

**Animal Service Center of the
Mesilla valley**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2020



PATTILLO, BROWN & HILL, LLP

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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**Animal Service Center of the Mesilla Valley
Official Roster
June 30, 2020**

The Board of Directors, none of whom are employed by the Animal Service Center of the Mesilla Valley for the year ended June 30, 2020, are:

<u>Name</u>	<u>Title</u>
Yvonne Flores	Chair
Manuel Sanchez	Vice Chair
Tessa Abeyta-Stuve	Board Member
Lynn J. Ellins	Board Member
Kasandra Gandara	Board Member
Ramon S. Gonzalez	Board Member
David Dollahon	Ex-Officio Member
Jeanne Quintero	Ex-Officio Member

Financial Section



Independent Auditors' Report

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

Board of Directors
Animal Services 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 Services Center of the Mesilla Valley ("ASCMV") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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.

Auditor's Responsibility

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

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

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the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the budgetary comparison for the General Fund of the ASCMV, as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of ASCMV are intended to present the financial position and the changes in financial position of only ASCMV. They do not purport to, and do not, present the financial position of the City of Las Cruces, as of June 30, 2020, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United State of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 16, the GASB supplementary pension schedules on pages 42 through 47, and the notes to the required supplementary information on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other schedules required by 2.2.2 NMAC as noted in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules required by 2.2.2 NMAC as noted in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2020 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ASCMV's internal control over financial reporting and compliance.



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

Animal Service Center of the Mesilla Valley Management’s Discussion and Analysis For the Year Ended June 30, 2020

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, 2020. 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, 2020**

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 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 (\$1,974,599) at June 30, 2020, from (\$1,600,879) at June 30, 2019. Actual expenses exceeded revenues by \$343,068.

The General Fund shows a \$99,477 operating increase for the year ended June 30, 2020 due to a decrease in operating expenses such as repairs, and maintenance and supplies compared to the previous fiscal year. The decrease in fund balance of \$6,023 is due to a transfer of other financing sources of \$105,500 to the Center’s Capital Project fund.

The Capital Projects Funds expenditures exceed revenues in the amount of \$34,826 with a \$70,674 increase in fund balance due to a \$105,500 transfer from the General Fund.

**Animal Service Center of the Mesilla Valley
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Table 1 summarizes the net position:

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

	2020	2019
Assets		
Current assets	\$ 376,640	\$ 446,339
Capital assets - equipment, net	223,990	299,853
Total assets	600,630	746,192
Deferred outflows related to OPEB	157,631	19,222
Deferred outflows related to pensions	909,009	539,158
Total assets and deferred outflows of resources	\$ 1,667,270	\$ 1,304,572
Liabilities		
Current liabilities	\$ 173,326	\$ 307,676
Net OPEB Liability	543,426	772,777
Net pension liability	2,397,573	1,535,379
Total liabilities	3,114,325	2,615,832
Deferred inflows related to OPEB	495,702	239,299
Deferred inflows related to pensions	31,842	50,320
Total liabilities and deferred inflows of resources	3,641,869	2,905,451
Net Position		
Net investment in capital assets	223,990	299,853
Unrestricted (deficit)	(2,198,589)	(1,900,732)
Total net position	(1,974,599)	(1,600,879)
Total liabilities, deferred inflows of resources, and net position	\$ 1,667,270	\$ 1,304,572

**Animal Service Center of the Mesilla Valley
Management’s Discussion and Analysis
For the Year Ended June 30, 2020**

Changes in Net Position—Total revenues for the year ended June 30, 2020, were \$2,775,226 compared with expenses of \$3,118,294. Table 2 summarizes the changes in net position for 2020 and 2019, respectively.

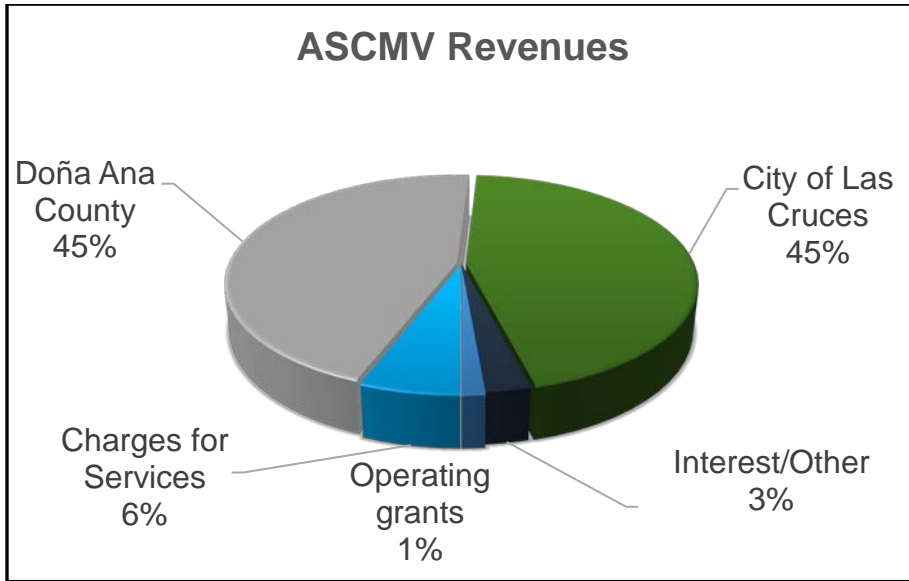
**Table 2
Changes in Net Position
For the Years Ended June 30, 2020**

