

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2012
WITH
INDEPENDENT AUDITORS' REPORT

 KEYSTONE ACCOUNTING, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

OFFICIAL ROSTER
JUNE 30, 2012

Board of Directors

Carroll Crawford	Board Chairman
Leonard Trujillo	Board Member
Kim Martinez	Board Member

Administrative Employees

Stacy Dodd	Office Coordinator
Bonnie Ash	Administrative Assistant

Field Employees

Michael Meidinger	Systems Operator
Harold Chamberlain	Assistant Systems Operator

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STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

TABLE OF CONTENTS
Year Ended June 30, 2012

INTRODUCTORY SECTION

Title Page	
Official Roster	iii
Table of Contents	v

FINANCIAL SECTION

Independent Auditor's Report	5
Management's Discussion and Analysis	9
Basic Financial Statements:	
Statement of Net Assets – Proprietary Fund	14
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Fund	15
Statement of Cash Flows – Proprietary Fund	16
Notes to financial statements	17
Other Supplemental Information:	
Schedule of Revenues, Expenses and Changes in Fund Net Assets – Budget and Actual (Non-GAAP Basis Budgetary Basis): Proprietary Fund	29
Schedule of Pledged Collateral	31
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	35
Schedule of prior year audit findings and responses	38
Schedule of Findings and responses	39
Required Disclosure	43

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FINANCIAL SECTION

FISCAL YEAR 2012

JULY 1, 2011 THROUGH JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor, and
The Board of Directors of
Bloomfield Irrigation District

We have audited the accompanying financial statements of the business-type activities of Bloomfield Irrigation District, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the budget comparison presented as supplemental information in the financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Bloomfield Irrigation District management. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Bloomfield Irrigation District as of June 30, 2012, and the respective changes in financial position and cash flows of the District for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement referred to above presents fairly, in all material respects the budgetary comparison of the District for the year ended June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 24, 2012, on our consideration of the Bloomfield Irrigation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Hector H. Balderas, State Auditor, and
The Board of Directors of
Bloomfield Irrigation District

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 – 11 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



August 24, 2012
Farmington, NM

MANAGEMENT'S DISCUSSION AND ANALYSIS

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STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012.

USING THIS ANNUAL REPORT

This section includes information on the use of the annual report, and management's analysis of the financial position and results of operations for the District.

Managers Notes:

1. FINANCIAL HIGHLIGHTS

- Ad Valorem taxes are not assessed by the District. Only special levy fees and service fees assessed or collected by the District.
Ditch Repairs and Maintenance expenditures amounted to \$72,674, an increase from the prior year of \$13,836 due to extensive repairs and culvert installation from outcropping erosion adjacent to main Canal
 - Reduced office staff by eliminating part time position.
 - No change in special levy rates.
 - Review County Treasures report on unpaid balances for "no water" notifications.
 - BID continued Internal controls for financial reporting initiated for the Chairman and Office Coordinator to review the continuing internal controls of financial reports and documents to identify errors or deficiencies for financial matters. Board Policy as well as State Law does not permit District records to leave the office. No local CPA's have agreed to conduct financial review and posting actions in the B.I.D. office.
 - Board stipends for 2011 were reported on a 1099 to correctly report any income tax due to the government.
2. Ditch maintenance Highlights for Reliability.
- a. Backup offsite for disc storage continues.
 - b. Channel inlet rock removal during 2012 winter shutdown.
 - c. Removed trees above Kirby section
 - d. Removed trees on James Peterson property section/ Dave Hilliard
 - e. Utilized Cascade treatment to kill ditch pond weed.
3. Water Transportation Agreements.
No change in rates for City of Bloomfield or Enterprise water transportation.
4. Personnel
- a. Deleted part time clerk – water banking leveled off
 - b. Provided increased compensation for all regular employees.
 - c. Emphasize safety in field and office. Continued compiling a safety policy book.
 - d. Continued a Whole Life Insurance Policy (\$25,000.00) for employees as a necessary benefit.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

5. Water Actions
 - a. Operated the Water Bank to provide protection for not putting water to beneficial use for a variety of defenses.
 - b. Refilled City Reservoir and Enterprise reservoir after maintenance actions.

6. Legal fees made a significant increase due to the following:
 - a. Coordinated cost on per acre share with San Juan Agriculture Attorney requiring additional payment.

