

**State of New Mexico**  
**Regional Emergency Dispatch Authority**  
**(A Component Unit of Eddy County)**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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## **Introductory Section**

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**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)**

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**June 30, 2019**

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**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Official Roster  
June 30, 2019**

<u>Name</u>	<u>Executive Board</u>	<u>Title</u>
Mayor Raye Miller		Chairman
Representative Jim Townsend		Co-Chair
Aubrey Hobson		Secretary
Vernon Asbill		Board Member
John Ross Null		Board Member
Jon Henry		Board Member
Roberta Smith		Board Member
<b><u>Operations Committee Board</u></b>		
Chief Kirk Roberts		Chairman- Chief of Artesia Police Department
Chief Kevin Hope		Chief of Artesia Fire Department
Deputy Director Travis Olbert		Eddy County Fire Services
Lt. Jason Decker		Eddy County Sherriff's Office
<b><u>Authority Officials</u></b>		
Bambi Kern		Executive Director

## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón  
New Mexico State Auditor  
Executive Board and  
Operations Committee Board  
Regional Emergency Dispatch Authority  
Artesia, New Mexico

### **Report on 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 Regional Emergency Dispatch Authority (the "Authority"), a component unit of Eddy County, New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of 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 financial statement presentation.



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 Authority, 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 the entity are intended to present the financial position and the changes in financial position of only Regional Emergency Dispatch Authority. They do not purport to, and do not, present fairly the financial position of Eddy County, 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*

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the GASB required supplementary pension schedules, the GASB required supplementary other post-employment benefits schedules, and the notes to the required supplementary information on pages 48 through 54 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 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 collectively comprise the Authority's basic financial statements. The introductory section, schedule of deposits and investments, and other disclosures are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of deposits and investments is the responsibility of management and was derived from and relates 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 schedule of deposits and investments is 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 November 26, 2019, on our consideration of the Authority'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 operating effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 26, 2019

## **Basic Financial Statements**

**Regional Emergency Dispatch Authority**  
**(A Component Unit of Eddy County, New Mexico)**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 267,448
Receivables:	
Intergovernmental	165,587
Prepaid assets	29,450
Total current assets	462,485
Noncurrent assets:	
Capital assets	2,190,310
Less: accumulated depreciation	(1,327,825)
Total noncurrent assets	862,485
Total assets	1,324,970
<b>Deferred outflows of resources</b>	
Deferred outflows - pension	593,253
Deferred outflows - OPEB	17,673
Total deferred outflows of resources	610,926
Total assets and deferred outflows of resources	\$ 1,935,896

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

	<b>Governmental Activities</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 37,580
Accrued payroll	88,787
Accrued compensated absences	40,713
<b>Total current liabilities</b>	<b>167,080</b>
Noncurrent liabilities:	
Loan payable	315,000
Net pension liability	1,602,342
OPEB liability	832,710
<b>Total noncurrent liabilities</b>	<b>2,750,052</b>
<b>Total liabilities</b>	<b>2,917,132</b>
<b>Deferred inflows of resources</b>	
Deferred inflows - pension	51,282
Deferred inflows - OPEB	228,928
<b>Total deferred inflows of resources</b>	<b>280,210</b>
<b>Net position</b>	
Net investment in capital assets	547,485
Unrestricted	(1,808,931)
<b>Total net position</b>	<b>(1,261,446)</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 1,935,896</b>

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

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**Regional Emergency Dispatch Authority**  
**(A Component Unit of Eddy County, New Mexico)**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	<b>Governmental Activities</b>
Program expenses	
Public safety	\$ 2,754,401
<b>Total program expenses</b>	<b>2,754,401</b>
Program revenues	
Charges for service	442
<b>Total program revenues</b>	<b>442</b>
Operating grants	
Public safety operating grants	2,115,818
<b>Total operating grants</b>	<b>2,115,818</b>
<b>Net (expense) revenue</b>	<b>(638,141)</b>
General revenues	
Miscellaneous revenues	26,181
<b>Total general revenues</b>	<b>26,181</b>
<b>Change in net position</b>	<b>(611,960)</b>
<b>Net position - beginning of year</b>	<b>(649,486)</b>
<b>Total net position - end of year</b>	<b>\$ (1,261,446)</b>