	2020	2019
Revenues		
Charges for services	\$ 163,974	\$ 239,499
Operating grants	38,344	121,656
Operating contributions:		
Doña Ana County	1,250,000	1,250,000
City of Las Cruces	1,250,000	1,250,000
Investment income	9,425	45,358
Other revenues	63,483	53,974
Total revenues	2,775,226	2,960,487
Expenses	3,118,294	4,120,531
Revenues over (under) expenditures	(343,068)	(1,160,044)
Transfers	-	7,326
Special Item	(30,652)	-
Change in net position	(373,720)	(1,152,718)
Net position, beginning of year	(1,600,879)	(448,161)
Net position, end of year	\$ (1,974,599)	\$ (1,600,879)

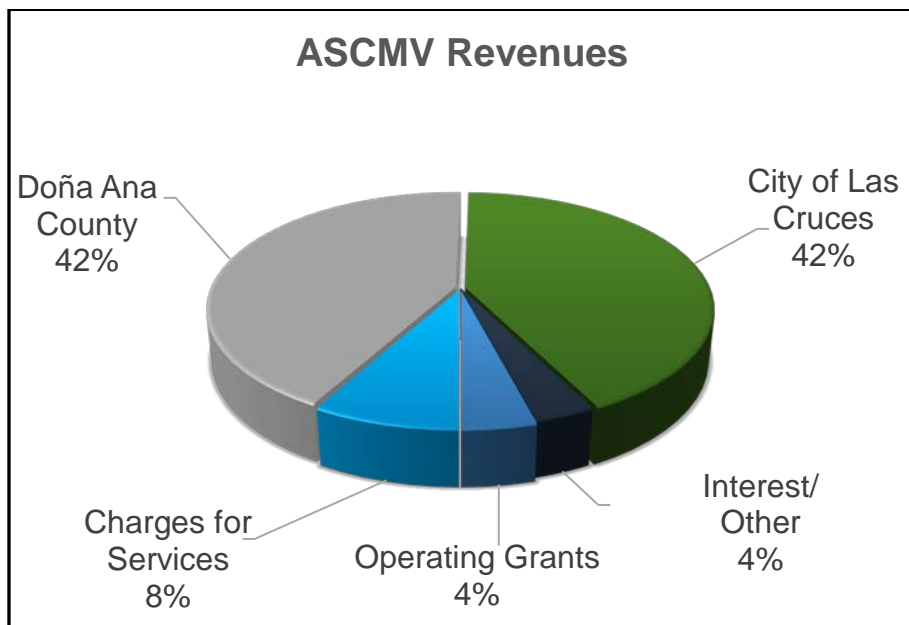
**Animal Service Center of the Mesilla Valley
Management’s Discussion and Analysis
For the Year Ended June 30, 2020**

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

**Chart 1
Revenues by Source 2020**



**Chart 2
Revenues by Source 2019**



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, 2020**

Table 3 summarizes the variance between the budgeted and actual expenditures for the year ended June 30, 2020.

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

	Budget		Actual	Variance	Percent Variance
	Original	Final			
Revenues					
Charges for services	\$ 297,992	\$ 272,992	\$ 163,974	\$ (109,018)	-40%
Operating grants	45,853	88,116	38,344	(49,772)	-56%
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)	18,235	18,235	9,425	(8,810)	-48%
Other revenues	41,263	46,263	63,483	17,220	37%
Total revenues	2,903,343	2,925,606	2,775,226	(150,380)	-5%
Expenditures					
Animal services	2,856,273	2,982,773	2,662,405	(320,368)	-11%
Capital projects	65,000	81,654	48,170	(33,484)	-41%
Total expenditures	2,921,273	3,064,427	2,710,575	(353,852)	-12%
Revenues (under) over expenditures	(17,930)	(138,821)	64,651	203,472	-147%

In fiscal year 2020, the difference between the original revenue budget and the final budget resulted from an increase in local grants from Carroll Petrie Foundation COVID-19, Maddie’s Fund Pet Foster Care Stimulus, and Best Friends Animal Society’s Cat Life. The difference between the final revenue budget and the actual revenue results are related to Other Revenue/ Donations and Memorials from the Sheila Pickett Estate. The actual revenues were 5% below the final budget due to the COVID-19 global pandemic.

The increase from the original expenditure budget to the final expenditure budget is a result of several increases to the General Fund’s PERA employee contributions, professional and technical services, supplies, and remaining Capital Projects expenditures to complete the shelter’s building renovation. The difference between the final expenditure budget and the actual expenditures is an overall decrease in operations due the COVID-19 pandemic that resulted in a global economic slowdown. The actual expenditures were approximately 12% under the final budget.

**Animal Service Center of the Mesilla Valley
Management’s Discussion and Analysis
For the Year Ended June 30, 2020**

Capital Assets

Capital Assets—As of June 30, 2020, capital assets totaled \$223,990, net of accumulated depreciation of \$237,287. As of June 30, 2019, capital assets totaled \$299,853, net of accumulated depreciation of \$249,537. The decrease is due to the transfer of capital building improvements to the primary government.

