payroll Growth	3.00%
· Projected salary increases	3.25% to 13.50% annual rate
· Includes inflation at	2.50% annual rate first 9 years, 2.75% all other years
· Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups
· Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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

Long-Term Expected Rate of Return. 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%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%
Total	100.0%	

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of 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 ASCMV’s net pension liability in the PERA Fund Division that ASCMV participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
ASCMV’s proportionate share of the net pension liability	\$ 2,365,915	\$ 1,535,379	\$ 848,807

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2019 there were no contributions due and payable to PERA for ASCMV. Contractually required contributions are remitted to PERA monthly.

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

General Information about the OPEB

ASCMV, for the purposes of Retiree Health Care, are include in the City’s net OPEB liability as reported by New Mexico Retiree Health Care Authority (“NMRHCA”) and ASCMV’s share is proportionate to the City of Las Cruces (“City”).

Plan description. Employees of ASCMV are provided with OPEB through the Retiree Health Care Fund (“the Fund”)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the 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, 2019

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

Employees covered by benefit terms. At June 30, 2019, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

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 ASCMV were \$19,222 for the year ended June 30, 2019.

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

At June 30, 2018, ASCMV reported a liability of \$772,777 for its proportionate share of the City’s net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. ASCMV’s proportion of the City’s net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2019, ASCMV’s proportionate share was 0.01698 percent of the City’s proportionate share.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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

For the year ended June 30, 2019, the recognized OPEB benefit of (\$7,378). At June 30, 2019, ASCMV 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
Differences between expected and actual experience	\$ -	\$ 50,251
Changes of assumptions	-	158,458
Net difference between projected and actual earnings on pension plan investments	-	10,592
Changes in proportion and differences between contributions and proportionate share of contributions	-	19,998
ASCMV's contributions subsequent to the measurement date	19,222	-
Total	\$ 19,222	\$ 239,299

Deferred outflows of resources totaling \$19,222 represent ASCMV'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, 2020. 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:	
2020	\$ (59,957)
2021	(59,957)
2022	(59,957)
2023	(47,267)
2024	(12,161)
Total	\$ (239,299)

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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 members
Projected payroll increases	3.5% to 12.50%, based on years of service including inflation
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
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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

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

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

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. 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, 2029. Thus, the 4.08% 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, 4.08% is the blended discount rate.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

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

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of ASCMV, as well as what ASCMV’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 935,242	\$ 772,777	\$ 644,718

The following presents the net OPEB liability of ASCMV, as well as what ASCMV’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
\$ 653,267	\$ 772,777	\$ 866,475

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, 2018.

Payable Changes in the Net OPEB Liability. At June 30, 2019, ASCMV did not have a payable due to NMRHCA for the year ended June 30, 2019.

NOTE 6: RELATED PARTY TRANSACTIONS

ASCMV receives funding from members of the joint powers agreement. During fiscal year 2019, ASCMV received \$1,250,000 from the City of Las Cruces and \$1,250,000 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 fiscal year 2019 the City received \$3,400.

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 8: ADJUSTMENTS


Fund balances of ASCMV governmental funds of \$138,663 differ from total net position of (\$1,600,879) reported on the statement of net position because capital assets, net pension liabilities, and net OPEB liabilities, and related deferred inflows and outflows 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.

The following is a summary of the differences:

Fund balance	\$	138,663
Capital assets are not financial resources and, therefore, are not reported in the funds		299,853
Net pension deferred outflows are not available for operations and, therefore, are not reported in the funds		539,158
Net OPEB deferred outflows are not available for operations and, therefore, are not reported in the funds		19,222
Net pension deferred inflows are not available for operations and, therefore, are not reported in the funds		(50,320)
Net OPEB deferred inflows are not available for operations and, therefore, are not reported in the funds		(239,299)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds		(1,535,379)
Net OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds		(772,777)
<u>Net position</u>	<u>\$</u>	<u>(1,600,879)</u>