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Balance Sheet  
Governmental Funds  
June 30, 2019**

	<b>General Fund</b>
<hr/>	
Assets	
Cash and cash equivalents	\$ 267,448
Receivables:	
Intergovernmental	165,587
Prepaid assets	29,450
<hr/>	
Total assets	\$ 462,485
<hr/>	
Liabilities	
Accounts payable	\$ 37,580
Accrued payroll	88,787
<hr/>	
Total liabilities	126,367
<hr/>	
Fund balances	
Nonspendable:	
Prepaid expenses	29,450
Spendable:	
Unassigned	306,668
<hr/>	
Total fund balances	336,118
<hr/>	
Total liabilities and fund balances	\$ 462,485
<hr/>	

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



**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position  
June 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	336,118
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		862,485
Deferred outflows and inflows of resources related to pensions and other post-employment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows - pension		593,253
Deferred outflows - OPEB		17,673
Deferred inflows - pension		(51,282)
Deferred inflows - OPEB		(228,928)
Some liabilities, including loans payable, the net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the fund:		
Loan payable		(315,000)
Compensated absences		(40,713)
Net pension liability		(1,602,342)
OPEB liability		(832,710)
<hr/>		
Total net position	\$	(1,261,446)
<hr/>		

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

**Regional Emergency Dispatch Authority**  
**(A Component Unit of Eddy County, New Mexico)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>
Revenues	
Intergovernmental:	
Federal operating grants	\$ 5,830
State operating grants	3,100
Local operating grants	2,106,888
Charges for service	442
Miscellaneous	26,181
Total revenues	2,142,441
Expenditures	
Current:	
Public safety	2,123,195
Total expenditures	2,123,195
Excess (deficiency) of revenues over expenditures	19,246
Net change in fund balances	19,246
Fund balances - beginning	316,872
Fund balances - ending	\$ 336,118

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	19,246
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Depreciation of assets		(394,791)
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In the statement of activities, only the loss on the disposition of fixed assets is reported, whereas in the governmental funds, the proceeds from the disposition increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the fixed assets disposed.

		(17,581)
--	--	----------

Governmental funds report Authority pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits and other post-employment benefits earned net of employee contributions is reported as pension expense:

Pension contributions		85,397
Pension expense		(321,246)
OPEB contributions		17,673
OPEB benefit		3,969

Expenses reported in the statement of activities that do require the use of current financial resources and therefore are not reported as expenditures in the governmental fund:

Increase in accrued compensated absences		(4,627)
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Change in net position of governmental activities	\$	(611,960)
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*The accompanying notes are an integral part of these financial statements.*

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**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Intergovernmental:				
Federal operating grants	\$ 5,000	\$ 22,897	\$ 22,897	\$ -
State operating grants	-	3,100	3,100	-
Local operating grants	2,277,006	2,088,788	2,088,788	-
Charges for service	1,000	442	442	-
Miscellaneous	-	26,181	26,181	-
<b>Total revenues</b>	<b>2,283,006</b>	<b>2,141,408</b>	<b>2,141,408</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Public safety	2,283,006	2,084,888	2,084,888	-
<b>Total expenditures</b>	<b>2,283,006</b>	<b>2,084,888</b>	<b>2,084,888</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	-	56,520	56,520	-
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	-	(56,520)	-	(56,520)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(56,520)</b>	<b>-</b>	<b>(56,520)</b>
Net change in fund balances	-	-	56,520	56,520
Fund balances - beginning of year	-	-	210,928	210,928
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 267,448</b>	<b>\$ 267,448</b>
Net change in fund balance (non-GAAP budgetary basis)			\$ 56,520	
Adjustments to revenues for federal sources and local operating and capital grants			1,033	
Adjustments to expenditures for payroll and other expenses			(38,307)	
<b>Net change in fund balances (GAAP Basis)</b>			<b>\$ 19,246</b>	

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Financial Statements  
June 30, 2019**

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

The Regional Emergency Dispatch Authority (the "Authority"), a component unit of Eddy County, New Mexico, was established in 2006 under the name Eddy County Central Communications Authority in accordance with Enhanced 911 statutes of the State of New Mexico, Section 63-9D-1 NMSA 1978. On September 1, 2007, all the Communications employees of the Eddy County Sheriff's Department and the Artesia Police Department were consolidated under the Central Communication Authority. In 2010 Eddy County Central Communications Authority reorganized under the name Regional Emergency Dispatch Authority. The Authority was created to provide an effective and efficient single point of contact for emergency communications for Eddy County and the City of Artesia.