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

	2020	2019
Equipment	\$ 461,277	\$ 549,390
Accumulated depreciation	(237,287)	(249,537)
Capital assets, net	\$ 223,990	\$ 299,853

Economic Outlook

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

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

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

The number of payroll jobs in Las Cruces MSA has decreased from a year ago. The preliminary numbers on total non-farm payroll employment in Las Cruces MSA for May 2020 indicate a total of 67,000 payroll jobs. In comparison to the May 2019 figures at 73,800 payroll jobs, it represents a loss of roughly 6,800 jobs. The decrease in payroll jobs is also a characteristic of the negative economic effects associated to the pandemic of COVID-19.

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

**Animal Service Center of the Mesilla Valley
Management’s Discussion and Analysis
For the Year Ended June 30, 2020**

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

AUTHORS:

FRANCISCO PALLARES, ECONOMIST

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, 2020

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Governmental Activities Statement of Net Position
Assets					
Current assets					
Pooled cash and investments	\$ 341,070	\$ 31,565	\$ 372,635	\$ -	\$ 372,635
Accounts receivable	4,005	-	4,005	-	4,005
Total current assets	345,075	31,565	376,640	-	376,640
Capital assets					
Equipment, net	-	-	-	223,990	223,990
Total assets	345,075	31,565	376,640	223,990	600,630
Deferred Outflows of Resources					
Deferred outflows related OPEB	-	-	-	157,631	157,631
Deferred outflows related to pensions	-	-	-	909,009	909,009
Total deferred outflows of resources	-	-	-	1,066,640	1,066,640
Total assets and deferred outflow of resources	\$ 345,075	\$ 31,565	\$ 376,640	\$ 1,290,630	\$ 1,667,270

(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, 2020

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Governmental Activities Statement of Net Position
Liabilities					
Current liabilities					
Accounts payable	\$ 7,760	\$ -	\$ 7,760	\$ -	\$ 7,760
Accrued payroll and other	165,566	-	165,566	-	165,566
Total current liabilities	173,326	-	173,326	-	173,326
Net OPEB liability	-	-	-	543,426	543,426
Net pension liability	-	-	-	2,397,573	2,397,573
Total liabilities	173,326	-	173,326	2,940,999	2,940,999
Deferred Inflows of Resources					
Deferred inflows related to OPEB	-	-	-	495,702	495,702
Deferred inflows related to pensions	-	-	-	31,842	31,842
Total deferred inflows of resources	-	-	-	527,544	527,544
Fund Balance/Net Position					
Restricted	47,751	-	47,751	(47,751)	-
Unassigned	123,998	31,565	155,563	(155,563)	-
Total Fund balance/net position	171,749	31,565	203,314	(203,314)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 345,075	\$ 31,565	\$ 376,640	\$ 3,265,229	\$ 3,641,869
Net position					
Net investment in capital assets				223,990	223,990
Unrestricted (deficit)				(2,198,589)	(2,198,589)
Total net position				(1,974,599)	(1,974,599)
Total liabilities, deferred inflows of resources, and net position				\$ 1,290,630	\$ 1,667,270

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, 2020**

	General Fund	Capital Projects Fund	Total	Adjustments (Note 8)	Governmental Activities Statement of Net Activities
Revenues					
Charges for services	\$ 163,974	\$ -	\$ 163,974	\$ -	\$ 163,974
Operating grants	25,000	13,344	38,344	-	38,344
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)	9,425	-	9,425	-	9,425
Other revenues	63,483	-	63,483	-	63,483
Total revenues	2,761,882	13,344	2,775,226	-	2,775,226
Expenditures/Expenses					
Current					
Animal services:					
Personnel	2,041,393	-	2,041,393	(222,803)	1,818,590
Repairs and maintenance	24,658	-	24,658	-	24,658
Services	346,315	48,170	394,485	(48,170)	346,315
Insurance	50,358	-	50,358	-	50,358
Supplies	176,539	-	176,539	-	176,539
Pension-PERA	-	-	-	641,816	641,816
Pension-OPEB	-	-	-	(56,506)	(56,506)
Other	23,142	-	23,142	-	23,142
Capital contributions to primary government	-	-	-	48,170	48,170
Building improvements/assets transferred to primary government	-	-	-	-	-
Depreciation	-	-	-	45,212	45,212
Capital outlay	-	-	-	-	-
Total expenditures/expenses	2,662,405	48,170	2,710,575	407,719	3,118,294
Revenues over (under) expenditures	99,477	(34,826)	64,651	(407,719)	(343,068)
Other financing sources (uses)					
Transfers	(105,500)	105,500	-	-	-
Total other financing sources (uses)	(105,500)	105,500	-	-	-
Special Item					
Capital Improvements/assets transferred to primary government	-	-	-	(30,652)	(30,652)
Change in fund balance/net position	(6,023)	70,674	64,651	(438,371)	(373,720)
Fund balance/net position, beginning of year	177,772	(39,109)	138,663	150,246	(1,600,879)
Fund balance/net position, end of year	\$ 171,749	\$ 31,565	\$ 203,314	\$ (288,125)	\$ (1,974,599)