The net decrease of the fund balance of ASCMV's governmental funds revenues, expenditures, and changes in fund balances of (\$1,079,355) differs from the net decrease in net position of (\$1,160,044) reported on the statement of activities as follows:

Revenues over expenditures	\$	(1,079,355)
Capital outlay		72,545
Pension		(103,553)
OPEB		(10,998)
Depreciation		(38,683)
<u>Net change in net position</u>	<u>\$</u>	<u>(1,160,044)</u>



Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2019

NOTE 9: 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 10: SUBSEQUENT EVENTS

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

On September 11, 2019, ASCMV's Board of Directors approved Resolution 2019-9 to eliminate the minimum fund balance policy reserve of 1/12th of budget expenditures effective fiscal year 2020.

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	
	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
ASCMV's proportion of the net pension liability	0.0963%	0.0801%
ASCMV's proportionate share of the net pension liability	\$ 1,535,379	\$ 1,100,641
ASCMV's covered payroll	\$ 844,967	\$ 703,852
ASCMV's proportionate share of the net pension liability as a percentage of its covered payroll	181.71%	156.37%
Plan fiduciary net position as a percentage of the total pension liability	71.13	73.74%

*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 independent auditors' report.
See notes to required supplementary information.*

Fiscal Year		
2017	2016	2015
Measurement Date	Measurement Date	Measurement Date
(As of and for the Year Ended June 30, 2016)	(As of and for the Year Ended June 30, 2015)	(As of and for the Year Ended June 30, 2014)
0.0783%	0.0766%	0.0786%
\$ 1,250,971	\$ 781,003	\$ 698,680
\$ 669,996	\$ 683,690	\$ 683,960
186.71%	114.23%	102.15%
69.18%	76.99%	81.29%

*See independent auditors' report.
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	
	2019*	2018
Statutorily required contribution	\$ 77,605	\$ 67,218
ASCMV's contributions in relation to the statutorily required contribution	77,605	67,218
ASCMV's contribution deficiency (excess)	\$ -	\$ -
ASCMV's covered payroll	\$ 812,618	\$ 844,967
ASCMV's contribution as a percentage of covered payroll	9.55%	7.96%

*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 independent auditors' report.
See notes to required supplementary information.*

Fiscal Year			
2017	2016	2015	2014
\$ 67,527	\$ 63,985	\$ 103,226	\$ 100,177
67,527	63,985	103,226	100,177
\$ -	\$ -	\$ -	\$ -
\$ 703,852	\$ 669,996	\$ 683,690	\$ 718,667
9.59%	9.55%	15.10%	13.94%

*See independent auditors' report.
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***

	Fiscal Year	
	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
ASCMV's proportion of the City's net OPEB liability	0.01698%	0.01874%
ASCMV's proportionate share of the City's net OPEB liability	\$ 772,777	\$ 849,114
ASCMV's covered-employee payroll	\$ 844,697	\$ 804,306
ASCMV's proportionate share of the City's net OPEB liability as a percentage of its covered-employee payroll	109.31%	105.57%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	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 independent auditors' report.
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***

	Fiscal Year	
	2019	2018
Contractually required contributions	\$ 19,222	\$ 16,320
Contributions in relation to the contractually required	(19,222)	(16,320)
Contribution deficiency (excess)	\$ -	\$ -
ASCMV's covered-employee payroll	\$ 961,100	\$ 804,306
Contributions as a percentage of covered-employee payroll	2.00%	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 independent auditors' report.
 See notes to required supplementary information.*

Animal Service Center of the Mesilla Valley
Notes to Required Supplementary Information
June 30, 2019

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY18 CAFR available at <https://www.saonm.org>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 2018 report is available at <http://www.nmpera.org/>.

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 NMRHCA FY18 audit available at <http://nmrhca.org/financial-documents.aspx>.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at <http://nmrhca.org/financial-documents.aspx>. 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, 2019

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.

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

See independent auditors' report.