The Authority consists of seven board members who govern the Regional Emergency Dispatch Authority. The Board members are selected by the Mayor and City Council of Artesia and the Eddy County Commission. Eddy County is the fiscal agent for the Authority.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management that is responsible for the financial statements. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2019, the Authority adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB Statement No. 83, *Certain Capital Asset Retirement Obligations*. These statements are required to be implemented as of June 30, 2019, if applicable.

The Authority had no tax abatements requiring disclosure under GASB Statement No. 77.

**A. *Financial Reporting Entity***

The Authority is a component unit of Eddy County. Eddy County issues separately issued financial statements. Additional information regarding Eddy County may be obtained directly from their administrative office as follows: Eddy County Administration Complex Suite 222, 101 W. Greene St., Carlsbad, NM 88220.

These financial statements include those activities and functions related to the Regional Emergency Dispatch Authority which are controlled by or dependent upon its Executive Board. The accompanying financial statements do not present the financial position and results of operations of the County, taken as a whole in accordance with generally accepted accounting principles (GAAP).

**Regional Emergency Dispatch Authority**  
**(A Component Unit of Eddy County, New Mexico)**  
**Notes to Financial Statements**  
**June 30, 2019**

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

*A. Financial Reporting Entity (Continued)*

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units required to be included in these financial statements.

*B. Government-wide and Fund Financial Statements*

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Authority has no business-type activities.

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Financial Statements  
June 30, 2019**

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

*B. Government-wide and Fund Financial Statements (Continued)*

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Authority's net position are reported in two parts – net investment in capital assets, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Financial Statements  
June 30, 2019**

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

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Authority's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Authority's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Authority facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

The Authority reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Authority does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Under the requirements of GASB Statement No. 34, the Authority is required to present certain governmental funds as major based upon certain criteria. The Authority reports the following major governmental fund:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Financial Statements  
June 30, 2019**

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

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance*

**Deposits and Investments:** The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

**Receivables and Payables:** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

**Prepaid Expenses:** Prepaid expenses include insurance and contract payments to vendors and reflect costs applicable to future accounting periods that are recorded as prepaid items in both the government-wide financial statements and fund financial statements.

**Capital Assets:** Capital assets, which include furniture, fixtures, vehicles, and equipment assets, are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The Authority does not capitalize interest related to any of its capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Authority are depreciated or amortized, as applicable, using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture, equipment and vehicles	5-15

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with the applicable PERA and Retiree Health Care expenditures.

**Regional Emergency Dispatch Authority**  
**(A Component Unit of Eddy County, New Mexico)**  
**Notes to Financial Statements**  
**June 30, 2019**

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

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)*

**Compensated Absences:** The Authority permits employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the Authority. Accumulated sick leave benefits vest with each employee in accordance with Authority policy. All vacation leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

**Deferred Outflows of Resources:** In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until that time. The Authority has five types of items that qualify for reporting in this category related to reporting under GASB 68 and one under GASB 75, which total \$593,253 and \$17,673, respectively, in the Statement of Net Position. The amounts are further detailed in Note 8 and Note 9. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability and other post-employment benefit liability, respectively, in future periods.

**Deferred Inflows of Resources:** In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as inflows of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Authority has two types of items present on the Statement of Net Position that qualify for reporting in this category related to reporting under GASB 68 and four under GASB 75. The deferred inflows of resources total \$51,282 and \$228,928, respectively, in the Statement of Net Position, and are further detailed in Note 8 and Note 9. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

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

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)*

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

**Fund Balance Classification Policies and Procedures:** The Authority has implemented GASB No. 54 and has defined the various categories reported in fund balance. For restricted fund balances, the Authority includes amounts that can be spent only for the specific purposes stipulated by statute, ordinance, resolution, or enabling legislation. Fund balances in this category represent the remaining amount that is restricted for future use in the specific fund.