7. Office of the State Auditors Rules

The Districts 2011- 2012 budget amount of \$445,600 for 2011-2012 budget year falls below the \$500,000.00 threshold limit effecting requirements for audit requirements for the Districts classification.

Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private sector businesses. The statement of net assets includes all of the Districts assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The financial statements report the District's net assets and how they have changed.

Proprietary Fund Financial Statements

The proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Budgetary Comparisons

The proprietary fund presents a schedule that has a legally adopted annual budget. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis. As required by the Office of the State Auditor under 2NMAC2.2, the budgetary comparison statement is presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

**STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Notes to the Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$695,853 at the close of the most recent fiscal year.

An analysis of fiscal year 2012 follows:

	Net Position	
	<u>2012</u>	<u>2011</u>
Assets:		
Current assets	\$ 382,426	\$ 405,734
Net property and equipment	<u>337,834</u>	<u>311,304</u>
Total assets	<u><u>720,260</u></u>	<u><u>717,038</u></u>
Liabilities		
Current liabilities	<u>24,407</u>	<u>15,577</u>
Net Position		
Unrestricted	<u><u>\$ 695,853</u></u>	<u><u>\$ 701,461</u></u>
	Changes in Net Position	
Program revenue charges		
for services	\$ 176,017	\$ 178,170
Interest income	573	903
General revenues	<u>234,728</u>	<u>266,365</u>
Total revenues	411,318	445,438
Expenditures - Irrigation	<u>416,926</u>	<u>397,945</u>
Change in net position	(5,608)	47,493
Net position - beginning	<u>701,461</u>	<u>653,968</u>
Net position - ending	<u><u>\$ 695,853</u></u>	<u><u>\$ 701,461</u></u>

Projected Revenues were (Budget 2011/2012) \$432,500.

Expenditures increased (Budget 2011/2012) to 416,926 due to ditch culvert installation above North Cove Subdivision.

NEXT YEAR'S BUDGET

The District has increased its budget by \$18,554.00 in the next budget year (2012-2013) due to projected ditch maintenance and modest salary increase.

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

PROPRIETARY FUND
STATEMENT OF NET POSITION
June 30, 2012

ASSETS

Current assets:	
Cash and cash equivalents	\$ 340,873
Accounts receivable	17,677
Due from other government	<u>23,876</u>
Total current assets	<u>382,426</u>
Noncurrent assets:	
Capital assets:	
Irrigation system	723,966
Equipment	201,232
Less: accumulated depreciation	(854,398)
Intangibles:	
Water rights	<u>267,034</u>
Total noncurrent assets	<u>337,834</u>
Total assets	<u>\$ 720,260</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 11,249
Accrued payroll	8,156
Compensated absences	<u>5,002</u>
Total liabilities	<u>24,407</u>

NET POSITION

Invested in capital assets	337,834
Unrestricted	<u>358,019</u>
Total net position	<u>695,853</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 720,260</u>

See accompanying notes.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Year ended June 30, 2012

Operating revenue:	
Water sales	\$ 176,017
Special assessment fees	<u>234,728</u>
Total operating revenue	<u>410,745</u>
Operating expenses:	
Salaries and benefits	189,549
Travel	11,216
Office expense	25,373
Repairs and maintenance	72,674
Equipment rental	36,782
Insurance	17,982
Legal and professional	44,371
Miscellaneous	4,838
Depreciation	<u>14,141</u>
Total operating expenses	<u>416,926</u>
Operating income (loss)	(6,181)
Non-Operating income (expenses):	
Interest income	<u>573</u>
Change in net position	(5,608)
Net position - beginning	<u>701,461</u>
Net position - ending	<u>\$ 695,853</u>

See accompanying notes.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year ended June 30, 2012

CASH FLOWS FROM OPERATING
ACTIVITIES

Cash received from customers	\$	407,965
Cash payments to employees		(189,861)
Cash payments for supplies and maintenance		(203,558)

Net cash provided by operating activities 14,546

CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES

Purchases of capital assets (40,671)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received 573

Net increase (decrease) in cash and cash equivalents (25,552)

Cash and cash equivalents at beginning of year 366,425

Cash and cash equivalents at end of year \$ 340,873

RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES

Operating income \$ (6,181)

Adjustments to reconcile operating income to net
cash provided (used) by operating activities:

Depreciation expense		14,141
(Increase) decrease in:		
Customer receivables		(8,284)
Taxes receivable		26,411
Due from other governments		(20,371)
Increase (decrease) in:		
Accounts payable		9,678
Accrued liabilities		618
Compensated absences		(930)
Deferred revenue		(536)

Total adjustments 20,727

Net cash provided by operating activities \$ 14,546

See accompanying notes.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE	PAGE
I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting Entity	18
1. Blended Component Units	
2. Discretely Presented Component Units	
B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	19
C. Assets, Liabilities, and Net Position or Equity	19
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
A. Budgetary Information	21
III. DETAILED NOTES ON ALL FUNDS	
A. Cash and Temporary Investments	23
B. Receivables	24
C. Capital Assets	24
D. Liabilities	25
IV. CONTINGENCIES	
A. Adjudication	25
B. Retained Risk of Loss	25

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Bloomfield Irrigation District (District) is a special purpose government corporation governed by an elected three-member Board of Directors. The Board of Directors is the base level of government, which has oversight responsibility and control over the delivery of irrigation water to land owners and municipalities located within Bloomfield, New Mexico and the surrounding communities. The District receives funding from special assessment fee and user charges.

The District's financial statements include all financial information over which the Board of Directors exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units were included in the financial statements.

GAAP requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity and GASB Statement No. 89, Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14.

1. Blended Component Units

The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Bloomfield Irrigation District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Special assessment fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The government uses a proprietary fund to record all of its transactions.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District enterprise fund is charges to customers for sales and services. Operating expense for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

The District'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 investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Position or Equity (continued)

The rate of interest on 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 of 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.

Investments for the District are reported at fair value.

2. *Accounts Receivable*

The accounts receivable reported in the Statement of Net Position and an allowance for doubtful accounts has been recorded. Receivables are recognized when services are rendered and revenue has been earned.

3. *Capital assets*

The District's policy is to capitalize all disbursements for equipment in excess of \$5,000. Property and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expenses as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities. The District's assets have the following estimated useful lives:

	<u>Years</u>
Irrigation system	10-30
Equipment	5-15

Water rights of \$267,034 are not depreciated or amortized because water rights reflect renewable resources that do not deplete through use or deterioration. The District evaluates the water rights each reporting period to determine whether events or circumstances continue to support an indefinite useful life.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Position or Equity (continued)

4. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused vacation benefits. Employees that work at least 20 hours a week are entitled to 5 days of vacation after the first year of employment and 10 days of vacation after the second year. Vacation days may not accrue from one year to the next without the prior approval with a maximum of 20 days and is accrued when incurred. The cost of earned but unpaid vacation leave is normally recognized in proprietary funds when the benefit vests to the employee and becomes a legal liability to the District. The District allows employees to take their leave prior to the end of the calendar year following the year in which leave is earned.

5. *Special Assessments Fees*

Irrigation water users pay a special levy based on the number of irrigated acres; \$57 for the first acre or portion of acre, and \$25 per acre for each additional acre. Special assessment fees assessed on the first of November of each year. San Juan County collects the taxes and remits them to the District on a monthly basis. The property owner's taxes are payable to San Juan County in two installments on December 10, and May 10 of each year.

6. *Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

A budget for the Proprietary Fund is prepared by management and approved by the Board of Directors and the State Department of Finance and Administration.

This budget is prepared on the Non-GAAP cash basis, excluding encumbrances, and secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Directors approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from State Department of Finance and Administration.

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

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April, the management submits to the Board of Directors a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has been approved by the State Department of Finance and Administration.
2. In July, the budget is approved by the Board of Directors.
3. The board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The management is authorized to transfer budgeted amounts between departments within any fund; however, the Board of Directors and the State Department of Finance and Administration must approve revisions that alter the total expenditure of the Proprietary Fund.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget for the Proprietary Fund is adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Directors may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending balances. The appropriated budget for the year ended June 30, 2012 was properly amended by the Board through the year. These amendments resulted in the following changes:

	Original <u>Budget</u>	Final <u>Budget</u>
Proprietary Fund	\$ 450,600	\$ 447,946

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2012, the carrying amount of the District's deposits was \$340,623 and the bank balance was \$341,147. Of this balance \$341,147 was covered by federal depository insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2012, the District's did not have any bank balances exposed to custodial risk as follows:

	Citizens <u>Bank</u>	Four Corners <u>Community Bank</u>	Bank of <u>America</u>	Bank of the <u>Southwest</u>	Washington <u>Federal</u>
Cash on deposit	\$ 15,713	\$ 58,122	\$ 56,323	\$ 56,285	\$ -
Certificates of deposit	60,021	-	-	-	-
Money market account	2,805	-	-	8,004	83,874
FDIC coverage	<u>(78,539)</u>	<u>(58,122)</u>	<u>(56,323)</u>	<u>(64,289)</u>	<u>(83,874)</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the District. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the investments will change due to changes in the rate of interest applied to those investments. The District's fair values of investments are not affected by changes in interest rates.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables

Receivables as of year-end for the District are as follows:

	<u>General</u>
Receivables:	
Accounts receivable	\$ 18,394
Deposits	100
Allowance for doubtful	(817)
Total	\$ 17,677

Allowance for doubtful accounts has been estimated by management.

C. Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities:				
Capital assets, not being depreciated:				
Water rights	\$ 267,034	\$ -	\$ -	\$ 267,034
Capital assets, being depreciated:				
Irrigation system	723,966	-	-	723,966
Equipment	160,561	40,671	-	201,232
Total capital assets being depreciated	884,527	40,671	-	925,198
Less accumulated depreciation for:				
Irrigation system	(687,636)	(11,198)	-	(698,834)
Equipment	(152,621)	(2,943)	-	(155,564)
Total accumulated depreciation	(840,257)	(14,141)	-	(854,398)
Total capital assets being depreciated, net	\$ 44,270	\$ 26,530	\$ -	\$ 70,800

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS (continued)

D. Liabilities

Accrued Payroll

Accrued liabilities for the year ended June 30, 2012 was as follows:

Salaries	\$ 5,331
Tax withholdings	<u>2,825</u>
	<u>\$ 8,156</u>

Changes in Compensated Absences

During the year ended June 30, 2012 the following changes occurred in liabilities reported in the Statement of Net Assets:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Ending</u>	<u>Amount Due</u> <u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ <u>5,932</u>	\$ <u>5,131</u>	\$ <u>6,061</u>	\$ <u>5,002</u>	\$ <u>5,002</u>

The liability of compensated absences is liquidated with resources from the unrestricted net assets.

IV. CONTINGENCIES

A. Adjudication

Water rights for water that flows through the District's irrigation system are being reviewed for possible reallocation of those water rights according to user needs. This action has the potential to affect the revenues of the District. The District has taken action to assist water users in retaining their current share of water rights. The extent of any potential effects from these actions cannot be foreseen or estimated at this time.

B. Retained Risk of Loss

The District is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, error and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for all risks. Settlement of claims resulting from these risks have not exceeded commercial insurance coverage in the past three years.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

IV. CONTINGENCIES (continued)

C. Subsequent Events

Subsequent events were evaluated through August 24, 2012, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

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STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

PROPRIETARY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
Year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
Operating revenue:				
Water sales	\$ 196,600	\$ 184,500	\$ 175,821	\$ (8,679)
Ad valorem taxes	<u>248,000</u>	<u>248,000</u>	<u>240,768</u>	<u>(7,232)</u>
Total operating revenue	<u>444,600</u>	<u>432,500</u>	<u>416,589</u>	<u>(15,911)</u>
Operating expenses:				
Salaries and benefits	195,600	190,800	189,531	1,269
Travel	10,000	12,000	11,112	888
Office expense	32,000	26,000	24,740	1,260
Repairs and maintenance	48,000	74,000	72,089	1,911
Equipment rental	57,500	68,300	67,529	771
Insurance	18,500	18,500	17,982	518
Legal and professional	70,500	49,346	44,371	4,975
Miscellaneous	<u>13,500</u>	<u>9,000</u>	<u>4,837</u>	<u>4,163</u>
Total operating expenses	<u>445,600</u>	<u>447,946</u>	<u>432,191</u>	<u>15,755</u>
Income from operations	(1,000)	(15,446)	(15,602)	(156)
Non-Operating income (expenses)				
Interest income	<u>1,000</u>	<u>500</u>	<u>573</u>	<u>73</u>
Net income (loss)	-	(14,946)	(15,029)	(83)
Beginning cash balance budgeted	-	14,946	-	(14,946)
Net assets beginning of year	<u>-</u>	<u>-</u>	<u>701,461</u>	<u>701,461</u>
Net assets end of year	<u>\$ -</u>	<u>\$ -</u>	686,432	<u>\$ 686,432</u>
RECONCILIATION TO GAAP BASIS:				
Change in taxes receivable			(6,040)	
Change in due from other governments			40,672	
Change in payables			(11,053)	
Changes in accrued liabilities			(17)	
Depreciation			<u>(14,141)</u>	
			<u>\$ 695,853</u>	

