

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2013
WITH
INDEPENDENT AUDITORS' REPORT

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

OFFICIAL ROSTER

June 30, 2013

Board of Directors

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

Administrative Employees

Stacy Dodd	Office Coordinator
Karen Steele	Administrative Assistant

Field Employees

Michael Meidinger	Systems Operator
Harold Chamberlain	Assistant Systems Operator

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STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

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FINANCIAL SECTION

FISCAL YEAR 2013

JULY 1, 2012 THROUGH JUNE 30, 2013

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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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, 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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Bloomfield Irrigation District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the District for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

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 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Bloomfield Irrigation District's financial statements and budgetary comparison. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued my report dated August 15, 2013 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 in considering the Bloomfield Irrigation District's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, NM
August 15, 2013

MANAGEMENT'S
DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

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, 2013.

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 are collected by the District. Ditch Repairs and Maintenance expenditures amounted to \$37,613, a decrease from the prior year of \$35,061 due to no spring peak release, rental of maintenance equipment to defray cost on large maintenance jobs.
 - Replaced Office Equipment to maintain current state of the art equipment to work more efficiently and to replace obsolete equipment.
 - 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 2012 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. Utilization of cascade and other ingredients failed to control pondweed. Cleargate ordered in July 2013 to eliminate pond weed on upper BID ditch above reservoir (city).
3. Water Transportation Agreements.
No change in rates for City of Bloomfield or Enterprise and other industrial users for water transportation.
4. Personnel
- a. Provided increased compensation for all regular employees.
 - b. Emphasize safety in field and office. Continued compiling a safety policy book.
 - c. Continued a Whole Life Insurance Policy (\$25,000.00) for employees as a necessary benefit.
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 Enterprise Reservoir after construction project completed in June 2013.
6. Legal fees remained the same compared to previous year fees:
- a. Costs on a per acre basis shared with San Juan Agriculture
7. Office of the State Auditors Rules
The Districts 2012- 2013 budget amount of \$466,500.00 for 2012-2013 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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.

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 \$729,478 at the close of the most recent fiscal year.

An analysis of fiscal year 2013 follows:

	Net Position	
	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 425,806	\$ 382,426
Net property and equipment	<u>317,453</u>	<u>337,834</u>
Total assets	743,259	720,260
Liabilities		
Current liabilities	<u>16,634</u>	<u>24,407</u>
Net Assets		
Unrestricted	<u>\$ 726,625</u>	<u>\$ 695,853</u>
	Changes in Net Position	
Program revenue charges for services	\$ 161,576	\$ 175,821
Interest income	368	573
General revenues	<u>229,498</u>	<u>234,924</u>
Total revenues	391,442	411,318
Expenditures - Irrigation	<u>360,670</u>	<u>416,926</u>
Change in net assets	30,772	(5,608)
Net assets - beginning	<u>695,853</u>	<u>701,461</u>
Net assets - ending	<u>\$ 726,625</u>	<u>\$ 695,853</u>

Projected Revenues were (Budget 2012/2013) \$434,355.

Expenditures decreased (Budget 2011/2012) to \$360,670 due to no spring peak release and reduced ditch maintenance requirements. 2013-2014 will see a slight increase due to chemical for ditch bank maintenance and ditch pondweed requirements.

NEXT YEAR'S BUDGET

The District has increased its budget by \$150.00 in the next budget year (2013-2014) due to modest salary increase.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

PROPRIETARY FUND
STATEMENT OF NET POSITION
June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 399,386
Accounts receivable	9,778
Due from other government	<u>16,642</u>
Total current assets	<u>425,806</u>

Noncurrent assets:

Capital assets:

Irrigation system	723,966
Equipment	158,523
Less: accumulated depreciation	(833,684)

Intangibles:

Water rights	<u>268,648</u>
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Total noncurrent assets	<u>317,453</u>
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Total assets	<u><u>\$ 743,259</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 2,939
Accrued payroll	9,864
Compensated absences	<u>3,831</u>

Total liabilities	<u>16,634</u>
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NET POSITION