For committed fund balance, the Authority's highest level of decision-making authority is the Executive Board. The formal action that is required to be taken to establish a fund balance commitment is the Executive Board.

For assigned fund balance, the Executive Board or an official or body to which the Executive Board delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in the governmental funds, 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.

For the classification of fund balances, the Authority considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Authority considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2019, the Authority had \$29,450 classified as nonspendable fund balance related to prepaid expenses.

**Restricted, Committed and Assigned Fund Balance:** At June 30, 2019, the Authority had no amounts classified as restricted, committed, or assigned fund balance.

**Minimum Fund Balance Policy:** The Authority has not developed a policy for maintaining a minimum amount of fund balance for operations to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies.

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

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)*

**Net Position:** Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets:** Consists of 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:** Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position:** Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Authority are management’s estimate of depreciation on assets over their estimated useful lives, the net pension liability and related amounts, the OPEB liability and related amounts, and current portion of accrued compensated absences.

**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 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.

**Postemployment Benefits Other Than Pensions (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 (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

Annual budgets of the Authority are prepared prior to June 1 and must be approved by resolution of the Executive Board and submitted to Eddy County and the City of Artesia for inclusion in their budgets for submission to the Department of Finance and Administration (DFA) for State approval. Once the budget has been formally approved, any amendments are approved by the Executive Board and changes which result in budget increases must also be approved by Eddy County, the City of Artesia and DFA. Line items within each budget may be over-expended, however, it is not legally permissible to over-expend any budget in total by fund. The Authority does not use encumbrances.

The budget is prepared on the cash basis, which differs from GAAP. The budgetary comparison presented in these financial statements are on this Non-GAAP cash budgetary basis.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The appropriated budget for the year ended June 30, 2019 was properly amended by the Authority's Executive Board throughout the year. These amendments resulted in the following changes:

	<b>Excess (deficiency) of Revenues over Expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted funds:		
General Fund	\$ -	\$ 56,520

The Authority is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in each individual budgetary comparison.

**NOTE 3: DEPOSITS AND INVESTMENTS**

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Authority is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2019.

**Regional Emergency Dispatch Authority**  
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**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$74,419 of the Authority's bank balance of \$324,419 was subject to custodial credit risk. \$74,419 of the Authority's deposits were uninsured and uncollateralized at June 30, 2019.

	<b>First American Bank</b>	<b>Total</b>
Amount of deposits	\$ 324,419	\$ 324,419
FDIC coverage	(250,000)	(250,000)
Total uninsured public funds	74,419	74,419
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	-	-
Uninsured and uncollateralized	\$ 74,419	\$ 74,419
Collateral requirement (50%)	\$ 37,210	\$ 37,210
Pledged securities	-	-
Over (under) collateralized	\$ (37,210)	\$ (37,210)

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**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The Authority does not have any collateral pledged with financial institutions at June 30, 2019. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, Authority or political subdivision of the State of New Mexico.

Reconciliation to the Statements of Net Position

The carrying amount of deposits and investments shown above are included in the Authority's statement of net position as follows:

Cash and cash equivalents per statement of net position	\$	267,448
Add: outstanding checks and other reconciling items		56,971
Bank balance of deposits	\$	324,419

**NOTE 4: ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2019, are as follows:

		<u>General</u>
Intergovernmental:		
Local operating grants:		
City of Artesia	\$	162,834
Eddy County		2,336
State operating grants		417
Totals	\$	165,587

All of the above receivables are deemed to be fully collectible.



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**NOTE 5: CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets being depreciated:				
Furniture, equipment, and vehicles	\$ 2,209,170	\$ -	\$ 18,860	\$ 2,190,310
Total capital assets being depreciated	2,209,170	-	18,860	2,190,310
Less accumulated depreciation:				
Furniture, equipment and vehicles	934,313	394,791	1,279	1,327,825
Total accumulated depreciation	934,313	394,791	1,279	1,327,825
Total capital assets, net of depreciation	\$ 1,274,857	\$ (394,791)	\$ 17,581	\$ 862,485

For the year ended June 30, 2019, depreciation expense of \$394,791 was charged to the Public Safety function.