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Charges for services	\$ 297,992	\$ 272,992	\$ 163,974	\$ (109,018)
Operating grants	8,853	72,853	25,000	(47,853)
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	18,235	18,235	9,425	(8,810)
Other revenues	41,263	46,263	63,483	17,220
Total revenues	2,866,343	2,910,343	2,761,882	(148,461)
Expenditures				
Animal services				
Personnel	2,128,116	2,128,116	2,041,393	86,723
Repairs and maintenance	39,292	39,292	24,658	14,634
Services	343,738	396,038	346,315	49,723
Insurance	61,939	53,339	50,358	2,981
Supplies	190,547	225,847	176,539	49,308
Other	64,641	34,641	23,142	11,499
Capital outlay	-	-	-	-
Total expenditures	2,828,273	2,877,273	2,662,405	214,868
Other financing sources (uses)				
Transfers	28,000	105,500	(105,500)	-
Total other financing sources (uses)	28,000	105,500	(105,500)	-
Net change in fund balance	10,070	(72,430)	(6,023)	(363,329)
Fund balance, beginning of year	103,057	117,274	177,772	-
Fund balance, end of year	\$ 113,127	\$ 44,844	\$ 171,749	\$ (363,329)

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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 10,000 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, 2020

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. Capital asset 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 on amounts earned by the employees through June 30, 2020, 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, 2020

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. *Restricted fund balance* – Includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers such as grantors, or through enabling legislation.
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, 2020

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.

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. 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, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

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

Adoption of New Accounting Pronouncements

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

New Accounting Pronouncements

- ◆ Statement No. 84: *Fiduciary Activities*
- ◆ Statement No. 87: *Lease Accounting Standards*
- ◆ Statement No. 89: *Accounting for Interest Cost Incurred before the End of a Construction Period*
- ◆ Statement No. 90: *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*
- ◆ *Statement No. 91: Conduit Debt Obligations*
- ◆ *Statement No. 92: Omnibus 2020*
- ◆ *Statement No. 93: Replacement of Interbank Offered Rates*
- ◆ *Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment of Arrangements*
- ◆ *Statement No. 96: Subscription-Based Information Technology Arrangements*

NOTE 2: CASH AND CASH EQUIVALENTS

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, 2020, is \$372,635.

At June 30, 2020, the City's cash and investment pool consists of the following:

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Bank Balance of Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City’s investment ordinance requires collateralization of 100% of the uninsured portion of the City’s deposits with financial institutions. Securities pledged by financial institutions are accepted at market value, except obligations of the state of New Mexico and its subdivisions, which are accepted at par value. As of June 30, 2020, the City’s deposits, totaling \$9,733,040 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.

Investments

The City’s investment policy allows investment in: a) U.S. Treasury obligations; b) U.S. government agency and instrumentality obligations; c) obligations of state and local governments, school districts and public authorities which are rated in the top three rating categories by a nationally recognized rating agency; d) repurchase agreements whose underlying securities and/or collateral consist of allowed investments described in (a) or (b) above; e) accounts of deposit at federally-insured financial institutions; f) pooled funds maintained by the State Treasurer; and g) mutual funds whose portfolios consist solely of allowed investments.

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

Investment Type	Fair Value	Weighted AVG Maturity (Yrs.)
First American Treasury Obligations	\$ 6,894,554	NA
U.S. Agency Coupon Bonds	98,155,656	2.20
U.S. Treasury Securities	39,568,118	0.27
Negotiable CDs	7,456,000	0.63
Total Pooled Investments	\$ 152,074,328	

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

Credit Risk. The City’s investment policy lists the criteria for selecting investments with the order of priority as follows: 1) safety; 2) liquidity; and 3) yield. As of June 30, 2020, the City’s investments in coupon bonds of U.S. agencies and Municipal Bonds were rated AA+ or better by Standard & Poor’s and Aaa by Moody’s Investors Service. The external investment pools of the NM State Investment Council are not rated.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities held in street name with a broker or dealer be insured, and that all other securities be held by the City or a third-party safekeeping financial institution acting as trustee for the City. As of June 30, 2020, all City securities are held in either the street name or by a third-party financial institution in the City's name.

Concentration of Credit Risk. The City's formal investment policy places no limit on the amount the City may invest in any one issuer. As of June 30, 2020, 6% of the City's investment pool was in Fannie Mae (FNMA), 17% was in Federal Home Loan Mortgage Corporation (FHLMC), 20% in Federal Home Loan Bank (FHLB), 25% was in Federal Farm Credit Bank (FFCB), 27% was in U.S. Treasuries and 5% was in Certificates of Deposits. Of the Telshor Fund, 20% was in FHLB and 49% was in FFCB, 31% was in FHLMC. Of the Water and Wastewater Funds portfolio, 100% was in FHLB. Of the Gas Funds portfolio, 100% was in FHLB. Of the TIDD Funds portfolio, 27% was in FHLB, 33% was in Certificate of Deposits and 40% was in Municipal Bonds. Of the Debt Service Fund portfolio 78% was FHLB and 22% was in Certificates of Deposits. Of the Capital Projects portfolio, 62% was in FHLB, 20% was in U.S. Treasuries, 15% as in Certificates of Deposits and 3% was Municipal Bonds.