Invested in capital assets	317,453
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Unrestricted	<u>409,172</u>
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Total net position	<u>726,625</u>
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Total liabilities and net position	<u><u>\$ 743,259</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Year ended June 30, 2013

Operating revenue:	
Water sales	\$ 161,576
Special assessment fees	<u>229,498</u>
 Total operating revenue	 <u>391,074</u>
 Operating expenses:	
Salaries and benefits	175,302
Travel	9,900
Office expense	24,989
Repairs and maintenance	37,613
Equipment rental	17,659
Insurance	19,574
Legal and professional	43,685
Miscellaneous	9,953
Depreciation	<u>21,995</u>
 Total operating expenses	 <u>360,670</u>
 Operating income (loss)	 30,404
 Non-Operating income (expenses):	
Interest income	<u>368</u>
 Change in net position	 30,772
 Net position - beginning	 <u>695,853</u>
Net position - ending	<u>\$ 726,625</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 Year ended June 30, 2013

CASH FLOWS FROM OPERATING
 ACTIVITIES

Cash received from customers	\$	406,207
Cash payments to employees		(174,765)
Cash payments for supplies and maintenance		<u>(171,683)</u>
Net cash provided by operating activities		<u>59,759</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments		
Purchase of water rights		(1,614)
Interest and dividends received		<u>368</u>
Net cash Provided by (used in) investing activities		<u>(1,246)</u>

Net increase (decrease) in cash and cash equivalents		58,513
Cash and cash equivalents at beginning of year		<u>340,873</u>
Cash and cash equivalents at end of year	\$	<u><u>399,386</u></u>

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

Operating income	\$	<u>30,404</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		21,995
(Increase) decrease in:		
Customer receivables		7,899
Due from other governments		7,234
Increase (decrease) in:		
Accounts payable		(8,310)
Accrued liabilities		1,708
Compensated absences		<u>(1,171)</u>
Total adjustments		<u>29,355</u>
Net cash provided by operating activities	\$	<u>59,759</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 Assets 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.

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 Assets 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 \$268,648 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Assets 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

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, 2013 was properly amended by the Board through the year. These amendments resulted in the following changes:

Original <u>Budget</u>	Final <u>Budget</u>
\$ 466,500	\$ 466,500

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2013, the carrying amount of the District's deposits was \$399,386 and the bank balance was \$417,798 of this balance \$417,978 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, 2013, the District's did not have any bank balances exposed to custodial risk as follows:

	<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>
Cash on deposit	\$ 47,016	\$ 68,250	\$ 76,314	\$ 71,324	\$ -
Certificates of deposit	60,051	-	-	-	-
Money market account	2,805	-	-	8,010	84,028
FDIC coverage	<u>(109,872)</u>	<u>(68,250)</u>	<u>(76,314)</u>	<u>(79,334)</u>	<u>(84,028)</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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Temporary Investments (continued)

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.

B. Receivables

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

	<u>General</u>
Receivables:	
Accounts receivable	\$ 11,013
Deposits	100
Allowance for doubtful	(1,335)
Total	\$ 9,778

Allowance for doubtful accounts has been estimated by management.

C. Capital Assets

Capital assets activity for the year ended June 30, 2013 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	\$ 1,614	\$ -	\$ 268,648
Capital assets, being depreciated:				
Irrigation system	723,966	-	-	723,966
Equipment	201,232	-	42,709	158,523
Total capital assets being depreciated	925,198	-	42,709	882,489
Less accumulated depreciation for:				
Irrigation system	(698,834)	(11,513)	-	(710,347)
Equipment	(155,564)	(10,482)	42,709	(123,337)
Total accumulated depreciation	(854,398)	(21,995)	42,709	(833,684)
Total capital assets being depreciated, net	\$ 70,800	\$ (21,995)	\$ -	\$ 48,805

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS (continued)

D. Liabilities

Accrued Payroll

Accrued liabilities for the year ended June 30, 2013 was as follows:

Salaries	\$ 5,490
Tax withholdings	<u>4,374</u>
	<u>\$ 9,864</u>

Changes in Compensated Absences

During the year ended June 30, 2013 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>\$ 5,002</u>	<u>\$ 5,507</u>	<u>\$ 6,777</u>	<u>\$ 3,831</u>	<u>\$ 3,831</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.