**NOTE 6: LONG-TERM DEBT**

The following is a summary of the long-term debt and the activity for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Working capital loans:					
City of Artesia	\$ 66,000	\$ -	\$ -	\$ 66,000	\$ -
Eddy County	249,000	-	-	249,000	-
Compensated absences	36,086	38,779	34,152	40,713	40,713
Total	\$ 351,086	\$ 38,779	\$ 34,152	\$ 355,713	\$ 40,713

The Authority's working capital loans were entered into on April 18, 2006 with Eddy County and the City of Artesia. Subsequent to year end, the County forgave the Authority of the pending balance. See note 14 for further detail on the terms of these loans and note 15 for subsequent events.

Compensated Absences – During fiscal year June 30, 2019, compensated absences increased \$4,627 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

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**NOTE 7: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters.

The Authority is a member of and is insured through the New Mexico Self Insurers' Fund. New Mexico Municipal League organized and administers the Fund, which offers Workers' Compensation, general liability, law enforcement, civil rights, errors and omissions, auto liability, auto physical damage, and property and volunteer coverage to its members. The Authority pays insurance premiums to the Fund based on claim experience and the status of the pool. The Authority is not liable for more than the premiums paid.

**NOTE 8: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**General Information about the Pension Plan**

**Plan description.** 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 Officer, 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), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, 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 the Regional Emergency Dispatch Authority 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 the Authority is: Municipal General Division.

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**NOTE 8: 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, 2019, the Authority reported a liability of \$1,602,342 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. 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. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Authority’s proportion was 0.1005%, which was a decrease of 0.0100% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of \$321,246. At June 30, 2019, Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change of assumptions	\$ 145,275	\$ 9,213
Changes in proportion	197,432	-
Difference between expected and actual experience	46,311	42,069
Net difference between projected and actual earnings on pension plan investments	118,838	-
Authority's contributions subsequent to the measurement date	85,397	-
<b>Total</b>	<b>\$ 593,253</b>	<b>\$ 51,282</b>

\$85,397 reported as deferred outflows of resources related to pensions resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:	
2019	\$ (289,816)
2020	(129,691)
2021	(30,952)
2022	(6,115)
Thereafter	-
<b>Total</b>	<b>\$ (456,574)</b>

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**NOTE 8: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Actuarial period	Solved for based on statutory rates
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Investment rate of return, net of investment expense	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 assumptions	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 30, 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 PERA Board for use in the June 30, 2017 actuarial valuation.

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**NOTE 8: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50	2.37
Credit Oriented Fixed Income	15.00	5.47
Real Assets	20.00	6.48
<b>Total</b>	<b>100.00%</b>	

**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 the Employer’s proportionate share of the net pension liability to changes in the discount rate.** The following table presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated at discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point- higher (8.25 percent) than the current rate.

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Regional Emergency Dispatch Authority’s proportionate share of the net pension liability	\$ 2,469,101	\$ 1,602,342	\$ 885,826

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**NOTE 8: 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.nmpera.org/for-employers/gasb-information>.

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

**NOTE 9: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

**General Information about the OPEB**

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

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

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

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**NOTE 9: 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:

<b>Plan Membership</b>	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
<hr/>	
<b>Active Membership</b>	
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
	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 the Authority were \$17,673 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, 2019, the Authority reported a liability of \$832,710 for its proportionate share of the 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 June 30, 2017. The Authority’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the Authority’s proportion was 0.01915 percent.