Animal Service Center of the Mesilla Valley Schedule of Deposit Accounts and Investments June 30, 2019

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

Investments

First Tennessee

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

(Continued)

See independent auditors' report.

Animal Service Center of the Mesilla Valley
Schedule of Deposit Accounts and Investments
June 30, 2019

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

(Continued)

See independent auditors' report.

Animal Service Center of the Mesilla Valley
Schedule of Deposit Accounts and Investments
June 30, 2019

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

See independent auditors' report.

**Animal Service Center of the Mesilla Valley
Schedule of Joint Powers Agreements
June 30, 2019**

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

See independent auditors' report.

Ending Date	FY 2019 Revenue	Audit Responsibility	Fiscal Agent
Perpetual	\$ 1,250,000	City of Las Cruces	City of Las Cruces
Perpetual	\$ 1,250,000	City of Las Cruces	City of Las Cruces
3/13/2018	\$ 6,475	City of Las Cruces	City of Las Cruces
10/31/2019	\$ 140	City of Las Cruces	City of Las Cruces
60 day notice	\$ -	City of Las Cruces	City of Las Cruces

See independent auditors' report.

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
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 for the general fund of the Animal Service Center of the Mesilla Valley ("ASCMV") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise ASCMV's basic financial statements, and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 findings and responses pursuant to Section 12-6-5 NMSA 1978 as item NM 2018-004.

ASCMV's Response to Finding

The ASCMV's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. ASCMV's response was 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Animal Service Center of the Mesilla Valley
Schedule of Findings and Responses
June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

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

SECTION II – FINANCIAL STATEMENT FINDINGS

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

Condition: Animal Services Center Mesilla Valley (ASCMV), a City agency fund, has multiple deficiencies over their receipting process as noted below:

- Six of 40 deposits tested were not deposited within 24 hours of receipt.
- One of 40 deposits tested did not have appropriate signature on the Animal Shelter Cash Slip

Progress on resolution of prior year finding: ASCMV hired an armored car service to assist with timely deposits. The number of deficiencies was reduced from prior year.

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: ASCMV’s internal controls over deposits were not accurately followed for all deposits.

Auditor’s Recommendation: CRI recommends ASCMV 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. We also recommend ASCMV seek the City’s assistance for best practices to ensure compliance with the City’s receipting policy.

Animal Service Center of the Mesilla Valley
Schedule of Findings and Responses
June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

NM 2018-004 Internal Controls over Cash Receipts (Other Noncompliance) (Repeated and modified) (Continued)

Views of Responsible Officials and Planned Corrective Actions: Until March 2019 we had an employee doing the deposits that was performing below standards. That employee no longer works at the ASCMV. Since that personnel change, we have found very little to no deposit issues. To address the deposit issue, we have two people trained on how to do deposits, so there should not be a gap in deposit collection. To correct issues/findings in the 2017/18 audit, the ASCMV was included in the City's armored car deposit pickup schedule. However, the ASCMV is open 7 days a week. No deposit collection occurs on Saturday and Sunday. Both of those days are collected on Monday. There needs to be an extension of the armored car service or a change in the City's procedures exempting the departments that are open over the weekend. And allow for a Monday deposit collection. The Executive Director will insure this is fully implemented by June 30, 2020.

SECTION III – PRIOR YEAR AUDIT FINDINGS

NM 2018-004 Internal Controls over cash Receipts – Repeated and modified

Animal Service Center of the Mesilla Valley
Other Disclosures
June 30, 2019

EXIT CONFERENCE

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

ASCMV Board of Directors

Jack Eakman	Vice-Chair
David Dollahon	Ex-Officio Member

City of Las Cruces (Fiscal Agent)

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

ASCMV

Clinton Thacker	Animal Shelter Director
Bernice Navarro	Administrative Operations Manager
Thomas Fuschini	Management Analyst

Carr, Riggs & Ingram, LLC

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

FINANCIAL STATEMENT PREPARATION

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