C. Subsequent Events

Subsequent events were evaluated through August 15, 2013, which is the date the financial statements were available to be issued.

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SUPPLEMENTAL INFORMATION

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, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenue:				
Water sales	\$ 189,355	\$ 189,355	\$ 161,771	\$ (27,584)
Ad valorem taxes	245,000	245,000	236,731	(8,269)
Total operating revenue	434,355	434,355	398,502	(35,853)
Operating expenses:				
Salaries and benefits	188,500	189,000	174,713	14,287
Travel	12,000	12,000	9,849	2,151
Office expense	28,000	28,000	24,455	3,545
Repairs and maintenance	60,000	57,900	36,760	21,140
Equipment rental	75,000	75,000	26,462	48,538
Insurance	19,000	19,600	19,574	26
Legal and professional	73,000	73,000	43,685	29,315
Miscellaneous	11,000	12,000	9,435	2,565
Total operating expenses	466,500	466,500	344,933	121,567
Income from operations	(32,145)	(32,145)	53,569	85,714
Non-Operating income (expenses)				
Interest income	500	500	368	(132)
Net income (loss)	(31,645)	(31,645)	53,937	85,582
Beginning cash balance budgeted	31,645	31,645	-	(31,645)
Net assets beginning of year	-	-	695,853	695,853
Net assets end of year	\$ -	\$ -	749,790	\$ 749,790
RECONCILIATION TO GAAP BASIS:				
Change in property and equipment			(11,710)	
Change in receivables			(7,750)	
Change in accrued interest			(2,938)	
Changes in accrued liabilities			(767)	
			\$ 726,625	

STATE OF NEW MEXICO
BLOOMFIELD IRRIGATION DISTRICT

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2013

	<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	\$ 109,871	\$ 68,250	\$ 76,314	\$ 79,334	\$ 84,028	\$ 417,797
Less FDIC Coverage	<u>(109,871)</u>	<u>(68,250)</u>	<u>(76,314)</u>	<u>(79,334)</u>	<u>(84,028)</u>	<u>(417,797)</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	\$ 47,016
Savings Business	Savings	Citizens Bank	2,805
Savings Business	CD	Citizens Bank	60,050
Operating	Savings	Bank of America	76,314
Savings Business	Savings	Four Corners Community Bank	68,250
Operating	Checking	Bank of the Southwest	71,322
Savings Business	CD	Bank of the Southwest	8,010
Savings Business	CD	Washington Federal	84,028
Total			<u>\$ 417,795</u>

Adjustments to cash:		
Bank Balance		\$ 417,795
Cash on hand		250
Reconciling items		<u>(18,659)</u>
Total adjustment to cash		<u>\$ 399,386</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

INDEPENDENT AUDITOR'S REPORT

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

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 business-type activities of Bloomfield Irrigation District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bloomfield Irrigation District's basic financial statements, and related budgetary comparisons of Bloomfield Irrigation District presented as supplemental information, and have issued our report thereon dated August 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Bloomfield Irrigation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bloomfield Irrigation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bloomfield Irrigation District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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

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. 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.

Accounting & Financial Solutions, LLC
Farmington, NM
August 15, 2013



AUDIT FINDINGS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2013

PRIOR YEAR AUDIT FINDINGS

2009 – 1 FINANCIAL STATEMENT PREPARATION

Current status: Not repeated. Resolved in the current year.

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013

CURRENT YEAR AUDIT FINDINGS

No findings to report.

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REQUIRED DISCLOSURE

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REQUIRED DISCLOSURES
YEAR ENDED JUNE 30, 2013

REQUIRED DISCLOSURE

The financial statements were prepared by the independent public accountants.

An exit conference was held August 15, 2013, during which the audit findings were discussed. The exit conference was attended by the following individuals:

BLOOMFIELD IRRIGATION DISTRICT

Carroll Crawford	Board of Directors / Manager
Stacy Dodd	Office Manager
Karen Steele	Administrative Assistant

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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