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**NOTE 9: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

For the year ended June 30, 2019, the Authority recognized OPEB benefit of \$3,969. At June 30, 2019 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 155,463
Net difference between projected and actual earnings on OPEB plan investments	-	10,392
Changes in proportion and differences between contributions and proportionate share of contributions	-	13,771
Authority's contributions subsequent to the measurement date	17,673	-
Differences between expected and actual experience	-	49,302
<b>Total</b>	<b>\$ 17,673</b>	<b>\$ 228,928</b>

Deferred outflows of resources totaling \$17,673 represent Authority's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (57,585)
2020	(57,585)
2021	(57,585)
2022	(45,135)
2023	(11,038)
<b>Total</b>	<b>\$ (228,928)</b>



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**NOTE 9: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued)**

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

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.25% 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 NonMedicare 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-2000 Combined Healthy Mortality

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June 30, 2019**

**NOTE 9: 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, are 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:

<b>Asset Class</b>	<b>Long-Term Rate of Return</b>
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 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Financial Statements  
June 30, 2019**

**NOTE 9: 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 the Authority, as well as what the Authority’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:

<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
\$ 1,007,775	\$ 832,710	\$ 694,720

The following presents the net OPEB liability of the Authority, as well as what the Authority’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:

<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
\$ 703,932	\$ 832,710	\$ 933,675

**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, the Authority reported no outstanding contributions payable to NMRHCA for the year ended June 30, 2019.

**NOTE 10: CONTINGENT LIABILITIES**

The Authority is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority’s legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Financial Statements  
June 30, 2019**

**NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- A. Deficit fund balances. The General Fund did not maintain a deficit fund balance at June 30, 2019.
- B. Excess of expenditures over appropriations. For the year ended June 30, 2019, the General Fund had no expenditures over appropriations.
- C. Designated cash appropriations in excess of available balance. The General Fund did not display designated cash balances in excess of available balances for the year ended June 30, 2019.

**NOTE 12: COMMITMENTS**

The Authority is not aware of any commitments as of the year ended June 30, 2019.

**NOTE 13: CONCENTRATIONS**

The Authority depends on financial resources flowing from, or associated with, both the City of Artesia and Eddy County. Because of this dependency, the Authority is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

**NOTE 14: JOINT POWERS AGREEMENT**

The Authority is party to a joint powers agreement with Eddy County, New Mexico and the City of Artesia, New Mexico, which is material in nature. The original amount provided to the Authority was a total of \$250,000, which consisted of a 60% contribution from Eddy County for \$150,000 and the remaining 40% for \$100,000 from the City of Artesia. During the year ended June 30, 2016, the County contributed an additional \$65,000, bringing the total contribution to \$315,000. The Authority entered into the agreement April 18, 2006 with no termination date existing as of the year ended June 30, 2019.

**NOTE 15: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is November 26, 2019, which is the date on which the financial statements were issued.

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Financial Statements  
June 30, 2019**

**NOTE 15: SUBSEQUENT EVENTS (Continued)**

The Eddy County portion, \$249,000, of the working capital loan mentioned in Note 6 has been forgiven subsequent to year-end. As of the issuance of the financial statements, the City of Artesia portion of \$66,000 has not been forgiven.

**NOTE 16: SUBSEQUENT PRONOUNCEMENTS**

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No.14 and No. 61*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier Application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

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## **Required Supplementary Information**

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of the Proportionate Share of the Net Pension Liability  
of PERA Fund Municipal General Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\***

	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Regional Emergency Dispatch Authority's proportion of the net pension liability	0.1005%	0.0955%
Regional Emergency Dispatch Authority's proportionate share of the net pension liability	\$ 1,602,342	\$ 1,312,251
Regional Emergency Dispatch Authority's covered payroll	\$ 818,672	\$ 838,950
Regional Emergency Dispatch Authority's proportionate share of the net pension liability as a percentage of its covered payroll	195.72%	156.42%
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, Regional Emergency Dispatch Authority will present information for those years for which information is available.

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



<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
<b>Date</b>	<b>Date</b>	<b>Date</b>
<b>(As of and for</b>	<b>(As of and for</b>	<b>(As of and for</b>
<b>the Year Ended</b>	<b>the Year Ended</b>	<b>the Year Ended</b>
<b>June 30, 2016)</b>	<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
0.0790%	0.0591%	0.0515%
\$ 1,262,154	\$ 602,576	\$ 401,755
\$ 676,748	\$ 494,448	\$ 418,623
186.50%	121.87%	95.97%
69.18%	76.99%	81.29%

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Fund Municipal General Division  
Last 10 Fiscal Years\***

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contribution	\$ 85,397	\$ 78,183
Contributions in relation to the contractually required contribution	(85,397)	(78,183)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>
Regional Emergency Dispatch Authority's covered payroll	\$ 894,209	\$ 818,672
Contributions as a percentage of covered payroll	9.55%	9.55%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Regional Emergency Dispatch Authority will present information for those years for which information is available.