Fair Market Value Hierarchy. The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for 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, 2020:

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

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

NOTE 3: CAPITAL ASSETS

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

	Balances			Balances	
	June 30, 2019	Additions	Transfers	June 30, 2020	
Equipment	\$ 549,390	\$ -	\$ 88,113	\$ 461,277	
Less accumulated depreciation	(249,537)	-	(12,250)	(237,287)	
Capital assets, net	\$ 299,853	\$ -	\$ 75,863	\$ 223,990	

ASCMV did make capital asset purchases during the fiscal year 2020. Depreciation expense was \$45,212 charged to Animal Services for the year ended June 30, 2020.

During the year ASCMV spent \$48,170 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 (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, 2019 available at <https://www.nmpera.org/assets/uploads/home-banner/Schedule-of-Employer-Allocation-FY19-Final.pdf>

Contributions. See PERA’s Comprehensive Annual Financial Report for Contributed Provided Description.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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:

At June 30, 2020, ASCMV reported a liability of \$2,397,573 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2019. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019. 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. At June 30, 2020, ASCMV's proportion was 0.1385% which was an increase of 0.0422% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, ASCMV recognized PERA pension expense of \$641,816. At June 30, 2020, ASCMV reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 106,907	\$ 5,905
Differences between expected and actual experience	71,883	25,937
Net difference between projected and actual earnings on pension plan investments	80,792	-
Changes in proportion and differences between ASCMV's contributions and proportionate share of contributions	524,554	-
Contributions subsequent to the measurement date	124,873	-
Total	\$ 909,009	\$ 31,842

\$124,873 reported as deferred outflows of resources related to pensions resulting from ASCMV's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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:

2021	\$	322,824
2022		246,618
2023		169,560
2024		13,292

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement date:

PERA FUND	
Actuarial Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Period	Level Percentage of Pay
Asset Valuation Method	Solved for based on statutory rates
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%
	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 nonpublic 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, 2013 through June 30, 2017 (economic)

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2019. These assumptions were adopted by the Board use in the June 30, 2018 actuarial valuation.

Long-Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	42.33%	7.48%
Risk Reduction & Mitigation	21.37%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate	20.00%	6.48%
Multi-Risk Allocation	1.30%	
TOTAL	100%	

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2019. 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 presents ASCMV’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what ASCMV’s proportionate share of the net pension liability would be 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.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	2,066,873	\$ 2,397,573	2,728,273

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERA’s financial reports. The report is available at <https://www.nmpera.org/for-employers/gasb-information/>.

Payables to the pension plan. At June 30, 2020 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 included 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, 2020

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

Employees covered by benefit terms. At June 30, 2020, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	154,177
<hr/>	
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal fire	1,966
Educational Retirement Board	49,492
	91,082
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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 \$157,626 for the year ended June 30, 2020.

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

At June 30, 2020, ASCMV reported a liability of \$543,426 for its proportionate share of the City’s net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019. At June 30, 2020, ASCMV’s proportionate share was 0.03050 percent of the City’s proportionate share.

For the year ended June 30, 2020, the recognized OPEB benefit was (\$56,506). At June 30, 2020, ASCMV reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 205,652
Net difference between projected and actual earnings on pension plan investments	-	7,598
Changes of Assumptions	-	263,757
Changes in proportion and differences between ASCMV's contributions and proportionate share of contributions	130,208	18,695
Contributions subsequent to the measurement date	27,423	-
Total	\$ 157,631	\$ 495,702

Deferred outflows of resources totaling \$27,423 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:

2021	\$ (103,571)
2022	(103,571)
2023	(88,722)
2024	(47,757)
2025	(21,873)
Total	<u>\$ (365,494)</u>

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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:

Valuation date	June 30, 2019
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 members; 2.50% for PERA members
Projected payroll increases	3.25% to 13.50%, 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 years 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-2014 Combined Healthy Mortality

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 weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	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 total OPEB liability is 4.16% as of June 30, 2019. 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, 2039. The 7.25% discount rate, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability through 2039. Beyond 2039, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.50%) was applied. Thus 4.16% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of 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 (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

1% Decrease (3.16%)	Current Discount Rate (4.16%)	1 % Increase (5.16%)
\$ 664,741	\$ 543,426	\$ 448,061

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:

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

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

1% Decrease	Current Trend Rate	1 % Increase
\$ 452,437	\$ 543,426	\$ 616,275

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, 2019.

Payable Changes in the Net OPEB Liability. At June 30, 2020, ASCMV did not have a payable due to NMRHCA for the year ended June 30, 2020.

NOTE 6: RELATED PARTY TRANSACTIONS

ASCMV receives funding from members of the joint powers agreement. During fiscal year 2020, ASCMV received \$1,250,000 from the City of Las Cruces and \$1,250,000 from Dona Ana County.

NOTE 7: RISK MANAGEMENT

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

NOTE 8: ADJUSTMENTS

Fund balances of ASCMV governmental funds of \$203,314 differ from total net position of (\$1,974,599) 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:

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

NOTE 8: ADJUSTMENTS (Continued)

Fund Balance	\$	203,314
Capital assets are not financial resources and, therefore, are not reported in the funds		223,990
Net pension deferred outflows are not available for operations and, therefore, are not reported in the funds		909,009
Net OPEB deferred outflows are not available for operations and, therefore, are not reported in the funds		157,631
Net pension deferred inflows are not available for operations and, therefore, are not reported in the funds		(31,842)
Net OPEB deferred inflows are not available for operations and, therefore, are not reported in the funds		(495,702)
Net pension liabilities are not available for operations and, therefore, are not reported in the funds		(2,397,573)
Net OPEB liabilities are not available for operations and, therefore, are not reported in the funds		(543,426)
<hr/>		
Net Position	\$	(1,974,599)

The net decrease of the fund balance of ASCMV's governmental funds revenues, expenditures, and changes in fund balances of \$64,651 differs from the net decrease in net position of (\$373,720) reported on the statement of activities as follows:

Revenues over expenditures	\$	64,651
Pension		(446,441)
OPEB		83,934
Depreciation		(45,212)
Special Item- assets transferred to primary government		(30,652)
<hr/>		
Net change in net position	\$	(373,720)

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 and 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, 2020, 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, 2020, which is the date on which the financial statements were available to be issued.

Animal Service Center of the Mesilla Valley
Notes to Financial Statements
June 30, 2020

NOTE 10: SUBSEQUENT EVENTS (Continued)

On April 23, 2020, the City of Las Cruces approved Resolution 21-024 to increase ASCMV's contribution from \$1,250,000 to \$1,770,000 for fiscal year 2021.

ASCMV Resolution 2020-12 Annual Budget for Fiscal Year 2021 reinstated the City of Las Cruces \$111,000 fiscal agent fee.

COVID-19 Impact on ASCMV FY20 Operating Budget

When evaluating the impact of the pandemic on the fiscal year that just ended it is equally important, if not more so, to give consideration to COVID-19's influence over state & local budgets in the years beyond FY20. If governments rely on forms of taxation that are so sensitive to downturns, they will continue facing the problem of *volatility*, and *volatility* has been, and continues to be, the enemy of local government.

The ASCMV relies heavily on City & County contributions to fuel its operating budget. The operating budget approved for the ASCMV for FY20 was unchanged from the one approved for FY19, yet actual expenses incurred during FY19 exceeded its budget by almost \$100,000. Unchanged from FY20, additional funds were requested from the City and County to supplement the \$2.8 million FY21 operating budget, with justification for the need for additional funds being that it was impossible to continue the services rendered to its customers at the level it had delivered in the past due to rising costs.

The ASCMV is again facing the unpredictability of revenue streams in FY21 that it experienced in FY20 for reasons that no one working in local government today has ever dealt with the financial impact of a pandemic. State and local "stay-in-place" orders resulted in an almost total shutdown of commerce in April and May. Opening the economy as many states have done, including New Mexico earlier this year, was accompanied by a surge in COVID-19 cases, which in turn forced the New Mexico Governor to exact additional rounds of economic shutdowns. It is unknown how long these trends will continue without a remarkable economic rebound in the next couple of months and without additional funding, animal centers like the ASCMV may need to rethink how to best run their operations to avoid a round of cuts in the coming fiscal years.

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		
	2020*	2019	2018
	Measurement Date (As of and for the year ended June 30, 2019)	Measurement Date (As of and for the year ended June 30, 2018)	Measurement Date (As of and for the year ended June 30, 2017)
ASCMV's proportion of the net pension liability (asset)	0.1385%	0.0963%	0.0801%
ASCMV's proportionate share of the net pension liability (asset)	\$ 2,397,573	\$ 1,535,379	\$ 1,100,641
ASCMV's covered payroll	\$ 1,229,481	\$ 844,967	\$ 703,852
ASCMV's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	195.01%	181.71%	156.37%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%

*The amounts presented were determined as of June 30, 2020. 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		
	2020	2019	2018
Contractually required contribution	\$ 120,683	\$ 77,605	\$ 67,218
Contributions in relation to the contractually required contribution	\$ 120,683	\$ 77,605	\$ 67,218
Contribution deficiency (excess)	\$ -	\$ -	\$ -
ASCMV's covered payroll	\$ 1,229,481	\$ 812,618	\$ 844,967
Contributions as a percentage of covered payroll	9.82%	9.55%	7.96%

*The amounts presented were determined as of June 30, 2020. 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							
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		
	2020 Measurement Date As of and for the Year Ended June 30, 2019	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 OPEB liability	0.03050%	0.01698%	0.01874%
ASCMV's proportionate share of the net OPEB liability	\$ 543,426	\$ 772,777	\$ 849,114
ASCMV's covered Employee payroll	\$ 1,313,007	\$ 844,697	\$ 804,306
ASCMV's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	41.39%	91.49%	105.57%
Plan Fiduciary net position as a percentage of the total OPEB liability	18.92%	13.14%	11.34%

*The amounts presented were determined as of June 30, 2020. 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***

	2020	Fiscal Year 2019	2018
Contractually required Contributions	\$ 27,423	\$ 19,222	\$ 16,320
Contributions in relation to the contractually required contribution	(27,423)	(19,222)	(16,320)
Contributions deficiency (excess)	-	-	-
ASCMV's covered employee payroll	\$ 1,313,007	\$ 961,100	\$ 804,306
Contributions as a percentage of covered employee payroll	2.09%	2.00%	2.00%

*The amounts presented were determined as of June 30, 2020. 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, 2020

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 FY19 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 2019 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 FY19 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, 2019 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, 2019 valuation.

See independent auditors' report.

Supplementary Information

Animal Service Center of the Mesilla Valley
Schedule of Pledged Collateral
June 30, 2020

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	\$	9,733,040
Less: FDIC insurance		(250,000)
Total Uninsured Public Funds		9,483,040

US Bank -FHLB Letter of Credit (expiration 9-1-2020)	\$	25,000,000
100% Collateral requirement		9,483,040

Pledged Collateral in Excess of requirement	\$	15,516,960
Uninsured and uncollateralized	\$	-

See independent auditors' report.

**Animal Service Center of the Mesilla Valley
Schedule of Deposit Accounts and Investments
June 30, 2020**

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

<u>Account</u>	<u>Type of Account</u>	<u>Fair Value Level</u>	<u>Pooled Cash & Invest.</u>	<u>ASCMV Accounts</u>	<u>Total Reconciled Balance</u>	<u>On Deposit 6/30/2020</u>
DEPOSIT ACCOUNTS						
<i>US Bank</i>						
Community Development Checking	Checking					94,954
Metro Savings	Savings					95,701
Treasury Master	Checking		9,607,856		9,607,856	9,542,385
Payroll	Checking		(798,666)		(798,666)	
Accounts Payable	Checking		(681,845)		(681,845)	
Depository	Checking		368,094		368,094	
TOTAL DEPOSIT ACCOUNTS			8,495,440	-	8,495,440	9,733,040

INVESTMENTS

US Bank

FIRST AMERICAN TREASURY OBLIGATIONS	Sweep	2	6,894,554	6,894,554
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First Horizon National Corp.

ALLY BANK 0.75 4/30/2021	Investment	2	248,000	248,000
BANK RHODE ISLAND 0.65 5/7/2021	Investment	2	250,000	250,000
BANKWELL BANK 1.15 9/30/2020	Investment	2	248,000	248,000
BARCLAYS BANK/DELAWARE 0.9 9/25/2020	Investment	2	248,000	248,000
BERKSHIRE BK/PITTSFIELD 1.05 1/21/2021	Investment	2	248,000	248,000
BMO HARRIS BANK NA 1 11/1/2023-20	Investment	2	248,000	248,000
BROOKLINE BANK 0.65 5/7/2021	Investment	2	250,000	250,000
EAGLEMARK SAVINGS BANK 0.15 9/24/2020	Investment	2	248,000	248,000
ESSA BANK AND TRUST PA 0.2 9/30/2020	Investment	2	248,000	248,000
FFCB 0.15 5/26/2021	Investment	2	7,999,600	7,999,600
FFCB 0.2 9/8/2021-20	Investment	2	3,000,210	3,000,210
FFCB 0.21 6/23/2021-20	Investment	2	1,999,900	1,999,900
FFCB 0.53 11/27/2023-20	Investment	2	3,000,120	3,000,120
FHLB 0 11/12/2020	Investment	2	3,997,480	3,997,480
FHLB 0 7/16/2020	Investment	2	999,950	999,950
FHLB 0 7/24/2020	Investment	2	799,936	799,936
FHLB 0 7/7/2020	Investment	2	1,899,962	1,899,962
FHLB 1.97 9/11/2024-20	Investment	2	7,518,750	7,518,750
FHLMC 0.35 11/18/2022-21	Investment	2	3,998,600	3,998,600
FHLMC 0.45 11/18/2022-20	Investment	2	6,998,250	6,998,250
FHLMC 0.625 4/27/2023-20	Investment	2	4,000,920	4,000,920
FHLMC 1.75 1/17/2023-20	Investment	2	2,500,925	2,500,925
FHLMC 1.75 1/17/2025-20	Investment	2	2,501,350	2,501,350
FHLMC 1.85 2/18/2025-20	Investment	2	821,148	821,148
FIFTH THIRD BANK 0.9 9/25/2020	Investment	2	248,000	248,000
FIRST CMTY BK OF TENN 0.1 7/22/2020	Investment	2	248,000	248,000
FIRST CMTY BK TENN 1.05 9/28/2020	Investment	2	250,000	250,000
GREAT SOUTHERN BANK 0.8 9/30/2020	Investment	2	248,000	248,000
GREENWOODS STATE BK WI 0.15 9/30/2020	Investment	2	248,000	248,000

See independent auditors' report.