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STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2012

	<u>Citizens Bank</u>	<u>Four Corners Community Bank</u>	<u>Bank of America</u>	<u>Bank of the Southwest</u>	<u>Washington Federal</u>	Total
Cash on deposit	\$ 78,539	\$ 58,122	\$ 56,323	\$ 64,289	\$ 83,874	\$ 341,147
Less FDIC Coverage	<u>(78,539)</u>	<u>(58,122)</u>	<u>(56,323)</u>	<u>(64,289)</u>	<u>(83,874)</u>	<u>(341,147)</u>
Total uninsured funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Operating	Checking	Citizens Bank	\$ 15,713
Savings Business	Savings	Citizens Bank	2,805
Savings Business	CD	Citizens Bank	60,021
Operating	Savings	Bank of America	56,323
Savings Business	Savings	Four Corners Community Bank	58,122
Operating	Checking	Bank of the Southwest	8,004
Savings Business	CD	Bank of the Southwest	56,285
Savings Business	CD	Washington Federal	83,874
Total			<u>\$ 341,147</u>

Adjustments to cash:		
Bank Balance		\$ 341,147
Cash on hand		250
Reconciling items		<u>(524)</u>
Total adjustment to cash		<u>\$ 340,873</u>

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**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**

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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

Hector H. Balderas, State Auditor
and the Board of Directors of
Bloomfield Irrigation District

We have audited the financial statements of the business-type activities and related budgetary comparison presented as supplemental information of the Bloomfield Irrigation District as of and for the year ended June 30, 2012, and have issued our report thereon dated August 24, 2012. 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.

Internal Control Over Financial Reporting

Management of Bloomfield Irrigation District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Bloomfield Irrigation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bloomfield Irrigation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the agency's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. Finding 2012-01. 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.

Hector H. Balderas, State Auditor
and the Board of Directors of
Bloomfield Irrigation District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bloomfield Irrigation District's financial statements are free of 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.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit management's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, and the New Mexico State Auditor, and Department of Finance and Administration – Local Governments and is not intended to be and should not be used by anyone other than these specified parties.


August 24, 2012
Farmington, NM

AUDIT FINDINGS

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
Year Ended June 30, 2012

PRIOR YEAR AUDIT FINDINGS

2009 – 1 FINANCIAL STATEMENT PREPARATION

Current status: Not resolved. Repeated in the current year as Finding 2012-1.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012

CURRENT YEAR AUDIT FINDINGS

2012 – 1 FINANCIAL STATEMENT PREPARATION (original number 2009 – 1)

Significant Deficiency?

Yes

Material Weakness?

No

Internal Control?

Yes

Compliance?

No

Other Matter?

No

Condition: The financial statements were prepared by the auditor.

Criteria: Management is required to have an internal control system of financial reporting including the preparation of the financial statements.

Effect of condition: Management's ability to ascertain the accuracy and completeness of the financial statements has been diminished.

Recommendation: Management should develop a plan and system of controls that enable them to review the accuracy and completeness of the financial statements.

Management's response: Management is in the process of establishing internal controls to correct this matter.

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REQUIRED DISCLOSURE

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**STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT**

**REQUIRED DISCLOSURES
Year Ended June 30, 2012**

REQUIRED DISCLOSURE

The financial statements were prepared by the independent public accountants.

An exit conference was held August 24, 2011, during which the audit findings were discussed. The exit conference was attended by the following individuals:

BLOOMFIELD IRRIGATION DISTRICT

Carroll Crawford	Chairman, Board of Directors/ Manager
Leonard Trujillo	Member, Board of Directors
Stacy Dodd	Office Manager

KEYSTONE ACCOUNTING, LLC

Terry Ogle, CPA	Partner
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