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

<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 80,120	\$ 64,584	\$ 46,708
(80,120)	(64,584)	(46,708)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 838,950	\$ 676,625	\$ 494,448
9.55%	9.55%	9.45%

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of Employer's Proportionate Share of the Net OPEB Liability of New  
Mexico Retiree Health Care Act Plan  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Regional Emergency Dispatch Authority's proportion of the net OPEB liability	0.01915%	0.01945%
Regional Emergency Dispatch Authority's proportionate share of the net OPEB liability	\$ 832,710	\$ 881,410
Regional Emergency Dispatch Authority's covered-employee payroll	\$ 818,672	\$ 838,950
Regional Emergency Dispatch Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	101.71%	105.06%
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, Regional Emergency Dispatch Authority will present information for those years for which information is available.

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 17,673	\$ 16,410
Contributions in relation to the contractually required contribution	(17,673)	(16,410)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>
Regional Emergency Dispatch Authority's covered-employee payroll	\$ 891,072	\$ 818,672
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, Regional Emergency Dispatch Authority will present information for those years for which information is available.

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Notes to Required Supplementary Information  
June 30, 2019**

**Public Employees Retirement Association (PERA) Plan**

**Changes of benefit terms.** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. The reports are available at <https://www.saonm.org>

**Changes of assumptions.** The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations 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 36 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

*See independent auditors' report.*

## **Supporting Schedules**

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**Regional Emergency Dispatch Authority  
 (A Component Unit of Eddy County, New Mexico)  
 Schedule of Deposits and Investments  
 June 30, 2019**

<b>Bank Account Type/Name</b>	<b>First American Bank</b>		<b>Total</b>
Checking - operational	\$	324,419	\$ 324,419
Total on deposit		324,419	324,419
Reconciling items		(56,971)	(56,971)
Reconciled balance	\$	267,448	267,448
Total deposits and investments			\$ 267,448
Cash and cash equivalents and investments per financial statements:			
Governmental activities cash and cash equivalents			\$ 267,448
Total			\$ 267,448

*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  
New Mexico State Auditor  
Executive Board and  
Operations Committee Board  
Regional Emergency Dispatch Authority  
Artesia, New Mexico

We have audited, in accordance with the 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 Regional Emergency Dispatch Authority (the "Authority"), a component unit of Eddy County, New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 26, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 material weaknesses. However, weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and responses as items NM 2019-001, NM 2019-002, and NM 2019-003.

## **The Authority's Responses to the Findings**

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

## **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 result 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  
November 26, 2019

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**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of Findings and Responses  
June 30, 2019**

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

*Financial Statements:*

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

**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of Findings and Responses  
June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**None noted.**

**SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS**

**NM 2019-001 — Under Collateralization of Deposits Held with Financial Institutions (Other Matter)**

*Condition:* The Authority did not have the required amount pledged collateral at the end of the fiscal year. The ending cash balance was \$324,419, which is \$74,419 above the FDIC coverage of \$250,000, resulting in the need for collateral of \$37,210. The shortfall was temporary as it was remedied shortly after June 30, 2019.

*Criteria:* Pursuant to Section 6-10-17 NMSA 1978, the pledged collateral for deposits in banks and savings and loan associations shall have an aggregate value equal to one-half of the amount of public money held by the depository.

*Effect:* Not having proper collateral could lead to the loss of Authority funds in the event of a bank failure.

*Cause:* The Authority's typical cash balance is within the FDIC coverage of \$250,000. However, material receipts were collected just before year end, causing the ending cash to be much higher than the average balance within cash.

*Auditors' Recommendation:* The Authority should work with First American Bank to monitor and ensure sufficient pledged collateral at all times.