**Animal Service Center of the Mesilla Valley
Schedule of Deposit Accounts and Investments
June 30, 2020**

HOWARD BANK/ELLCOTT 1.05 9/30/2020	Investment	2	248,000	248,000
HSBC BANK USA NA 1 5/8/2023-21	Investment	2	248,000	248,000
JP MORGAN CHASE BANK NA 0.6 5/5/2021-20	Investment	2	248,000	248,000
KENNEBEC SAVINGS BANK 0.15 9/24/2020	Investment	2	248,000	248,000
LAKELAND BANK 0.85 9/28/2020	Investment	2	248,000	248,000
M1 BANK 1.05 9/30/2020	Investment	2	248,000	248,000
MEADOWS BANK 0.15 12/28/2020	Investment	2	248,000	248,000
MIDDLETOWN VALLEY BK 1.15 9/30/2020	Investment	2	250,000	250,000
PACIFIC CITY BANK 0.55 1/29/2021	Investment	2	250,000	250,000
PINNACLE BANK TN 1 5/6/2022	Investment	2	250,000	250,000
PREFERRED BANK LA CALIF 0.6 5/7/2021	Investment	2	248,000	248,000
SANTANDER BANK NA 0.2 9/24/2020	Investment	2	248,000	248,000
STERLING BANK AND TRUST 0.95 9/16/2020	Investment	2	248,000	248,000
SUNFLOWER BANK NA 1 9/21/2020	Investment	2	250,000	250,000
TAB BANK INC 0.7 12/28/2020	Investment	2	250,000	250,000
T-Bill 0 7/30/2020	Investment	2	3,999,600	3,999,600
UMPQUA BANK ROSEBURG 1.05 11/30/2020	Investment	2	248,000	248,000
Oppenheimer & Co. Inc.				
FFCB 0.53 11/27/2023-20	Investment	2	2,000,080	2,000,080
FFCB 0.53 11/27/2023-20	Investment	2	2,000,080	2,000,080
FFCB 1.89 11/27/2024-20	Investment	2	16,096,000	16,096,000
FHLB 0 4/27/2021	Investment	2	2,995,740	2,995,740
FHLMC 0 7/23/2020	Investment	2	3,999,720	3,999,720
T-Bill 0 12/17/2020	Investment	2	3,997,160	3,997,160
US Bank				
FHLB 0 4/27/2021	Investment	2	2,995,740	2,995,740
FHLB 0 5/17/2021	Investment	2	1,997,000	1,997,000
FHLB 0 5/27/2021	Investment	2	1,996,800	1,996,800
FHLB 0 7/8/2020	Investment	2	999,973	999,973
FNMA 0 12/15/2020	Investment	2	4,996,000	4,996,000
T-Bill 0 10/22/2020	Investment	2	3,998,100	3,998,100
T-Bill 0 7/14/2020	Investment	2	2,999,895	2,999,895
T-Bill 0 7/2/2020	Investment	2	3,999,700	3,999,700
T-Bill 0 7/30/2020	Investment	2	4,999,500	4,999,500
T-Bill 0 8/25/2020	Investment	2	3,999,200	3,999,200
FHLB 0 9/16/2020	Investment	2	1,999,400	1,999,400
T-Bill 0 11/27/2020	Investment	2	3,997,340	3,997,340
T-Bill 0 8/25/2020	Investment	2	2,999,400	2,999,400
T-Note 2.25 4/30/2021	Investment	2	2,543,458	2,543,458
FNMA 1.25 5/6/2021	Investment	2	2,018,300	2,018,300
FNMA 1.25 8/17/2021	Investment	2	2,023,722	2,023,722
T-Note 2.25 4/30/2021	Investment	2	2,034,766	2,034,766

See independent auditors' report.

**Animal Service Center of the Mesilla Valley
Schedule of Deposit Accounts and Investments
June 30, 2020**

Total Investments		152,074,328		152,074,328
<hr/>				
TOTAL DEPOSITS AND INVESTMENTS		160,569,768		160,569,768
Other Cash:				
Petty Cash & Change Funds	Cash	-	400	400
<hr/>				
Accrued Interest - Pooled Investments	Accrued Int	170,438	-	170,438
<hr/>				
TOTAL CASH AND INVESTMENTS		160,740,206	400	160,740,606
Less balances in City of Las Cruces funds		160,367,971		160,367,971
<hr/>				
ASCMV cash and investment balance		\$ 372,235	\$ 400	\$ 372,635
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See independent auditors' report.

**Animal Service Center of the Mesilla Valley
Schedule of Joint Powers Agreements
June 30, 2020**

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	2/1/2020
City of Sunland Park	ASCMV	Provide assistance with off-site animal shelter services	2/4/2020
Village of Hatch	ASCMV	Provide assistance with off-site animal shelter services	1/15/2020
White Sands Missile Range	ASCMV	Provide assistance with off-site animal shelter services	1/29/2020

See independent auditors' report.

Ending Date	FY2020 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
2/1/2021	\$ 9,220	City of Las Cruces	City of Las Cruces
2/4/2021	\$ 175	City of Las Cruces	City of Las Cruces
1/15/2021	\$ -	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

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

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

Board of Directors
Animal Services 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 Animal Services Center of the Mesilla Valley (“ASCMV”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the ASCMV’s basic financial statements, and have issued our report thereon dated November 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ASCMV’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

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financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

**Animal Service Center of the Mesilla Valley
Schedule of Findings and Responses
June 30, 2020**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

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

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – PRIOR YEAR AUDIT FINDINGS

NM 2018-004 Internal Controls over cash Receipts	Resolved
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**Animal Service Center of the Mesilla Valley
Other Disclosures
June 30, 2020**

EXIT CONFERENCE

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

ASCMV Board of Directors

Lynn Ellins Board Member

City of Las Cruces (Fiscal Agent)

Yvonne Flores	City Councilor
Ifo Pili	City Manager
Terri Gayhart	Director of Financial Services
Alfredo Pacheco	Deputy Finance Director
Karin Byrum	Treasurer
Josie Medina	Accounting Manager
Maria Sanchez	Senior Accountant
Joshua Saffell	Senior Accountant
Viola Perea	Internal Auditor
Virginia Barela	Executive Admin Assistant

ASCMV

Clinton Thacker	Animal Shelter Director
Bernice Navarro	Administrative Operations Manager

Pattillo, Brown & Hill, LLP

Chris Garner, CPA	Partner
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FINANCIAL STATEMENT PREPARATION

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