*Views of Responsible Officials and Planned Corrective Action:* The Authority will work with the bank to monitor and ensure sufficient pledged collateral at all times. This is the responsibility of the Bookkeeper and is expected to be resolved by June 30, 2020.

**NM 2019-002 — Annual inventory of capital assets control deficiency (Other Matter)**

*Condition:* The executive board approved the financial packet for 6/30/19, which contained the final capital asset inventory listing, however, there were several additions and deletions from the prior year that were not included, resulting in a net change of \$18,860 for capital assets. This reflects that the controls for capital assets and requirements of section 12-6-10 of NMSA were not appropriately implemented.

*Criteria:* Pursuant to section 12-6-10 of NMSA, capital asset inventory must be conducted on an annual basis and certified by the governing authority.

*Effect:* Capital assets were incorrectly recorded at 6/30/19 before the adjustments were made.

*Cause:* The asset inventory listing was not reviewed in enough detail to identify the missing items.



**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of Findings and Responses  
June 30, 2019**

**SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2019-002 — Annual inventory of capital assets control deficiency (Other Matter) (Continued)**

*Auditors' Recommendation:* The yearend capital asset count process should include a detailed review of the asset listing between management and the board to ensure all purchases and disposals of capital assets are appropriately accounted for. Additionally, the Authority should adjust its current list for the asset items identified above.

*Views of Responsible Officials and Planned Corrective Action:* To fix this issue going forward, the Authority will ensure that the Accountant will have all information regarding additions and deletions of capital assets to ensure that they are listed on the inventory listing taken to the Board for approval. This is the responsibility of the Bookkeeper and is expected to be resolved by June 30, 2020.

**NM 2019-003 — Certified Procurement Officer's (CPO) Involvement in the Authority's Purchases (Other Matter)**

*Condition:* The Authority's CPO doesn't have involvement in the daily small purchases (those below the \$60,000 competitive procurement threshold) made by the Authority.

*Criteria:* NMAC 1.4.1(D) States the duties of the Chief Procurement Officer as the following:

"Chief procurement officer duties, responsibilities and obligations. On and after July 1, 2015, only certified chief procurement officers may:


- (1) make determinations, including determinations regarding exemptions, pursuant to the Procurement Code;
- (2) issue purchase orders and authorize small purchases pursuant to the Procurement Code; and
- (3) approve procurement pursuant to the Procurement Code;
- (4) provided that, persons using procurement cards may continue to issue purchase orders and authorize small purchases."

*Effect:* The Authority is not in compliance with regulations by the State of New Mexico pertaining to the involvement of the CPO in small purchases.

*Cause:* The Authority's process relied on Eddy County's CPO for competitive procurement and did not have a CPO of its own. For all smaller purchases, the Authority utilized its own personnel and controls for authorizing and processing purchases.

*Auditors' Recommendation:* The Authority should have one of its employees obtain the CPO certificate and ensure that its process ensures the CPO is involved in purchasing as required by the statutes referenced above.

*Views of Responsible Officials and Planned Corrective Action:* The Authority will have one of its employees obtain the CPO certificate and ensure that its process ensures that the CPO is involved in purchasing as required by the statutes referenced above. This is the responsibility of the Bookkeeper and is expected to be resolved by June 30, 2020.



**Regional Emergency Dispatch Authority  
(A Component Unit of Eddy County, New Mexico)  
Schedule of Findings and Responses  
June 30, 2019**

**SECTION IV – PRIOR YEAR AUDIT FINDINGS**

NM 2018-001 — Improper Year End Accruals (Other Matter) – resolved

**Regional Emergency Dispatch Authority**  
**(A Component Unit of Eddy County, New Mexico)**  
**Other Disclosures**  
**June 30, 2019**

**EXIT CONFERENCE**

An exit conference was held on November 19, 2019. In attendance were the following:

**Representing Regional Emergency Dispatch Authority:**

Jonathan Henry	Executive Board Member
Bambi Kern	Executive Director
Kirstene Campbell	Bookkeeper

**Representing Carr, Riggs & Ingram, LLC:**

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
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**AUDITOR PREPARED FINANCIAL STATEMENTS**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Regional Emergency Dispatch Authority from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority.