

STATE OF NEW MEXICO
CITY OF BLOOMFIELD



ANNUAL FINANCIAL REPORT
JUNE 30, 2017

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INTRODUCTORY SECTION

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City of Bloomfield
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STATE OF NEW MEXICO

City of Bloomfield

Official Roster

June 30, 2017

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Scott Eckstein		Mayor
Curtis Lynch		City Councilor
Matt Pennington		City Councilor
Elwin Roark		City Councilor
DeLaws Lindsay		City Councilor
<u>Administration</u>		
Eric Strahl		City Manager
Erikka Martinez		City Clerk
Brad Ellsworth		Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Bloomfield
and Mr. Wayne Johnson
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund of the City of Bloomfield ("City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 to 19, Schedule of the City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions on pages 74 and 75 to 78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. 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 Section 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 Section 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 our report dated December 14, 2017 on our consideration of the City'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 City's internal control over financial reporting and compliance.



Albuquerque, New Mexico
December 14, 2017

State of New Mexico
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Management's Discussion and Analysis
June 30, 2017

As management of the City of Bloomfield, we offer readers of the City of Bloomfield financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Bloomfield and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bloomfield exceeded its liabilities at the close of the most recent fiscal year by \$24,712,244 (*net position*).
- The government's total net position decreased by \$1,054,458 during the fiscal year. This decrease is due mainly to an increase in the City's net pension liability which is under the control of the NM Public Employees Retirement Association.
- As of June 30, 2017, the City's governmental funds reported combined ending net position of \$13,516,472. Of this total, \$18,602,362 represents the City's investment in capital assets, net of any outstanding debt issued to pay for the assets. There is a negative balance in unrestricted net position of \$7,099,795 due almost entirely to the City's net pension liability and related deferred inflows and deferred outflows of resources.
- At the close of the current fiscal year, unassigned fund balance for the general fund was \$298,651, or 5.1 percent of total general fund expenditures.
- The City's total debt decreased by \$1,385,545 during the current fiscal year. This decrease was due to making the scheduled debt payments per the loan agreements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bloomfield's basic financial statements. The City of Bloomfield's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of City of Bloomfield's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Bloomfield's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City of Bloomfield is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Bloomfield that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Bloomfield include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City include Joint Utility and Solid Waste Services.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bloomfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bloomfield can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements,

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governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-seven individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Street Maintenance Capital Projects Fund, and G.O. Bond Fund, which are considered to be major funds. Data from the other twenty-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Special Street Maintenance Capital Projects Fund, G.O. Bond Fund, and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found at Exhibits B-1 through C-1 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the City charges customers – either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the joint utility and solid waste operations of the City. The enterprise funds are considered to be major funds of the City and can be found at Exhibits D-1 through D-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support City of Bloomfield's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

City of Bloomfield fiduciary funds account for the collection of motor vehicle fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statement can be found at Exhibit E-1 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-70 of this report.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 82-93 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bloomfield, assets exceeded liabilities by \$24,712,244 at the close of the current fiscal year.

The significant portion of the City of Bloomfield's net position represents the City's investment of \$28,907,139 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. The City of Bloomfield uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Bloomfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BLOOMFIELD'S NET POSITION

	June 30, 2017			June 30, 2016		
	Governmental	Business-Type		Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets						
Current and other assets	\$ 1,613,857	\$ 2,149,250	\$ 3,763,107	\$ 1,876,594	\$ 1,863,569	\$ 3,740,163
Restricted cash and cash equivalents	1,249,531	428,056	1,677,587	1,436,226	359,359	1,795,585
Capital assets, net of accumulated depreciation	<u>28,927,001</u>	<u>16,288,577</u>	<u>45,215,578</u>	<u>29,552,917</u>	<u>16,736,498</u>	<u>46,289,415</u>
Total Assets	<u>31,790,389</u>	<u>18,865,883</u>	<u>50,656,272</u>	<u>32,865,737</u>	<u>18,959,426</u>	<u>51,825,163</u>
Deferred outflows of resources						
Deferred amount on refunding of debt	780,412	-	780,412	884,852	-	884,852
Pension - deferred outflows	<u>3,731,630</u>	<u>655,666</u>	<u>4,387,296</u>	<u>1,488,672</u>	<u>89,020</u>	<u>1,577,692</u>
Total deferred outflows of resources	<u>4,512,042</u>	<u>655,666</u>	<u>5,167,708</u>	<u>2,373,524</u>	<u>89,020</u>	<u>2,462,544</u>
Total assets and deferred outflows of resources	<u>\$ 36,302,431</u>	<u>\$ 19,521,549</u>	<u>\$ 55,823,980</u>	<u>\$ 35,239,261</u>	<u>\$ 19,048,446</u>	<u>\$ 54,287,707</u>
Liabilities						
Long-term liabilities outstanding	\$ 21,023,835	\$ 7,410,379	\$ 28,434,214	\$ 18,446,484	\$ 7,201,904	\$ 25,648,388
Other liabilities	<u>1,477,752</u>	<u>914,880</u>	<u>2,392,632</u>	<u>1,615,629</u>	<u>902,536</u>	<u>2,518,165</u>
Total Liabilities	<u>22,501,587</u>	<u>8,325,259</u>	<u>30,826,846</u>	<u>20,062,113</u>	<u>8,104,440</u>	<u>28,166,553</u>
Deferred inflows of resources						
Pension - deferred inflows	<u>284,372</u>	<u>518</u>	<u>284,890</u>	<u>342,181</u>	<u>12,271</u>	<u>354,452</u>
Net Position						
Net investment in capital assets	18,602,362	10,304,777	28,907,139	18,515,120	10,231,854	28,746,974
Restricted	2,013,905	79,478	2,093,383	2,332,633	77,405	2,410,038
Unrestricted	<u>(7,099,795)</u>	<u>811,517</u>	<u>(6,288,278)</u>	<u>(6,012,786)</u>	<u>622,476</u>	<u>(5,390,310)</u>
Total Net Position	<u>13,516,472</u>	<u>11,195,772</u>	<u>24,712,244</u>	<u>14,834,967</u>	<u>10,931,735</u>	<u>25,766,702</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 36,302,431</u>	<u>\$ 19,521,549</u>	<u>\$ 55,823,980</u>	<u>\$ 35,239,261</u>	<u>\$ 19,048,446</u>	<u>\$ 54,287,707</u>

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A portion of the City of Bloomfield's governmental net position (15 percent) represents resources that are subject to restrictions. The restrictions relate to covenants provided by the City's long-term debt issuance and capital projects as well as the City's General Fund reserve requirement imposed by the New Mexico Department of Finance and Administration. The remaining balance of *unrestricted net position*, (\$7,099,795), is negative due to the City's net pension liability and related deferred inflows and deferred outflows of resources. Although the net pension liability is not expected to be paid by current or future City assets other than the annual pension contributions required by law, the reporting requirements under GASB 68 require that the City's proportionate share of the NM Public Employees Retirement System net pension liability be reported in the City's financial statements.

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Analysis of Changes in Net Position

The City's net position overall decreased by \$1,054,458 during the current fiscal year. These decreases are explained in the government and business-type activities discussion below.

For the Year Ended June 30, 2017

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 562,993	\$ 4,336,552	\$ 4,899,545
Operating grants and contributions	810,670	-	810,670
Capital grants	-	184,500	184,500
General revenues:			
Property taxes	1,098,512	-	1,098,512
Gross receipts taxes	5,144,295	-	5,144,295
Gasoline and motor vehicle taxes	239,240	-	239,240
Franchise taxes	303,825	-	303,825
Lodger's taxes	54,741	-	54,741
Miscellaneous revenue	44,295	780	45,075
Unrestricted investment earnings	13,934	3,637	17,571
Total revenues	<u>8,272,505</u>	<u>4,525,469</u>	<u>12,797,974</u>
Expenses			
General government	2,040,836	-	2,040,836
Public safety	4,719,115	-	4,719,115
Public works	889,838	-	889,838
Culture and recreation	1,182,749	-	1,182,749
Health and welfare	270,229	-	270,229
Interest and other charges	453,515	-	453,515
Joint utility and solid waste	-	4,296,150	4,296,150
Total expenses	<u>9,556,282</u>	<u>4,296,150</u>	<u>13,852,432</u>
Increase (decrease) in net position before transfers	<u>(1,283,777)</u>	<u>229,319</u>	<u>(1,054,458)</u>
Transfers	<u>(34,718)</u>	<u>34,718</u>	<u>-</u>
Increase (decrease) in net position	(1,318,495)	264,037	(1,054,458)
Net position, beginning of year	<u>14,834,967</u>	<u>10,931,735</u>	<u>25,766,702</u>
Ending net position	<u>\$ 13,516,472</u>	<u>\$ 11,195,772</u>	<u>\$ 24,712,244</u>

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Changes in Net Position
For the Year Ended June 30, 2016

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 641,907	\$ 4,224,552	\$ 4,866,459
Operating grants and contributions	1,133,549	-	1,133,549
Capital grants	208,853	50,000	258,853
General revenues:			
Property taxes	963,563	-	963,563
Gross receipts taxes	6,158,840	-	6,158,840
Gasoline and motor vehicle taxes	217,493	-	217,493
Franchise taxes	318,967	-	318,967
Lodger's taxes	57,346	-	57,346
Miscellaneous revenue	49,215	1,828	51,043
Unrestricted investment earnings	12,014	2,922	14,936
Gain on disposal of capital assets	4,631	-	4,631
Total revenues	<u>9,766,378</u>	<u>4,279,302</u>	<u>14,045,680</u>
Expenses			
General government	2,415,513	-	2,415,513
Public safety	5,023,862	-	5,023,862
Public works	1,042,538	-	1,042,538
Culture and recreation	1,500,545	-	1,500,545
Health and welfare	284,258	-	284,258
Interest and other charges	467,984	-	467,984
Joint utility and solid waste	-	4,489,967	4,489,967
Total expenses	<u>10,734,700</u>	<u>4,489,967</u>	<u>15,224,667</u>
Increase (decrease) in net position before transfers	<u>(968,322)</u>	<u>(210,665)</u>	<u>(1,178,987)</u>
Transfers	<u>19,209</u>	<u>(19,209)</u>	<u>-</u>
Increase (decrease) in net position	(949,113)	(229,874)	(1,178,987)
Net position, beginning of year	<u>15,784,080</u>	<u>11,161,609</u>	<u>26,945,689</u>
Ending net position	<u>\$ 14,834,967</u>	<u>\$ 10,931,735</u>	<u>\$ 25,766,702</u>

Governmental activities. Governmental activities decreased City of Bloomfield's net position by \$1,318,495 in FY 2017 as opposed to a decrease of \$949,113 in FY 2016. The key elements of this decrease are as follows:

- The City's expenses decreased by \$1,178,418 or 11% due mainly to a hiring freeze and the layoff of eight employees in order to address a decrease in gross receipts tax revenue.
- The City's gross receipts tax revenues decreased by \$1,014,545 or 16% over last fiscal year due to decreased economic activity because of a severe downturn in the oil and gas industry.
- The City's grant revenue decreased by \$531,732 or 40% due mainly to the close out of the Fire Department's SAFER grant at the beginning of FY 2017, which provided funding for seven firefighters in the previous fiscal year.

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Business-type activities. Business-type activities increased the City's net position by \$264,037. Total business type revenues increased by \$246,167 or 6% from last fiscal year due mainly to an increase of \$134,500 in grant revenues for capital projects and an increase of \$112,000 in charges for services revenues from higher water consumption and a new monthly capital charge of \$2.50 per water account and \$2.50 per sewer account.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Bloomfield uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Bloomfield's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Bloomfield's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Revenues for governmental functions overall totaled \$8,273,338 in the fiscal year ended June 30, 2017, which represents a decrease of \$1,486,927 from the fiscal year ended June 30, 2016. This is mainly due to a decrease in gross receipts tax of \$1,014,545. Expenditures for governmental functions, totaling \$8,690,890, decreased by \$4,219,302 from the fiscal year ended June 30, 2016. This decrease was mainly due to a \$2,127,731 decrease in capital outlay expenditures from the previous fiscal year and a decrease in personnel expense of \$1,819,613 from the previous fiscal year. In the fiscal year ended June 30, 2017, expenditures exceeded revenues for governmental functions by \$417,552. Overall, after accounting for loan proceeds and other financing sources and uses, fund balances for governmental functions decreased by \$440,566.

The General Fund is the chief operating fund of the City of Bloomfield. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$298,651.

The fund balance of the City's general fund decreased by \$52,465 during the current fiscal year. There was an excess of revenues over expenditures of \$1,015,150, but this was offset by net transfers to other funds of \$1,079,319 for debt service and street maintenance expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for enterprise funds was \$811,517. The total increase in net position for the enterprise funds was \$264,037. Factors concerning the finances of this fund have been addressed previously in the discussion of the City's business-type activities.

Fiduciary Funds. The City maintains fiduciary funds for the assets of the Motor Vehicle Division for the State of New Mexico. Changes to the fiduciary funds were immaterial for the fiscal year.

General Fund Budgetary Highlights

City budgets reflect the same pattern as seen in the revenue and expenditures of the City. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the City level, City of Bloomfield utilizes goals and objectives defined by the City Council, community input meetings, long term plans and input from various staff groups to develop the City budget. City priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

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Management's Discussion and Analysis
June 30, 2017

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2017. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the general fund found at Exhibit C-1. The City's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year. Net budget decreases in the General Fund totaled \$179,721 for expenditures. Actual general fund expenditures were \$95,952 less than the final budget amount (favorable variance).

	Budgeted Amounts		Actual	Variances
			(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
<i>Expenditures:</i>				
Current:				
General government	\$ 1,514,290	\$ 1,470,975	\$ 1,415,578	\$ 55,397
Public safety	3,385,899	3,364,379	3,213,483	150,896
Culture and recreation	1,013,108	910,917	895,260	15,657
Health and welfare	227,201	214,506	208,736	5,770
Capital outlay	16,210	16,210	96,760	(80,550)
Debt service:				
Principal	-	-	45,093	(45,093)
Interest	-	-	6,125	(6,125)
<i>Total expenditures</i>	<u>\$ 6,156,708</u>	<u>\$ 5,976,987</u>	<u>\$ 5,881,035</u>	<u>\$ 95,952</u>

Capital Asset and Debt Administration

Capital assets. The City of Bloomfield's capital assets for its governmental and business-type activities as of June 30, 2017 amount to \$45,215,578 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. Total capital assets for governmental activities decreased by \$625,916, due to additions of \$558,965 offset by depreciation expense of \$1,184,881. Total capital assets for business-type activities decreased by \$447,921 due to depreciation of \$502,902, offset by additions of \$54,981.

The significant additions to capital assets during the year were as follows:

- \$526,567 was an addition to governmental equipment for a fiber optic network (\$353,292 of the total was capitalized in prior years as construction in progress).
- \$217,063 was an addition to governmental building improvements for upgrades to Fire Station #2 (\$88,316 of the total was capitalized in the prior year as construction in progress).
- \$48,000 was an addition to governmental equipment for a new lift van at the Senior Center.

State of New Mexico
City of Bloomfield
Management's Discussion and Analysis
June 30, 2017

Capital Assets, Net of Depreciation
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,256,522	\$ 395,469	\$ 2,651,991
Water rights	-	313,686	313,686
Buildings and improvements	17,853,848	10,889,584	28,743,432
Land improvements	2,589,528	1,753,859	4,343,387
Furniture, fixtures and equipment	9,073,406	603,715	9,677,121
Construction in progress	401,177	182,283	583,460
Infrastructure	10,893,976	-	10,893,976
Distribution system	-	12,134,409	12,134,409
Total capital assets	43,068,457	26,273,005	69,341,462
Accumulated depreciation	(14,141,456)	(9,984,428)	(24,125,884)
Capital assets, net of accumulated depreciation	<u>\$ 28,927,001</u>	<u>\$ 16,288,577</u>	<u>\$ 45,215,578</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, City of Bloomfield had total long-term obligations outstanding of \$17,960,807.

The significant additions to long term debt during the year were as follows:

- \$11,704 for the purchase of a new server for the Cultural Center.
- \$53,280 for the design of a new city owned raw water source on the San Juan River.

City of Bloomfield's Outstanding Debt
June 30, 2017

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 510,000	\$ -	\$ 510,000
Capital leases	192,542	473,775	666,317
Loans payable	-	4,277,093	4,277,093
NMFA loans	10,526,295	-	10,526,295
EID notes	-	1,461,193	1,461,193
Compensated absences	423,044	96,865	519,909
Total long-term liabilities	<u>\$ 11,651,881</u>	<u>\$ 6,308,926</u>	<u>\$ 17,960,807</u>

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding City of Bloomfield's long-term debt.

State of New Mexico
City of Bloomfield
Management's Discussion and Analysis
June 30, 2017

The City knows of no currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations other than the ongoing downturn in the oil and gas industry. The City made significant cuts to expenditures in the FY 2017 budget to compensate for the reduction in gross receipts tax revenue. Those cuts have been carried forward into the FY 2018 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Bloomfield's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bloomfield Administration, City of Bloomfield, Post Office Box 1839, Bloomfield, New Mexico, 87413.

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Bloomfield

Statement of Net Position

June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 457,200	\$ 1,322,560	\$ 1,779,760
Property taxes receivable	85,349	-	85,349
Other taxes receivable	1,048,893	-	1,048,893
Due from customers (net)	-	598,008	598,008
Other receivables	20,535	-	20,535
Inventory	-	230,562	230,562
Internal balances	1,880	(1,880)	-
Total current assets	1,613,857	2,149,250	3,763,107
Noncurrent assets			
Restricted cash and investments	1,249,531	428,056	1,677,587
Capital assets	43,068,457	26,273,005	69,341,462
Less: accumulated depreciation	(14,141,456)	(9,984,428)	(24,125,884)
Total noncurrent assets	30,176,532	16,716,633	46,893,165
Deferred outflows of resources			
Deferred amount on refunding of debt	780,412	-	780,412
Pension - deferred outflows	3,731,630	655,666	4,387,296
Total deferred outflows of resources	4,512,042	655,666	5,167,708
Total assets and deferred outflows of resources	\$ 36,302,431	\$ 19,521,549	\$ 55,823,980

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 150,800	\$ 125,465	\$ 276,265
Accrued payroll expenses	184,351	48,382	232,733
Accrued compensated absences	312,591	62,183	374,774
Meter deposits	-	120,317	120,317
Accrued interest	39,013	29,187	68,200
Current portion of bond payable	120,000	-	120,000
Current portion of loans and notes payable	667,856	529,346	1,197,202
Total current liabilities	1,474,611	914,880	2,389,491
Noncurrent liabilities			
Accrued compensated absences	110,453	34,682	145,135
Bond underwriter premiums (net of accumulated amortization of \$6,185)	134	-	134
Bonds payable	390,000	-	390,000
Loans and notes payable	10,050,981	5,682,715	15,733,696
Net pension liability	10,475,408	1,692,982	12,168,390
Total noncurrent liabilities	21,026,976	7,410,379	28,437,355
Total liabilities	22,501,587	8,325,259	30,826,846
Deferred inflows of resources			
Pension - deferred inflows	284,372	518	284,890
Net position			
Net investment in capital assets	18,602,362	10,304,777	28,907,139
Restricted for:			
Debt service	1,103,814	79,478	1,183,292
Capital projects	86,258	-	86,258
Special revenue	343,549	-	343,549
Reserve requirement	480,284	-	480,284
Unrestricted (deficit)	(7,099,795)	811,517	(6,288,278)
Total net position	13,516,472	11,195,772	24,712,244
Total liabilities, deferred inflows of resources, and net position	\$ 36,302,431	\$ 19,521,549	\$ 55,823,980

STATE OF NEW MEXICO
City of Bloomfield
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government	\$ 2,040,836	\$ 508,489	\$ 95,707	\$ -
Public safety	4,719,115	1,020	685,915	-
Public works	889,838	-	-	-
Culture and recreation	1,182,749	53,484	25,998	-
Health and welfare	270,229	-	3,050	-
Interest on long-term debt	453,515	-	-	-
<i>Total governmental activities</i>	<u>9,556,282</u>	<u>562,993</u>	<u>810,670</u>	<u>-</u>
Business-type Activities:				
Joint Utility	3,620,840	3,630,113	-	184,500
Solid Waste	675,310	706,439	-	-
<i>Total business-type activities</i>	<u>4,296,150</u>	<u>4,336,552</u>	<u>-</u>	<u>184,500</u>
<i>Total</i>	<u>\$ 13,852,432</u>	<u>\$ 4,899,545</u>	<u>\$ 810,670</u>	<u>\$ 184,500</u>

General Revenues and Transfers:

Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Gross receipts taxes
Gasoline and motor vehicle taxes
Franchise taxes
Lodger's taxes
Investment income
Miscellaneous revenue
Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,436,640)	\$ -	\$ (1,436,640)
(4,032,180)	-	(4,032,180)
(889,838)	-	(889,838)
(1,103,267)	-	(1,103,267)
(267,179)	-	(267,179)
(453,515)	-	(453,515)
<u>(8,182,619)</u>	<u>-</u>	<u>(8,182,619)</u>
-	193,773	193,773
<u>-</u>	<u>31,129</u>	<u>31,129</u>
-	224,902	224,902
<u>-</u>	<u>224,902</u>	<u>224,902</u>
(8,182,619)	224,902	(7,957,717)
953,675	-	953,675
144,837	-	144,837
5,144,295	-	5,144,295
239,240	-	239,240
303,825	-	303,825
54,741	-	54,741
13,934	3,637	17,571
44,295	780	45,075
<u>(34,718)</u>	<u>34,718</u>	<u>-</u>
<u>6,864,124</u>	<u>39,135</u>	<u>6,903,259</u>
(1,318,495)	264,037	(1,054,458)
<u>14,834,967</u>	<u>10,931,735</u>	<u>25,766,702</u>
<u>\$ 13,516,472</u>	<u>\$ 11,195,772</u>	<u>\$ 24,712,244</u>

STATE OF NEW MEXICO

City of Bloomfield
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Street Maintenance Capital Projects Fund	G.O. Bond Debt Service Fund	Other Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 13,388	\$ 45,287	\$ 1,249,531	\$ 398,525
Receivables:				
Property taxes	72,287	-	13,062	-
Other taxes	942,093	38,299	-	68,501
Other receivables	20,535	-	-	-
Due from other funds	5,643	-	4,154	402
<i>Total assets</i>	<u>\$ 1,053,946</u>	<u>\$ 83,586</u>	<u>\$ 1,266,747</u>	<u>\$ 467,428</u>
<i>Liabilities, deferred inflows of resources, and fund balance</i>				
<i>Liabilities</i>				
Accounts payable	\$ 44,384	\$ 49,919	\$ -	\$ 56,497
Accrued payroll expenses	173,323	11,028	-	-
Due to other funds	4,556	2,463	-	1,300
<i>Total liabilities</i>	<u>222,263</u>	<u>63,410</u>	<u>-</u>	<u>57,797</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	52,748	-	9,521	-
<i>Total deferred inflows of resources</i>	<u>52,748</u>	<u>-</u>	<u>9,521</u>	<u>-</u>
<i>Fund balances</i>				
Restricted	480,284	20,176	1,257,226	253,845
Committed	-	-	-	51,977
Assigned	-	-	-	103,809
Unassigned	298,651	-	-	-
<i>Total fund balances</i>	<u>778,935</u>	<u>20,176</u>	<u>1,257,226</u>	<u>409,631</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,053,946</u>	<u>\$ 83,586</u>	<u>\$ 1,266,747</u>	<u>\$ 467,428</u>

The accompanying notes are an integral part of these financial statements

Total	
<hr/>	
\$	1,706,731
	85,349
	1,048,893
	20,535
	10,199
<hr/>	
\$	2,871,707
<hr/>	

\$	150,800
	184,351
	8,319
<hr/>	
	343,470
<hr/>	

	62,269
<hr/>	

	62,269
<hr/>	

	2,011,531
	51,977
	103,809
	298,651
<hr/>	
	2,465,968
<hr/>	

\$	2,871,707
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STATE OF NEW MEXICO
City of Bloomfield
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017

Exhibit B-1
Page 2 of 2

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Fund balances - total governmental funds	\$ 2,465,968
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	28,927,001
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements, but are considered revenue in the Statement of Activities	62,269
Items related to the defined benefit pension plan are not financial resources and, therefore, are not reported in the funds. Deferred outflows of resources	3,731,630
Loan proceeds paid to refunded bond escrow agent reported as an other financing use in the funds are netted against the refunded bonds with the difference being reported as a deferred outflow of resources in the government-wide statement of net position and amortized over the remaining life of the refunded bonds	780,412
Items related to the defined benefit pension plan are not due and payable in the current period and, therefore, are not reported in the funds Deferred inflows of resources	(284,372)
Certain liabilities, including bonds payable and related components, accrued interest, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest	(39,013)
Current portion of accrued compensated absences	(312,591)
Long-term portion of accrued compensated absences	(110,453)
Bond underwriter premiums, net of amortization	(134)
Bonds and notes payable	(11,228,837)
Net pension liability	(10,475,408)
Net position of governmental activities	<u>\$ 13,516,472</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Bloomfield
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Street Maintenance Capital Projects Fund	G.O. Bond Debt Service Fund	Other Governmental Funds
<i>Revenues:</i>				
Taxes:				
Property	\$ 952,798	\$ -	\$ 146,547	\$ -
Gross receipts	4,775,525	-	-	368,770
Gasoline and motor vehicle	-	239,240	-	-
Other	303,825	-	-	54,741
Intergovernmental				
Federal operating grants	16,070	-	-	132,122
State operating grants	240,299	-	-	422,179
Charges for services	333,531	-	-	2,181
Licenses and fees	219,254	-	-	8,027
Contributions and donations	-	-	-	16,554
Investment income	19	-	13,792	123
Miscellaneous	25,458	-	-	2,283
<i>Total revenues</i>	<u>6,866,779</u>	<u>239,240</u>	<u>160,339</u>	<u>1,006,980</u>
<i>Expenditures:</i>				
Current:				
General government	1,449,611	-	1,464	93,871
Public safety	3,168,024	-	-	341,894
Public works	-	600,583	-	-
Culture and recreation	883,810	-	-	31,492
Health and welfare	207,706	-	-	-
Capital outlay	91,260	159,430	-	376,390
Debt service:				
Principal	45,093	37,085	847,931	-
Interest	6,125	5,652	343,469	-
<i>Total expenditures</i>	<u>5,851,629</u>	<u>802,750</u>	<u>1,192,864</u>	<u>843,647</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,015,150</u>	<u>(563,510)</u>	<u>(1,032,525)</u>	<u>163,333</u>
<i>Other financing sources (uses)</i>				
Loan proceeds	11,704	-	-	-
Transfers in	32,420	413,935	979,916	38,774
Transfers out	(1,111,739)	-	-	(388,024)
<i>Total other financing sources (uses)</i>	<u>(1,067,615)</u>	<u>413,935</u>	<u>979,916</u>	<u>(349,250)</u>
<i>Net change in fund balance</i>	<u>(52,465)</u>	<u>(149,575)</u>	<u>(52,609)</u>	<u>(185,917)</u>
<i>Fund balance - beginning of year</i>	<u>831,400</u>	<u>169,751</u>	<u>1,309,835</u>	<u>595,548</u>
<i>Fund balance - end of year</i>	<u>\$ 778,935</u>	<u>\$ 20,176</u>	<u>\$ 1,257,226</u>	<u>\$ 409,631</u>

The accompanying notes are an integral part of these financial statements

<u>Total</u>	
\$	1,099,345
	5,144,295
	239,240
	358,566
	148,192
	662,478
	335,712
	227,281
	16,554
	13,934
	27,741
	<u>8,273,338</u>

	1,544,946
	3,509,918
	600,583
	915,302
	207,706
	627,080
	930,109
	355,246
	<u>8,690,890</u>

	<u>(417,552)</u>
--	------------------

	11,704
	1,465,045
	<u>(1,499,763)</u>
	<u>(23,014)</u>

	(440,566)
	<u>2,906,534</u>
\$	<u><u>2,465,968</u></u>

STATE OF NEW MEXICO

City of Bloomfield

Governmental Funds

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, 2017

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ (440,566)
--	--------------

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:

Capital expenditures recorded in capital outlay	627,080
Depreciation expense	(1,184,881)
Construction in progress project cancelled	(68,115)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

Decrease in deferred inflow related to property taxes receivable	(833)
--	-------

Expenses in the Statement of Activities that do not require current financial
resources are not reported as expenditures in the funds:

Decrease in accrued compensated absences	48,049
Decrease in accrued interest	6,170
Change in net pension liability and the related deferred outflows and deferred inflows of resources related to pensions	(1,119,495)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premiums and bond discounts	131
Proceeds from the issuance of loans	(11,704)
Principal payments on bonds, loans and notes payable	930,109
Amortization of deferred amount on refunding of debt	(104,440)

Change in net position of governmental activities	<u><u>\$ (1,318,495)</u></u>
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The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

City of Bloomfield

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 940,368	\$ 940,368	\$ 952,445	\$ 12,077
Gross receipts	5,636,000	4,886,000	4,737,011	(148,989)
Other	305,000	305,000	319,347	14,347
Intergovernmental income:				
Federal operating grant	-	-	16,070	16,070
State operating grant	211,000	259,000	247,056	(11,944)
Charges for services	350,300	319,300	336,238	16,938
Licenses and fees	274,150	270,250	218,647	(51,603)
Investment income	50	50	19	(31)
Miscellaneous	25,400	25,400	25,291	(109)
<i>Total revenues</i>	<u>7,742,268</u>	<u>7,005,368</u>	<u>6,852,124</u>	<u>(153,244)</u>
<i>Expenditures:</i>				
Current:				
General government	1,514,290	1,470,975	1,415,578	55,397
Public safety	3,385,899	3,364,379	3,213,483	150,896
Culture and recreation	1,013,108	910,917	895,260	15,657
Health and welfare	227,201	214,506	208,736	5,770
Capital outlay	16,210	16,210	96,760	(80,550)
Debt service:				
Principal	-	-	45,093	(45,093)
Interest	-	-	6,125	(6,125)
<i>Total expenditures</i>	<u>6,156,708</u>	<u>5,976,987</u>	<u>5,881,035</u>	<u>95,952</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,585,560</u>	<u>1,028,381</u>	<u>971,089</u>	<u>(57,292)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(565,028)	77,557	-	(77,557)
Proceeds from sale of capital assets	5,800	5,800	-	(5,800)
Transfers out	(1,026,332)	(1,111,738)	(1,111,738)	-
<i>Total other financing sources (uses)</i>	<u>(1,585,560)</u>	<u>(1,028,381)</u>	<u>(1,111,738)</u>	<u>(83,357)</u>
<i>Net change in fund balance</i>	-	-	(140,649)	(140,649)
<i>Fund balance - beginning of year</i>	-	-	155,124	155,124
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,475</u>	<u>\$ 14,475</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (140,649)	
Adjustments to revenues for taxes and other receivables.			58,779	
Adjustments to expenditures for salaries and accounts payable.			29,405	
Net change in fund balance (GAAP)			<u>\$ (52,465)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Bloomfield
Statement of Net Position
Proprietary Funds
June 30, 2017

Exhibit D-1

	Business-type Activities		
	Enterprise Funds		
	Joint Utility	Solid Waste	Total
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,086,033	\$ 236,527	\$ 1,322,560
Accounts receivable (net of allowance for doubtful accounts of \$219,120 and \$33,357, respectively)	510,136	87,872	598,008
Inventory	230,562	-	230,562
<i>Total current assets</i>	<u>1,826,731</u>	<u>324,399</u>	<u>2,151,130</u>
<i>Noncurrent assets</i>			
Restricted cash and investments	411,649	16,407	428,056
Capital assets	25,769,107	503,898	26,273,005
Accumulated depreciation	(9,868,689)	(115,739)	(9,984,428)
<i>Total noncurrent assets</i>	<u>16,312,067</u>	<u>404,566</u>	<u>16,716,633</u>
<i>Deferred outflows of resources</i>			
Pension - deferred outflows	<u>655,666</u>	<u>-</u>	<u>655,666</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 18,794,464</u>	<u>\$ 728,965</u>	<u>\$ 19,523,429</u>
<i>Liabilities, deferred inflows of resources, and Net Position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 72,769	\$ 52,696	\$ 125,465
Accrued payroll expenses	48,382	-	48,382
Accrued compensated absences	62,183	-	62,183
Meter deposits	120,317	-	120,317
Due to other funds	1,880	-	1,880
Accrued interest	28,417	770	29,187
Current maturity of loans, notes and capital leases payable	517,787	11,559	529,346
<i>Total current liabilities</i>	<u>851,735</u>	<u>65,025</u>	<u>916,760</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	34,682	-	34,682
Loans, notes and capital leases payable	5,586,664	96,051	5,682,715
Net pension liability	1,692,982	-	1,692,982
<i>Total noncurrent liabilities</i>	<u>7,314,328</u>	<u>96,051</u>	<u>7,410,379</u>
<i>Total liabilities</i>	<u>8,166,063</u>	<u>161,076</u>	<u>8,327,139</u>
<i>Deferred inflows of resources</i>			
Pension - deferred inflows	<u>518</u>	<u>-</u>	<u>518</u>
<i>Net position</i>			
Net investment in capital assets	10,007,821	296,956	10,304,777
Restricted for:			
Debt service	79,478	-	79,478
Unrestricted	540,584	270,933	811,517
<i>Total net position</i>	<u>10,627,883</u>	<u>567,889</u>	<u>11,195,772</u>
<i>Total liabilities, deferred inflows of resources and, net position</i>	<u>\$ 18,794,464</u>	<u>\$ 728,965</u>	<u>\$ 19,523,429</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-2

City of Bloomfield

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2017

	Business-type Activities		
	Enterprise Funds		
	Joint Utility	Solid Waste	Total
<i>Operating revenues:</i>			
Charges for services	\$ 3,630,113	\$ 706,439	\$ 4,336,552
<i>Total operating revenues</i>	<u>3,630,113</u>	<u>706,439</u>	<u>4,336,552</u>
<i>Operating expenses:</i>			
Depreciation	492,864	10,038	502,902
Personnel services	1,498,070	-	1,498,070
Contractual services	386,913	660,274	1,047,187
Supplies and purchased power	387,798	-	387,798
Maintenance and materials	255,715	-	255,715
Miscellaneous	199,268	-	199,268
Utilities	37,874	-	37,874
Equipment	11,340	-	11,340
Gross receipts taxes	175,860	-	175,860
<i>Total operating expenses</i>	<u>3,445,702</u>	<u>670,312</u>	<u>4,116,014</u>
<i>Operating income (loss)</i>	<u>184,411</u>	<u>36,127</u>	<u>220,538</u>
<i>Non-operating revenues (expenses):</i>			
Interest expense	(175,138)	(4,998)	(180,136)
Investment income	3,432	205	3,637
Miscellaneous income	780	-	780
<i>Total non-operating revenues (expenses)</i>	<u>(170,926)</u>	<u>(4,793)</u>	<u>(175,719)</u>
<i>Income (loss) before contributions and transfers</i>	<u>13,485</u>	<u>31,334</u>	<u>44,819</u>
Government contributions	184,500	-	184,500
Transfers in	205,912	-	205,912
Transfers out	(16,210)	(154,984)	(171,194)
<i>Change in net position</i>	387,687	(123,650)	264,037
<i>Total net position, beginning of year</i>	<u>10,240,196</u>	<u>691,539</u>	<u>10,931,735</u>
<i>Total net position, end of year</i>	<u><u>\$ 10,627,883</u></u>	<u><u>\$ 567,889</u></u>	<u><u>\$ 11,195,772</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Bloomfield
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2017

Exhibit D-3

	Business-type Activities		
	Enterprise Funds		
	Joint Utility	Solid Waste	Total
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 3,575,226	\$ 700,210	\$ 4,275,436
Cash payments to employees for services	(1,362,848)	-	(1,362,848)
Cash payments to suppliers for goods and services	(1,464,848)	(659,672)	(2,124,520)
<i>Net cash provided by operating activities</i>	<u>747,530</u>	<u>40,538</u>	<u>788,068</u>
<i>Cash flows from noncapital financing activities:</i>			
Internal balances and transfers	262,722	(154,984)	107,738
<i>Net cash (used) provided by noncapital financing activities:</i>	<u>262,722</u>	<u>(154,984)</u>	<u>107,738</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	3,432	205	3,637
<i>Net cash provided from investing activities</i>	<u>3,432</u>	<u>205</u>	<u>3,637</u>
<i>Cash flows from capital and related financing activities:</i>			
Acquisition of capital assets	(54,981)	-	(54,981)
Capital grants received	184,500	-	184,500
Interest paid	(177,929)	(5,145)	(183,074)
Principal payments on bonds, loans and notes payable	(456,039)	(11,101)	(467,140)
<i>Net cash (used) from capital and related financing activities</i>	<u>(504,449)</u>	<u>(16,246)</u>	<u>(520,695)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	509,235	(130,487)	378,748
<i>Cash and cash equivalents - beginning of year</i>	<u>988,447</u>	<u>383,421</u>	<u>1,371,868</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,497,682</u>	<u>\$ 252,934</u>	<u>\$ 1,750,616</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>			
Operating income	\$ 184,411	\$ 36,127	\$ 220,538
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	492,864	10,038	502,902
Net pension expense	148,327	-	148,327
Miscellaneous income	780	-	780
Changes in assets and liabilities			
Receivables	(55,667)	(6,229)	(61,896)
Inventory	13,246	-	13,246
Accounts payable	(36,246)	602	(35,644)
Accrued payroll expenses	(2,698)	-	(2,698)
Accrued compensated absences	(10,407)	-	(10,407)
Meter deposits	12,920	-	12,920
<i>Net cash provided by operating activities</i>	<u>\$ 747,530</u>	<u>\$ 40,538</u>	<u>\$ 788,068</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Bloomfield
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 299</u>
<i>Total assets</i>	<u><u>\$ 299</u></u>
<i>Liabilities</i>	
Due to other entities	<u>\$ 299</u>
<i>Total liabilities</i>	<u><u>\$ 299</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

The City of Bloomfield (City) was incorporated in 1953 under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The City is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

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

A. Financial Reporting Entity

In evaluating how to define the City, 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 Statement No. 14, No. 39, and No. 61. 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 City does not have any component units required to be reported under GASB Statements No. 14, No. 39, and No. 61.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 services provided.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

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, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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*, as are the proprietary fund and fiduciary fund financial statements. 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.

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, other than property tax revenue, to be available if they are collected within 120 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.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, franchise taxes, licenses 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. The government-wide full accrual basis property tax receivables recognize revenues net of estimated refunds and uncollectible amounts, in the period for which the taxes are levied, even if they are not available. All other revenue items are considered to be measurable and available only when cash is received by the City.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance 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. Likewise, general revenues include all taxes.

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City 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. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the City's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

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

Under the requirements of GASB Statement No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

The *Special Street Maintenance Capital Projects Fund* accounts for project costs of paving certain streets funded by the City and a cooperation agreement with the New Mexico State Highway Department.

The *G.O. Bond Debt Service Fund* accounts for the principal and interest expenditures on the City's general obligation bonds and NMFA loans.

The City reports its proprietary funds as major funds. Proprietary funds include:

The *Joint Utility Fund* accounts for fees generated from charges for utilities.

The *Solid Waste Fund* accounts for fees generated from charges for trash collection.

Additionally, the government reports the following agency fund:

The *Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds are used to account for the collection and payment of motor vehicle fees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

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

D. *Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Equity*

Deposits and Investments: The City'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 City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. All of the City's investments at June 30, 2017, are considered cash equivalents for financial statement purposes.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Equity (continued)

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by San Juan County and remitted monthly to the City.

Inventory: The City's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government 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. Pursuant to the implementation of GASB Statement No. 34, the City was a phase III government for purposes of implementation, and accordingly, has prospectively reported infrastructure assets at historical cost as part of the governmental capital assets reported in the government-wide statements as of June 30, 2017. Donated capital assets are recorded at estimated fair market value at the date of donation. During the year ended June 30, 2017 the City did not receive any donated capital assets. The City does not develop any software.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Distribution System	40
Buildings and Improvements	45
Land Improvements	20
Furniture, Fixtures, and Equipment	5-20

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2017, along with applicable PERA and Retiree Health Care.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Equity (continued)

Deferred Inflows/Outflows of Resources: In addition to liabilities, the statement of net position and the balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow 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. In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting as a deferred inflow of resources. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has recorded \$62,269 related to property taxes considered "unavailable." In the government-wide financial statements, the City reports both deferred outflows of resources and deferred inflows of resources in relation to its pension activity. See the statement of net position on pages 22 to 23 for amounts for both governmental activities and business-type activities.

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of ten days to twenty days per year, depending on length of service. Employees may accumulate up to 320 hours (forty days) of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for up to 320 hours (forty days) of accrued annual leave.

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year up to 720 hours (90 days). Upon termination employees will be paid for 25% of their accumulated sick time. Retiring employees will be paid for 50% of their accumulated sick time.

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, or the straight-line method, if the difference is inconsequential.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Equity (continued)

Fund Balance Classification Policies and Procedures: For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is an ordinance or resolution passed by the City Council.

For assigned fund balance, the City Council or an official or body to which the City Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is that in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted amounts to have been spent first 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 City considers committed amounts to have been spent first, followed by assigned amounts, and then unassigned amounts 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, 2017, the City did not have any nonspendable fund balance categorized in the governmental funds balance sheet.

Restricted and Committed Fund Balance: At June 30, 2017, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,011,531 for various City operations, of which \$264,596 is restricted by enabling legislation, and \$1,746,935 by externally imposed restrictions from creditors, grantors, contributors, or laws or regulations of other governments. Of the \$1,746,935, \$480,284 is restricted in the General Fund by a reserve requirement imposed by the New Mexico Department of Finance and Administration which is one twelfth of budgeted General Fund expenditures. The City has also presented committed fund balance on the governmental funds balance sheet in the amount of \$51,977 in order to provide services throughout the City. The \$51,977 was committed by formal action of the City Council. Assigned fund balance, in the amount of \$103,809, has also been reported, of which \$60,623 was assigned by the City Council, and \$43,186 was assigned at the department level by policy. The details of these fund balance restrictions, commitments, and assignments are located on pages 41, and 78-80.

Minimum Fund Balance Policy: The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th of General Fund expenditures.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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 in the City's financial statements include the allowance for uncollectible accounts in the joint utility and solid waste funds.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Council, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Council and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 1,585,560	\$ 1,028,381
Special Street Maintenance Capital Projects Fund	\$ (586,648)	\$ (586,648)
G.O. Bond Debt Service Fund	\$ (1,030,960)	\$ (1,060,759)
Other Governmental Funds	\$ 218,968	\$ 158,118
Joint Utility Proprietary Fund	\$ (147,666)	\$ (173,572)
Solid Waste Proprietary Fund	\$ 26,190	\$ 26,190

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Proprietary Funds.

The City 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 accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented.

NOTE 3. Deposits and Investments

State statutes authorize the investment of City 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. All invested funds of the City properly followed State investment requirements as of June 30, 2017.

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 City. 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.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

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.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be 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 City's deposits may not be returned to it. The City 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, 2017, \$1,518,594 of the City's bank balance of \$2,278,456 was exposed to custodial credit risk. Although the \$1,518,594 was uninsured, \$1,115,375 of this amount was collateralized by collateral held by the pledging bank's trust department, not in the City's name. \$403,219 of the City's deposits was uninsured and uncollateralized at June 30, 2017.

	Wells Fargo Bank	Citizen's Bank	Total
Amount of deposits	\$ 1,258,193	\$ 1,020,263	\$ 2,278,456
FDIC coverage	(361,885)	(397,977)	(759,862)
Total uninsured public funds	<u>896,308</u>	<u>622,286</u>	<u>1,518,594</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	493,089	622,286	1,115,375
Uninsured and uncollateralized	<u>\$ 403,219</u>	<u>\$ -</u>	<u>\$ 403,219</u>
Collateral requirement (50% of uninsured funds)	\$ 448,154	\$ 311,143	\$ 759,297
Pledged Collateral	493,089	1,404,000	1,897,089
Over (Under) collateralized	<u>\$ 44,935</u>	<u>\$ 1,092,857</u>	<u>\$ 1,137,792</u>

As of June 30, 2017, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury MM Mutual Funds	<360 days	\$ 1,426,120	Aaa*
*Rating based on Moody's			

Custodial Credit Risk - Investments For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The carrying value of the City's investments at June 30, 2017 was \$1,426,120.

The investments are listed on Schedule I of this report. They are considered restricted cash and investments for financial statement purposes. The total restricted cash and cash equivalents balance of \$1,677,587 also consists of \$120,317 in cash being held in the Joint Utility Fund for customer deposits and \$131,975 in cash being held in the G.O. Bond Debt Service Fund for payment of general obligation bonds.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statements of Net Position

The carrying amount of deposits and investments shown above are included in the City's Statement of Net Position as follows:

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$1,779,760
Restricted cash and investments per Exhibit A-1	1,677,587
Agency funds cash per Exhibit E-1	<u>299</u>
Total cash and cash equivalents	<u>3,457,646</u>
 Add: deposits in transit and other reconciling items	 248,980
Less: U.S. Treasury Money Market Mutual Fund	(1,426,120)
Less: petty cash	<u>(2,050)</u>
Bank balance of deposits	<u><u>\$2,278,456</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:

	General Fund	Special Street Maintenance Capital Projects Fund	G.O. Bond Debt Service Fund	Other Governmental Funds	Total
Property taxes	\$ 72,287	\$ -	\$ 13,062	\$ -	\$ 85,349
Other taxes:					
Gross receipts taxes	817,207	-	-	60,065	877,272
Gasoline taxes	-	38,299	-	-	38,299
Motor vehicle taxes	3,802	-	-	-	3,802
Franchise and lodgers taxes	121,083	-	-	8,436	129,519
Other receivables:					
Intergovernmental grants:					
State	8,869	-	-	-	8,869
Miscellaneous	<u>11,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,667</u>
Totals	<u><u>\$ 1,034,915</u></u>	<u><u>\$ 38,299</u></u>	<u><u>\$ 13,062</u></u>	<u><u>\$ 68,501</u></u>	<u><u>\$ 1,154,777</u></u>

In accordance with GASB No. 33, the property tax revenues that were not collected within the period of availability, \$62,269, have been reclassified as deferred inflows in the governmental fund financial statements. The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 4. Receivables (continued)

Business-Type Activities:

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Total</u>
Utility fees	\$ 729,256	\$ 120,009	\$ 849,265
Less: Allowance for uncollectible accounts	(219,120)	(33,537)	(252,657)
Other receivables:			
Miscellaneous	-	1,400	1,400
Totals	<u>\$ 510,136</u>	<u>\$ 87,872</u>	<u>\$ 598,008</u>

NOTE 5. Interfund Receivables, Payables, and Transfers

Operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Primary Government		
General Fund	Joint Utility Fund	\$ 105,912
General Fund	Special Street Maintenance Fund	413,935
General Fund	G.O. Bond Fund	591,892
Fire Protection Fund	G.O. Bond Fund	16,671
Capital Equipment Replacement Fund	G.O. Bond Fund	371,353
Joint Utility Fund	General Fund	16,210
Solid Waste Fund	General Fund	16,210
Solid Waste Fund	Capital Projects Fund	38,774
Solid Waste Fund	Joint Utility Fund	100,000
Total		<u>\$ 1,670,957</u>

The City recorded interfund receivable/payable to reflect a temporary loan between funds. The purpose of the loan was to cover cash shortages until grant reimbursements could be obtained.

<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Amount</u>
General Fund	Special Street Maintenance Fund	\$ 2,463
General Fund	KAB - Bloomfield Pride Fund	1,300
General Fund	Joint Utility Fund	1,880
Fire Department Construction Fund	General Fund	402
G.O. Bond Fund	General Fund	4,154
Joint Utility Fund	FEMA Grant - Fire Department Fund	-
		<u>\$ 10,199</u>

All interfund transactions are short-term and are expected to be repaid within a year.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Governmental Activities:

	Balance June 30, 2016	Additions & Transfers In	Deletions & Transfers Out	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 2,256,522	\$ -	\$ -	\$ 2,256,522
Construction in progress	700,377	210,523	509,723	401,177
	<u>2,956,899</u>	<u>210,523</u>	<u>509,723</u>	<u>2,657,699</u>
Capital assets being depreciated:				
Land improvements	2,589,528	-	-	2,589,528
Buildings and improvements	17,636,785	217,063	-	17,853,848
Furniture, fixtures and equipment	8,721,925	641,102	289,621	9,073,406
Infrastructure	10,893,976	-	-	10,893,976
	<u>39,842,214</u>	<u>858,165</u>	<u>289,621</u>	<u>40,410,758</u>
Total capital assets	<u>42,799,113</u>	<u>1,068,688</u>	<u>799,344</u>	<u>43,068,457</u>
Accumulated depreciation:				
Land improvements	530,450	113,096	-	643,546
Buildings and improvements	4,717,973	363,445	-	5,081,418
Furniture, fixtures and equipment	6,427,158	446,607	289,621	6,584,144
Infrastructure	1,570,615	261,733	-	1,832,348
Total accumulated depreciation	<u>13,246,196</u>	<u>1,184,881</u>	<u>289,621</u>	<u>14,141,456</u>
Net Capital Assets	<u>\$ 29,552,917</u>	<u>\$ (116,193)</u>	<u>\$ 509,723</u>	<u>\$ 28,927,001</u>

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

General Government	\$ 367,978
Public Safety	418,001
Public Works	247,155
Culture and Recreation	116,082
Health and Welfare	<u>35,665</u>
Total	<u>\$ 1,184,881</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 6. Capital Assets (continued)

Business-type Activities:

	Balance June 30, 2016	Additions & Transfers In	Deletions & Transfers Out	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 395,469	\$ -	\$ -	\$ 395,469
Water rights	313,686	-	-	313,686
Construction in progress	154,140	28,143	-	182,283
	<u>863,295</u>	<u>28,143</u>	<u>-</u>	<u>891,438</u>
Capital assets being depreciated:				
Land improvements	1,747,406	6,453	-	1,753,859
Buildings and improvements	10,889,584	-	-	10,889,584
Distribution system	12,190,606	11,313	67,510	12,134,409
Furniture, fixtures and equipment	606,690	9,072	12,047	603,715
	<u>25,434,286</u>	<u>26,838</u>	<u>79,557</u>	<u>25,381,567</u>
Total capital assets	<u>26,297,581</u>	<u>54,981</u>	<u>79,557</u>	<u>26,273,005</u>
Accumulated depreciation:				
Land improvements	246,436	35,840	-	282,276
Buildings and improvements	3,040,807	217,742	-	3,258,549
Distribution system	6,031,057	196,048	67,510	6,159,595
Furniture, fixtures and equipment	242,783	53,272	12,047	284,008
Total accumulated depreciation	<u>9,561,083</u>	<u>502,902</u>	<u>79,557</u>	<u>9,984,428</u>
Net Book Value	<u>\$ 16,736,498</u>	<u>\$ (447,921)</u>	<u>\$ -</u>	<u>\$ 16,288,577</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2017 was as follows:

Joint Utility Fund	\$ 492,864
Solid Waste Fund	<u>10,038</u>
Total	<u>\$ 502,902</u>

NOTE 7. Long-term Debt

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
2005 General Obligation Series	625,000	-	115,000	510,000	120,000
Capital Lease	263,016	11,704	82,178	192,542	84,623
NMFA Loans	11,259,226	-	732,931	10,526,295	583,233
Compensated Absences	<u>471,093</u>	<u>264,542</u>	<u>312,591</u>	<u>423,044</u>	<u>312,591</u>
Total Long-term Debt	<u>\$ 12,618,335</u>	<u>\$ 276,246</u>	<u>\$ 1,242,700</u>	<u>\$ 11,651,881</u>	<u>\$ 1,100,447</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

Description	Date of Issue	Term	Interest Rate	Original Amount of Issue	Balance as of June 30, 2017
2005 General Obligation Series	January 2005	15 years	2.80%-4.30%	1,600,000	\$ 510,000
NMFA PPRF Loan-Refinance Fire Dept Loan	April 2012	18 years	3.25%	1,580,054	1,181,489
NMFA Pol/Crt/MVD	January 2009	24 years	5.71%	7,984,137	260,000
NMFA PPRF Loan-Refi PD/Landscape/EPC	July 2015	18 years	3.02%	9,009,000	8,580,000
NMFA PPRF Loan-Fiber Optic Project	September 2015	15 years	3.34%	535,998	504,806
Software Lease	August 2013	5 years	6.36%	215,750	45,721
Street Sweeper Lease	January 2016	5 years	3.59%	195,336	137,224
Server Lease	December 2016	3 years	9.05%	11,704	9,597
					<u>\$ 11,228,837</u>

The annual requirements to amortize the Bonds as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 120,000	\$ 18,760	\$ 138,760
2019	125,000	13,828	138,828
2020	130,000	8,535	138,535
2021	135,000	2,902	137,902
	<u>\$ 510,000</u>	<u>\$ 44,025</u>	<u>\$ 554,025</u>

General obligation bonds have been liquidated by the G.O. Bond Fund in prior years.

The annual requirements to amortize the NMFA Loans as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 583,233	\$ 302,523	\$ 885,756
2019	601,048	284,708	885,756
2020	610,803	274,953	885,756
2021	622,162	263,594	885,756
2022	635,278	250,478	885,756
2023-2027	3,420,572	1,008,208	4,428,780
2028-2032	3,406,199	462,399	3,868,598
2033-2037	647,000	23,745	670,745
	<u>\$ 10,526,295</u>	<u>\$ 2,870,608</u>	<u>\$ 13,396,903</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the capital lease as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 84,623	\$ 7,618	\$ 92,241
2019	43,793	3,380	47,173
2020	42,980	1,605	44,585
2021	21,146	222	21,368
	<u>\$ 192,542</u>	<u>\$ 12,825</u>	<u>\$ 205,367</u>

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, long-term compensated absences decreased \$48,049 over the prior year accrual.

In prior years, the general fund has typically been used to liquidate long-term liabilities other than debt including capital leases and compensated absences.

Proprietary Funds

The Joint Utility fund has incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2017:

Proprietary Funds

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
EID Notes	\$ 1,600,834	\$ -	\$ 139,641	\$ 1,461,193	\$ 143,831
Loans Payable	4,574,076	53,280	350,263	4,277,093	353,816
Capital Lease	504,291	-	30,516	473,775	31,699
Compensated Absences	107,272	51,776	62,183	96,865	62,183
 Total Long-term Debt	 <u>\$ 6,786,473</u>	 <u>\$ 105,056</u>	 <u>\$ 582,603</u>	 <u>\$ 6,308,926</u>	 <u>\$ 591,529</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

On October 24, 2004, the City received a note for improvements to the waste water plant for \$2,700,000. The note is financed over twenty years at 3%. The annual requirements to amortize the note as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 143,831	\$ 43,836	\$ 187,667
2019	148,146	39,521	187,667
2020	152,590	35,076	187,666
2021	157,168	30,499	187,667
2022	161,883	25,784	187,667
2023-2027	697,575	53,091	750,666
	<u>\$ 1,461,193</u>	<u>\$ 227,807</u>	<u>\$ 1,689,000</u>

On August 18, 2006, the City entered into a loan agreement with the New Mexico Finance Authority for the drinking water state revolving fund in the amount of \$3,737,000. The loan is financed over twenty-two years at 1.75%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 195,526	\$ 42,829	\$ 238,355
2019	199,447	38,918	238,365
2020	203,446	34,930	238,376
2021	207,525	30,861	238,386
2022	211,686	26,710	238,396
2023-2027	1,123,820	68,321	1,192,141
	<u>\$ 2,141,450</u>	<u>\$ 242,569</u>	<u>\$ 2,384,019</u>

On October 6, 2006, the City entered into a loan agreement with the New Mexico Finance Authority in the amount of \$528,051 to refund portions of earlier issues. Proceeds from the sale were placed in a reserve with the NMFA that is to be used to service the future debt requirements of the outstanding principal of, and interest accrued to the date of payment of principal of the 1973 Bonds, 1975 Bonds, 1977 Bonds, 1978 Bonds and 1982 Bonds. The loan is financed over twenty years at 3.977%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 18,172	\$ 2,059	\$ 20,231
2019	7,887	1,294	9,181
2020	7,671	960	8,631
2021	7,449	632	8,081
2022	7,219	312	7,531
	<u>\$ 48,398</u>	<u>\$ 5,257</u>	<u>\$ 53,655</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

On February 9, 2007, the City entered into a loan agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority for Water Project Fund in the amount of \$87,500. The loan is financed over twenty years. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 4,558	\$ 104	\$ 4,662
2019	4,569	92	4,661
2020	4,581	81	4,662
2021	4,592	69	4,661
2022	4,604	58	4,662
2023-2027	18,529	116	18,645
	<u>\$ 41,433</u>	<u>\$ 520</u>	<u>\$ 41,953</u>

On December 5, 2008, the City entered into a loan agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority for Waterline Project in the amount of \$60,000. The loan is financed over twenty years. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 3,048	\$ 85	\$ 3,133
2019	3,056	77	3,133
2020	3,063	70	3,133
2021	3,071	62	3,133
2022	3,079	54	3,133
2023-2027	15,510	155	15,665
2028-2032	3,124	8	3,132
	<u>\$ 33,951</u>	<u>\$ 511</u>	<u>\$ 34,462</u>

On April 30, 2010, the City entered into a loan agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority for Waterline Project in the amount of \$220,000. The loan is financed over twenty years. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 10,930	\$ 361	\$ 11,291
2019	10,958	333	11,291
2020	10,985	306	11,291
2021	11,013	278	11,291
2022	11,040	251	11,291
2023-2027	55,616	839	56,455
2028-2032	33,704	169	33,873
	<u>\$ 144,246</u>	<u>\$ 2,537</u>	<u>\$ 146,783</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

On June 25, 2007, the City entered into a loan agreement with the New Mexico Environment Department for the Rural Infrastructure Loan Fund in the amount of \$500,000. The loan is financed over twenty years at 3%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 25,008	\$ 8,600	\$ 33,608
2019	25,758	7,850	33,608
2020	26,530	7,078	33,608
2021	27,326	6,282	33,608
2022	28,146	5,462	33,608
2023-2027	153,914	14,125	168,039
	<u>\$ 286,682</u>	<u>\$ 49,397</u>	<u>\$ 336,079</u>

On January 27, 2008, the City entered into a loan agreement with the New Mexico Environment Department for the Rural Infrastructure Loan Fund in the amount of \$206,277. The loan is financed over twenty years at 3%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 10,016	\$ 3,849	\$ 13,865
2019	10,317	3,548	13,865
2020	10,626	3,239	13,865
2021	10,945	2,920	13,865
2022	11,273	2,592	13,865
2023-2027	61,649	7,676	69,325
2028-2032	13,462	404	13,866
	<u>\$ 128,288</u>	<u>\$ 24,228</u>	<u>\$ 152,516</u>

On February 15, 2007, the City received a lease purchase contract for the construction of a solid waste facility in the amount of \$216,218. The lease purchase contract is financed over 20 years at 3.925%. The annual requirements to amortize the lease purchase contract as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 11,559	\$ 4,687	\$ 16,246
2019	12,044	4,204	16,248
2020	12,555	3,694	16,249
2021	13,092	3,158	16,250
2022	13,659	2,593	16,252
2023-2027	44,701	4,063	48,764
	<u>\$ 107,610</u>	<u>\$ 22,399</u>	<u>\$ 130,009</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

On November 19, 2010, the City entered into a loan agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority for the Blanco/Navajo Dam Regional Water Project in the amount of \$55,000. The loan is financed over twenty years at 0.25%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 2,733	\$ 90	\$ 2,823
2019	2,739	84	2,823
2020	2,746	76	2,822
2021	2,753	70	2,823
2022	2,760	63	2,823
2023-2027	13,905	210	14,115
2028-2032	8,426	41	8,467
	<u>\$ 36,062</u>	<u>\$ 634</u>	<u>\$ 36,696</u>

On May 13, 2011, the City entered into a loan agreement with the New Mexico Finance Authority for the upgrade and replacement of sewer lines under US Highway 64 in the amount of \$1,426,075. The loan is financed over twenty years at 4.176%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 60,373	\$ 45,534	\$ 105,907
2019	62,082	43,825	105,907
2020	64,025	41,882	105,907
2021	66,208	39,698	105,906
2022	68,632	37,275	105,907
2023-2027	387,449	142,088	529,537
2028-2032	377,670	45,958	423,628
	<u>\$ 1,086,439</u>	<u>\$ 396,260</u>	<u>\$ 1,482,699</u>

On June 24, 2011, the City entered into a loan agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority for the upgrade and replacement of water lines under US Highway 64 in the amount of \$240,000. The loan is financed over twenty years at 0.25%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 11,894	\$ 423	\$ 12,317
2019	11,924	394	12,318
2020	11,954	363	12,317
2021	11,984	334	12,318
2022	12,014	304	12,318
2023-2027	60,521	1,067	61,588
2028-2032	48,963	306	49,269
	<u>\$ 169,254</u>	<u>\$ 3,191</u>	<u>\$ 172,445</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

On January 6, 2017, the City entered into a loan agreement with the New Mexico Water Trust Board and the New Mexico Finance Authority for the design of a city owned raw water source of the San Juan River in the amount of \$53,280. The loan is financed over twenty years at 0.25%. The annual requirements to amortize the loan as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ -	\$ -	\$ -
2019	2,424	320	2,744
2020	2,617	127	2,744
2021	2,623	121	2,744
2022	2,630	114	2,744
2023-2027	13,249	471	13,720
2028-2032	13,416	305	13,721
2033-2037	13,584	136	13,720
2038-2042	2,737	7	2,744
	<u>\$ 53,280</u>	<u>\$ 1,601</u>	<u>\$ 54,881</u>

The aggregated debt service payments required on the outstanding debt of the proprietary funds is as follows:

Fiscal Year Ending June 30,	EID Notes	Loans Payable	Total Debt Service
2018	\$ 187,667	\$ 462,438	\$ 650,105
2019	187,667	454,144	641,811
2020	187,666	453,605	641,271
2021	187,667	453,066	640,733
2022	187,667	452,530	640,197
2023-2027	750,666	2,187,994	2,938,660
2028-2032	-	545,956	545,956
2033-2037	-	13,720	13,720
2038-2042	<u>-</u>	<u>2,744</u>	<u>2,744</u>
Total Payments	\$ 1,689,000	\$ 5,026,197	\$ 6,715,197
Less Interest	<u>(227,807)</u>	<u>(749,104)</u>	<u>(976,911)</u>
Net Long-term Debt	<u>\$ 1,461,193</u>	<u>\$ 4,277,093</u>	<u>\$ 5,738,286</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-term Debt (continued)

On June 9, 2009, the City entered into a lease purchase contract with the City of Aztec for a main water line in the amount of \$687,900. The lease purchase contract is financed over 20 years at 3.81%. The annual requirements to amortize the lease purchase contract as of June 30, 2017, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 31,699	\$ 17,501	\$ 49,200
2019	32,928	16,272	49,200
2020	34,205	14,995	49,200
2021	35,531	13,669	49,200
2022	36,908	12,292	49,200
2023-2027	207,150	38,850	246,000
2028-2032	95,354	7,146	102,500
	<u>\$ 473,775</u>	<u>\$ 120,725</u>	<u>\$ 594,500</u>

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, long-term compensated absences decreased \$10,407 from the prior year accrual.

Proprietary debt has been liquidated by the Joint Utility Fund in prior years.

NOTE 8. Risk Management

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self-Insurers' Fund risk pool. The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2017, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

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NOTE 9. PERA Pension Plan

Plan Description. Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 9. PERA Pension Plan (continued)

Contributions – See PERA’s comprehensive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors as of July 1, 2016						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the City reported a combined liability of \$12,168,390 for its proportionate share of the net pension liability of the three divisions in which it participates. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 9. PERA Pension Plan (continued)

For PERA Fund Municipal General Division, at June 30, 2017, the City of Bloomfield reported a liability of \$5,385,723 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion was 0.3371 percent, which was an increase of 0.0079 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City of Bloomfield recognized PERA Fund Municipal General Division pension expense of \$635,480. At June 30, 2017, the City reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 269,092	52,561
Changes of assumptions	315,810	896
Net difference between projected and actual earnings on pension plan investments	990,963	-
Changes in proportion and differences between City of Bloomfield contributions and proportionate share of contributions	95,619	-
City of Bloomfield contributions subsequent to the measurement date	221,304	-
Total	<u>\$ 1,892,788</u>	<u>53,457</u>

\$221,304 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:

2018	\$ 367,048
2019	367,048
2020	631,375
2021	252,556
2022	<u>-</u>
Total	<u>\$ 1,618,027</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 9. PERA Pension Plan (continued)

For PERA Fund Municipal Police Division, at June 30, 2017, the City of Bloomfield reported a liability of \$4,087,577 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion was 0.5540 percent, which was an increase of 0.019 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City of Bloomfield recognized PERA Fund Municipal Police Division pension expense of \$612,142. At June 30, 2017, the City reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 300,088	-
Changes of assumptions	270,738	73,718
Net difference between projected and actual earnings on pension plan investments	646,474	-
Changes in proportion and differences between City of Bloomfield contributions and proportionate share of contributions	67,249	152,579
City of Bloomfield contributions subsequent to the measurement date	191,194	-
Total	<u>\$ 1,475,743</u>	<u>226,297</u>

\$191,194 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:

2018	\$ 226,312
2019	226,312
2020	438,274
2021	167,354
2022	<u>-</u>
Total	<u>\$ 1,058,252</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 9. PERA Pension Plan (continued)

For PERA Fund Municipal Fire Division, at June 30, 2017, the City of Bloomfield reported a liability of \$2,695,090 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion was 0.4040 percent, which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City of Bloomfield recognized PERA Fund Municipal Fire Division pension expense of \$502,342. At June 30, 2017, the City reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,047	-
Changes of assumptions	142,560	-
Net difference between projected and actual earnings on pension plan investments	224,487	-
Changes in proportion and differences between City of Bloomfield contributions and proportionate share of contributions	460,027	5,136
City of Bloomfield contributions subsequent to the measurement date	69,644	-
Total	<u>\$ 1,018,765</u>	<u>5,136</u>

\$69,644 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:

2018	\$ 340,097
2019	340,097
2020	205,798
2021	57,993
2022	<u>-</u>
Total	<u>\$ 943,985</u>

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 9. PERA Pension Plan (continued)

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.48% annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	2.75% for first 10 years, then 3.25% annual rate
• Projected salary increases	2.75% to 14.00% annual rate
• Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
• Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
• Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Real Assets	20.0	7.35
Total	100.0%	

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 9. PERA Pension Plan (continued)

Discount rate. A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, 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 City of Bloomfield's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
PERA Fund Municipal General Division			
City of Bloomfield's proportionate share of the net pension liability	\$ 8,029,635	\$ 5,385,723	\$ 3,192,731
PERA Fund Municipal Police Division			
City of Bloomfield's proportionate share of the net pension liability	\$ 6,013,840	\$ 4,087,577	\$ 2,512,119
PERA Fund Municipal Fire Division			
City of Bloomfield's proportionate share of the net pension liability	\$ 3,525,165	\$ 2,695,090	\$ 2,013,271

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued PERA financial reports.

NOTE 10. Post-Employment Benefits

Plan Description. The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 10. Post-Employment Benefits (continued)

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$84,101, \$103,163, and \$98,586, respectively, which equal the required contributions for each year.

NOTE 11. Contingent Liabilities

The City is party to various claims and lawsuits in the normal course of business. Management and the City's attorney are unaware of any material pending or threatened litigation, claims or assessments against the City which are not covered by the City's insurance other than the following.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 11. Contingent Liabilities (continued)

The case of Jane Felix and B.N. Coone v. City of Bloomfield, et al., involves a lawsuit filed by two citizens of Bloomfield in an effort to cause the City of Bloomfield to remove a Ten Commandments historical document display from the lawn in front of the City of Bloomfield City Hall. A trial of this matter was held in 2014. The trial Court found in favor of the Plaintiffs. The City subsequently appealed and a three judge panel of the Tenth Circuit Court of Appeals affirmed the trial court's ruling. The City elected to file a writ of certiorari before the United States Supreme Court, which was denied. The two Plaintiffs are seeking monetary damages in the amount of \$1.00 each, plus attorneys' fees. The City and the attorneys for the Plaintiffs have agreed upon a resolution of the attorneys' fees owed. The City has agreed to pay the sum of seven hundred thousand dollars (\$700,000) payable within thirty-six (36) months from July 1, 2018, at zero percent interest.

NOTE 12. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 13. Landfill Closure and Post Closure Care Costs

The City currently contracts with an independent commercial entity to collect, haul away and maintain a landfill site for its solid waste. City management believes that the City does not have any real or potential liability for closure or post closure care costs at the landfill sites used by its contractor. All other landfill sites used by the City were closed more than 20 years ago.

NOTE 14. Joint Powers Agreements

Crime Stoppers

Participants	City of Bloomfield San Juan County City of Farmington City of Aztec
Responsible party	City of Bloomfield San Juan County City of Farmington City of Aztec
Description	Task Force formed to combat illegal controlled substance activities
Term of agreement	June 30, 2019
Amount of project	\$41,637/Annually
City contributions	\$7,744
Audit responsibility	City of Bloomfield

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 14. Joint Powers Agreements (continued)

Consolidated Communications

Participants	City of Bloomfield San Juan County City of Farmington City of Aztec
Responsible party	City of Bloomfield San Juan County City of Farmington City of Aztec
Description	Establish and operate a consolidated communication center to provide emergency and law enforcement communications.
Term of agreement	Indefinite
Amount of project	\$75,000 for first year and for subsequent years \$75,000 adjusted to the most recent Consumer Price Index
City contributions	6% of the total costs
Audit responsibility	City of Bloomfield

School District

Participants	City of Bloomfield Bloomfield School District
Responsible party	City of Bloomfield Bloomfield School District
Description	Construction, management, maintenance and operation of a new outdoor swimming pool and to renovate the existing indoor pool.
Term of agreement	Twenty five years beginning December 1, 2005
Amount of project	Estimated to be \$3,212,000 for construction costs.
City contributions	Liable for operation and maintenance costs.
Audit responsibility	City of Bloomfield

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 14. Joint Powers Agreements (continued)

Detention Center Services

Participants	City of Bloomfield San Juan County
Responsible party	City of Bloomfield San Juan County
Description	City uses County Detention Center to incarcerate adult offenders sentenced in Municipal court.
Term of agreement	Indefinite
Amount of project	Unknown
City contributions	\$65.14 per prisoner per day
Audit responsibility	City of Bloomfield

Metropolitan Planning Organization

Participants	City of Bloomfield San Juan County City of Farmington City of Aztec
Responsible party	City of Bloomfield San Juan County City of Farmington City of Aztec
Description	Establishing, overseeing, and directing transportation related policy within Farmington Metro Area
Term of agreement	Three years
Amount of project	Unknown
City contributions	10% of costs
Audit responsibility	City of Bloomfield

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 14. Joint Powers Agreements (continued)

Law Enforcement Training

Participants	City of Bloomfield San Juan County City of Farmington City of Aztec NM Dept. of Public Safety
Responsible party	City of Bloomfield San Juan County City of Farmington City of Aztec NM Dept. of Public Safety
Description	Establishing, overseeing, and directing the San Juan County Criminal Justice Training Authority to operate a regional law enforcement training facility for officers in San Juan County.
Term of agreement	Indefinite
Amount of project	Unknown
City contributions	\$9,000
Audit responsibility	City of Bloomfield

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 15, 2017 which is the date on which the financial statements were available to be issued.

There were no events that occurred during this time period that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

NOTE 16. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. There were no funds with a deficit fund balance as of June 30, 2017.
- B. Excess of expenditures over appropriations. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2017.
- C. Designated cash appropriations in excess of available balances. There were no funds that had designated cash appropriations in excess of available balances at June 30, 2017.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Financial Statements
June 30, 2017

NOTE 17. Restricted Net Position

The government-wide statement of net position reports \$2,093,383 of restricted assets, \$264,596 of which is restricted by enabling legislation, and \$1,828,787 is restricted by creditors, grantors, contributors, or laws or regulations of other governments. For descriptions of the related enabling legislation for special revenue and capital project funds, see pages 41, and 78-80.

NOTE 18. Pledged Revenues

The City of Bloomfield has pledged revenues from various sources to repay its debt. The following table gives detail on specific pledges and the debt with which they are associated:

Debt	Original Amount	Amount Outstanding at June 30, 2017	Maturity Date	Pledged Revenue
2005 General Obligation Series	1,060,000	510,000	8/2020	General (ad valorem) taxes levied against all taxable property within the City without limitation as to rate or amount
NMFA PPRF Loan-Refinance Fire Dept Loan	1,580,054	1,181,489	5/2030	Capital outlay (0.25%) and municipal (0.25%) gross receipts tax
NMFA Pol/Crt/MVD	7,984,137	260,000	6/2033	
NMFA PPRF Loan-Refi PD/Landscape/EPC	9,009,000	8,580,000	6/2033	
NMFA PPRF Loan-Fiber Optic Project	535,998	504,806	6/2033	
NMFA PPRF Loan-PD/FD Equipment	213,222	-	5/2017	State-shared gross receipts tax - 1.225%
NMFA PPRF Loan-Fire Pumper	511,112	-	5/2018	State fire protection fund distribution
NMED Waste Water Plant	2,700,000	1,461,193	4/2026	Net utility system revenues
WTB Water Plant	87,500	41,433	6/2026	
WTB North Heights Water Line	60,000	33,951	6/2028	
WTB Water Storage Tank	220,000	144,246	6/2030	
WTB Blanco/Navajo Dam Regional Proj	55,000	36,062	6/2030	
WTB Highway 64 Water Lines	240,000	169,254	6/2031	
NMED Water Plant	500,000	286,682	4/2027	
NMED Water Rights	206,277	128,288	2/2028	
NMFA Solid Waste Building	216,218	107,610	5/2025	
WTB Raw Water Source	53,280	53,280	6/2038	
NMFA Water Plant	3,737,000	2,141,450	4/2027	Net utility system revenues and state-shared gross receipts tax
NMFA Revenue Bond Refunding	528,051	48,398	5/2022	
NMFA Highway 64 Sewer Lines	1,426,075	1,086,439	5/2031	Municipal infrastructure gross receipts tax - 0.125%

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Bloomfield
Schedule of the City's Proportionate Share of the Net Pension Liability
June 30, 2017

Public Employees Retirement Association of New Mexico
For Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

	Fiscal Year Measurement Date	June 30		
		2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability (asset)		0.20%	0.19%	0.16%
City's proportionate share of net pension liability (asset)		\$ 12,168	\$ 8,021	\$ 5,368
City's covered-employee payroll		\$ 4,665	\$ 5,562	\$ 4,245
City's proportionate share of the net pension liability (asset) as a percentage of Its covered-employee payroll		260.84%	144.21%	126.45%
Plan fiduciary net position as a percentage of the total pension liability		69.18%	76.99%	81.29%

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Employer's name is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
City of Bloomfield
Schedule of City Contributions
June 30, 2017

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
General, Police and Fire Divisions Combined Summary
(Dollar Amounts in Thousands)

	2017	2016	2015
Statutory required contributions	\$ 482	558	503
Contributions in relation to the statutorily required contributions	482	558	503
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Employer's name is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
City of Bloomfield
Schedule of City Contributions
June 30, 2017

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
General Division
(Dollar Amounts in Thousands)

	2017	2016	2015
Statutory required contributions	\$ 221	260	240
Contributions in relation to the statutorily required contributions	221	260	240
Annual contribution deficiency (excess)	\$ -	-	-

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Employer's name is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
City of Bloomfield
Schedule of City Contributions
June 30, 2017

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
Police Division
(Dollar Amounts in Thousands)

	2017	2016	2015
Statutory required contributions	\$ 191	198	212
Contributions in relation to the statutorily required contributions	191	198	212
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Employer's name is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
City of Bloomfield
Schedule of City Contributions
June 30, 2017

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
Fire Division
(Dollar Amounts in Thousands)

	2017	2016	2015
Statutory required contributions	\$ 70	100	51
Contributions in relation to the statutorily required contributions	70	100	51
Annual contribution deficiency (excess)	\$ -	-	-

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Employer's name is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
City of Bloomfield
Notes to Required Supplementary Information
June 30, 2017

Changes of Benefit Terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CAFR. <https://www.saonm.org>

Changes of Assumptions. The Public Employees Retirement Association of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.nmpera.org>.

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Fund Descriptions
June 30, 2017

Special Revenue Funds

Fire Protection Fund

To account for the operations and maintenance of the fire department. Funding is provided by a distribution from the fire protection fund established by Section 59A-6-5 NMSA 1978 as authorized by Section 59A-53-2. Funds are used in the operation, maintenance and betterment of local fire departments, to the end that the hazard of loss by fire and fire insurance rates may be reduced and the public safety thereby promoted.

Recreation Fund

To account for the operations and maintenance of recreation facilities. Funding managed and/or owned by the City is provided by recreational fees charged to users and cigarette taxes received pursuant to Section 7-12-15 NMSA 1978 which provides that the cigarette taxes received under this section shall be used for recreational facilities and salaries of instructors and other employees necessary to the operation of recreational facilities. Such recreational facilities shall be for the use of all persons, and juveniles and elderly persons shall not be excluded.

Capital Equipment Replacement

To account for expenditures for capital equipment funded by special revenues for stand by services designated by the City Council. Funding authority by City Council Resolution No. 90-16.

Corrections Fees Fund

To account for the correction fees (\$10) imposed pursuant to 35-14-11B (1) NMSA 1978. The correction fees shall be used for municipal jailer or juvenile detention officer training, for the construction planning, construction and maintenance of a municipal jail or juvenile detention facility, for paying the cost of housing municipal prisoners in a county jail or housing juveniles in a detention facility or for complying with match or contribution requirements for the receipt of federal funds relating to jails or juvenile detention facilities.

Police Evidence Fund

To account for funds acquired during police raids and gathering of evidence. Fund authorized by city council.

DARE Fund

To account for expenditures of the drug prevention program D.A.R.E. The fund is funded by citizen's contributions and a federal grant from U.S. Department of Justice. Fund authorized by city council resolution and the Anti-Drug Abuse Act of 1988, Public law 100-690, Title VI, Subtitle.

Library Fund

To account for the operations of a library grant from the New Mexico State Library for additions to the City library. The authority is the Laws of New Mexico 2002, Chapter 93, G.O. Bonds for Public Library Resources.

Law Enforcement Fund

To account for grant funds used for maintenance and development of the City's police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repairs of equipment as well as classes to upgrade the training of police personnel and may be used only for these purposes. Funding authority is NMSA 29-13-1.

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

Judicial Education Fund

To account for fine income and expenditures for the judicial education center. The Judicial Education fee (\$1) is imposed pursuant to 35-14-11B (2) NMSA 1978.

Traffic Safety Education Fund

To account for expenditures of a grant from the New Mexico Department of Transportation Department to educate the citizens of Bloomfield in traffic safety. Funding authority is 66-7-512 NMSA 1978.

Court Automation Fund

To account for fine income and expenditures for computer equipment to improve the courts computer system. The Court Automation fee (\$6) is imposed pursuant to 35-14-11B (3) NMSA 1978.

FEMA Grant – Fire Department

To account for expenditures for the SAFER grant program. Funding is provided by a federal grant thru the Federal Emergency Management Agency under the Federal Fire Prevention and Control Act of 1974, 15 U.S.C. 2201 et seq.

KAB – Bloomfield Pride

To account for the expenditures of a grant from the New Mexico Beautification Inc. under the litter Control and Beautification Act. Funding authority is NMSA 67-16-14.

Emergency Medical Fund

To account for the operations of the City Emergency Medical Service Unit. Sources of funds are the State of New Mexico Health and Environment Department, Emergency Medical Service Bureau. Expenditures are subject to approval of the state agency and the City Council. Funding authority is NMSA 24-10A-1 to 24-10A-10 or 63-9D-1 to 63-9D-11.1.

Senior Citizen's Center Fund

To account for a portion of the operations of the City's Senior Citizens Center. The sales of ceramics, fees, and dues are accounted for in this fund and a portion of the operating expenses. The operations are funded by donations and sales made by San Juan-McKinley County Senior Citizens and was set up administratively.

BLM Wildland Grant

To account for funds received from the State of New Mexico Forestry Division to acquire equipment to fight brush fires in rural fire districts. Fund authorized by city council.

Enhanced 911 Addressing

To account for the operations of the City's Emergency Medical Services Unit. Sources of funds are the State of New Mexico Health and Environment Department, Emergency Medical Services Bureau. Funding authority is NMSA 24-10A-1.

Lodger's Tax

To account for lodger's tax revenues collected from the lodges within the City of Bloomfield and expenditures in accordance with the Lodger's Tax Law. Funding authority is NMSA 3-38-15.

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Fund Descriptions
June 30, 2017

Capital Projects Funds

Fire Department Construction

The fire department construction project was approved by City Council Resolution 92-26. The revenues came from the sale of the old fire station to the State Highway Department. The monies in this fund are for future fire department construction projects.

Land Acquisition

To account for monies that have been designated by the City Council for future land purchases. The land acquisition fund was authorized by City Council Resolution No. 99-13.

Park Purchase & Improvement

To account for the project costs to acquire park land funded by a grant from the State of New Mexico under a special appropriation authorized by NMSA Laws of 2002, Chapter 110.

Capital Projects Fund

To account for capital project costs of the City's governmental activities funded by loans, grants, or transfers from the General Fund.

Highway Co-op Projects

To account for state funds provided by the New Mexico State Highway and Transportation Department. The purpose of the program is to maintain or construct various streets within the City of Bloomfield.

Park Improvements

To account for grant monies for park improvements as well as plan, design and construct the Parks and Recreation office building and workshop. Funding is provided by the State of New Mexico under a special appropriation authorized by NMSA Laws of 2004, Chapter 126.

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STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	<u>Special Revenue</u>			
	<u>Fire Protection Fund</u>	<u>Recreation Fund</u>	<u>Capital Equipment Replacement</u>	<u>Correction Fees Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 183,431	\$ 16,493	\$ 558	\$ 450
Receivables:				
Other taxes	-	-	60,065	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 183,431</u>	<u>\$ 16,493</u>	<u>\$ 60,623</u>	<u>\$ 450</u>
<i>Liabilities</i>				
Accounts payable	\$ 51,093	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>51,093</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Restricted	132,338	-	-	450
Committed	-	-	-	-
Assigned	-	16,493	60,623	-
<i>Total fund balances</i>	<u>132,338</u>	<u>16,493</u>	<u>60,623</u>	<u>450</u>
<i>Total liabilities and fund balances</i>	<u>\$ 183,431</u>	<u>\$ 16,493</u>	<u>\$ 60,623</u>	<u>\$ 450</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Police Evidence Fund</u>	<u>DARE Fund</u>	<u>Library Fund</u>	<u>Law Enforcement Fund</u>	<u>Judicial Education Fund</u>	<u>Traffic Safety Education Fund</u>
\$ 6,631	\$ 122	\$ 2,783	\$ 11,814	\$ 163	\$ 3,220
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,631</u>	<u>\$ 122</u>	<u>\$ 2,783</u>	<u>\$ 11,814</u>	<u>\$ 163</u>	<u>\$ 3,220</u>
\$ -	\$ -	\$ -	\$ -	\$ 138	\$ -
-	-	-	-	-	-
-	-	-	-	138	-
-	122	2,783	11,814	25	3,220
6,631	-	-	-	-	-
-	-	-	-	-	-
<u>6,631</u>	<u>122</u>	<u>2,783</u>	<u>11,814</u>	<u>25</u>	<u>3,220</u>
<u>\$ 6,631</u>	<u>\$ 122</u>	<u>\$ 2,783</u>	<u>\$ 11,814</u>	<u>\$ 163</u>	<u>\$ 3,220</u>

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	<u>Special Revenue</u>			
	<u>Court Automation Fund</u>	<u>FEMA Grant - Fire Department</u>	<u>KAB - Bloomfield Pride</u>	<u>Emergency Medical Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 7,333	\$ -	\$ 1,300	\$ 103
Receivables:				
Other taxes	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 7,333</u>	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ 103</u>
<i>Liabilities</i>				
Accounts payable	\$ 276	\$ -	\$ -	\$ -
Due to other funds	-	-	1,300	-
<i>Total liabilities</i>	<u>276</u>	<u>-</u>	<u>1,300</u>	<u>-</u>
<i>Fund balances</i>				
Restricted	7,057	-	-	103
Committed	-	-	-	-
Assigned	-	-	-	-
<i>Total fund balances</i>	<u>7,057</u>	<u>-</u>	<u>-</u>	<u>103</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,333</u>	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ 103</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects	
Senior Citizen's Center Fund	BLM Wildland Grant	Enhanced 911 Addressing	Lodger's Tax	Fire Department Construction	Land Acquisition
\$ 26,693	\$ 542	\$ 2,554	\$ 68,655	\$ 39,015	\$ 5,929
-	-	-	8,436	-	-
-	-	-	-	402	-
<u>\$ 26,693</u>	<u>\$ 542</u>	<u>\$ 2,554</u>	<u>\$ 77,091</u>	<u>\$ 39,417</u>	<u>\$ 5,929</u>
\$ -	\$ -	\$ -	\$ 4,990	\$ -	\$ -
-	-	-	-	-	-
-	-	-	4,990	-	-
-	542	2,554	72,101	-	-
-	-	-	-	39,417	5,929
26,693	-	-	-	-	-
<u>26,693</u>	<u>542</u>	<u>2,554</u>	<u>72,101</u>	<u>39,417</u>	<u>5,929</u>
<u>\$ 26,693</u>	<u>\$ 542</u>	<u>\$ 2,554</u>	<u>\$ 77,091</u>	<u>\$ 39,417</u>	<u>\$ 5,929</u>

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

Capital Projects

	<u>Park Purchase & Improvement</u>	<u>Capital Projects</u>	<u>Highway Co-op Projects</u>	<u>Park Improvements</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 12,287	\$ -	\$ 5,978	\$ 2,471
Receivables:				
Other taxes	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 12,287</u>	<u>\$ -</u>	<u>\$ 5,978</u>	<u>\$ 2,471</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Restricted	12,287	-	5,978	2,471
Committed	-	-	-	-
Assigned	-	-	-	-
<i>Total fund balances</i>	<u>12,287</u>	<u>-</u>	<u>5,978</u>	<u>2,471</u>
<i>Total liabilities and fund balances</i>	<u>\$ 12,287</u>	<u>\$ -</u>	<u>\$ 5,978</u>	<u>\$ 2,471</u>

The accompanying notes are an integral part of these financial statements

Total Nonmajor Governmental Funds	
<hr/>	
\$	398,525
	68,501
	<hr/> 402
\$	<hr/> 467,428
<hr/>	
\$	56,497
	1,300
	<hr/> 57,797
<hr/>	
	253,845
	51,977
	<hr/> 103,809
	<hr/> 409,631
\$	<hr/> 467,428
<hr/>	

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	Special Revenue			
	Fire Protection Fund	Recreation Fund	Capital Equipment Replacement	Correction Fees Fund
<i>Revenues:</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ 368,770	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	325,987	9,765	-	-
Charges for services	-	2,181	-	-
Licenses and fees	-	-	-	-
Contributions and donations	-	-	-	-
Investment income	1	-	-	1
Miscellaneous	-	2,209	-	-
<i>Total revenues</i>	<u>325,988</u>	<u>14,155</u>	<u>368,770</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	77,489	-	-	-
Culture and recreation	-	18,010	-	-
Capital outlay	193,181	-	-	-
<i>Total expenditures</i>	<u>270,670</u>	<u>18,010</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>55,318</u>	<u>(3,855)</u>	<u>368,770</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	(16,671)	-	(371,353)	-
<i>Total other financing sources (uses)</i>	<u>(16,671)</u>	<u>-</u>	<u>(371,353)</u>	<u>-</u>
<i>Net change in fund balances</i>	38,647	(3,855)	(2,583)	1
<i>Fund balances - beginning of year</i>	<u>93,691</u>	<u>20,348</u>	<u>63,206</u>	<u>449</u>
<i>Fund balances - end of year</i>	<u>\$ 132,338</u>	<u>\$ 16,493</u>	<u>\$ 60,623</u>	<u>\$ 450</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Police Evidence Fund	DARE Fund	Library Fund	Law Enforcement Fund	Judicial Education Fund	Traffic Safety Education Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,733	31,400	-	-
-	-	-	-	-	-
-	-	-	-	2,010	1,985
-	-	-	-	-	-
-	-	-	-	-	-
-	-	74	-	-	-
-	-	7,807	31,400	2,010	1,985
-	-	-	-	-	-
-	-	-	-	2,011	-
-	-	-	40,057	-	3,328
-	-	13,482	-	-	-
-	-	-	-	-	-
-	-	13,482	40,057	2,011	3,328
-	-	-	-	-	-
-	-	(5,675)	(8,657)	(1)	(1,343)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(5,675)	(8,657)	(1)	(1,343)
6,631	122	8,458	20,471	26	4,563
\$ 6,631	\$ 122	\$ 2,783	\$ 11,814	\$ 25	\$ 3,220

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	Special Revenue			
	Court Automation Fund	FEMA Grant - Fire Department	KAB - Bloomfield Pride	Emergency Medical Fund
<i>Revenues:</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	132,122	-	-
State operating grants	-	-	-	7,050
Charges for services	-	-	-	-
Licenses and fees	4,032	-	-	-
Contributions and donations	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,032</u>	<u>132,122</u>	<u>-</u>	<u>7,050</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	4,032	132,122	-	6,947
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>4,032</u>	<u>132,122</u>	<u>-</u>	<u>6,947</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	103
<i>Fund balances - beginning of year</i>	<u>7,057</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u><u>\$ 7,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 103</u></u>

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects	
Senior Citizen's Center Fund	BLM Wildland Grant	Enhanced 911 Addressing	Lodger's Tax	Fire Department Construction	Land Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	54,741	-	-
-	-	-	-	-	-
-	-	-	-	40,244	-
-	-	-	-	-	-
-	-	-	16,554	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	71,295	40,244	-
-	-	-	-	-	-
-	21,803	-	70,056	-	-
-	-	-	-	77,919	-
-	-	-	-	-	-
-	-	-	-	9,935	-
-	21,803	-	70,056	87,854	-
-	(21,803)	-	1,239	(47,610)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(21,803)	-	1,239	(47,610)	-
26,693	22,345	2,554	70,862	87,027	5,929
\$ 26,693	\$ 542	\$ 2,554	\$ 72,101	\$ 39,417	\$ 5,929

STATE OF NEW MEXICO
City of Bloomfield
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017

	Capital Projects			
	Park Purchase & Improvement	Capital Projects	Highway Co-op Projects	Park Improvements
<i>Revenues:</i>				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Contributions and donations	-	-	-	-
Investment income	-	119	2	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>119</u>	<u>2</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	173,275	-	-
<i>Total expenditures</i>	<u>-</u>	<u>173,275</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(173,156)</u>	<u>2</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	38,774	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>38,774</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(134,382)	2	-
<i>Fund balances - beginning of year</i>	<u>12,287</u>	<u>134,382</u>	<u>5,976</u>	<u>2,471</u>
<i>Fund balances - end of year</i>	<u>\$ 12,287</u>	<u>\$ -</u>	<u>\$ 5,978</u>	<u>\$ 2,471</u>

The accompanying notes are an integral part of these financial statements

Total Nonmajor Governmental Funds	
<hr/>	
\$	368,770
	54,741
	132,122
	422,179
	2,181
	8,027
	16,554
	123
	2,283
	<hr/> 1,006,980 <hr/>
	93,870
	341,894
	31,492
	<hr/> 376,391 <hr/>
	843,647
	<hr/>
	163,333
	<hr/>
	38,774
	<hr/> (388,024) <hr/>
	<hr/> (349,250) <hr/>
	(185,917)
	<hr/> 595,548 <hr/>
\$	<hr/> 409,631 <hr/>

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Bloomfield
Schedule of Deposit Accounts
June 30, 2017

Schedule I

Bank Account Type/Name	Wells Fargo Bank	Citizen's Bank	Bank of Albuquerque	Totals
Cash and cash equivalents:				
Operating - Checking	\$ 977,874	\$ -	\$ -	\$ 977,874
Senior Citizens - Checking	26,543	-	-	26,543
Paving - Checking	5,118	-	-	5,118
G.O. Water - Checking	131,975	-	-	131,975
Money Market	106,766	-	-	106,766
Motor Vehicle - Checking	9,917	-	-	9,917
Payroll -Checking	-	46,701	-	46,701
BLM Wildland Grant - Checking	-	3,335	-	3,335
Police Evidence - Checking	-	6,631	-	6,631
W/W Debt Service - Checking	-	322,668	-	322,668
IMMA	-	147,977	-	147,977
Fire Fund -Checking	-	240,174	-	240,174
Interest Bond Retirement - Checking	-	1,313	-	1,313
Meter Deposits - Checking	-	103,066	-	103,066
Wastewater Replacement - Checking	-	148,398	-	148,398
2007 A PPRF - City of Bloomfield*	-	-	12,747	12,747
NMFA Sub Pprf 2007A Bloomfield Res*	-	-	52,345	52,345
NMFA Pn Dtd 5/1/05 Bloomfield DS RES*	-	-	16,407	16,407
DW - Bloomfield*	-	-	45,483	45,483
2008 C PPRF - Bloomfield City*	-	-	95,674	95,674
DL - Bloomfield City*	-	-	21,251	21,251
DL - Bloomfield City Ds Res*	-	-	106,229	106,229
2007 E PPRF - Bloomfield City*	-	-	30,485	30,485
2007 E PPRF - Bloomfield City Ds Res*	-	-	123,557	123,557
2015 B PPRF - Bloomfield City*	-	-	8,599	8,599
2015 B PPRF - Bloomfield City Ds Res*	-	-	21,572	21,572
2015 C PPRF - Bloomfield City*	-	-	53,635	53,635
2015 C PPRF - Bloomfield City Ds Res*	-	-	727,043	727,043
2016 B PPRF - Bloomfield City*	-	-	4,215	4,215
2016 B PPRF - Bloomfield City DS Res*	-	-	53,598	53,598
WPF/WTB - Bloomfield City - WTB-3548 - Program Funds	-	-	53,280	53,280
Total	1,258,193	1,020,263	1,426,120	3,704,576
Reconciling items	(149,811)	(99,169)	-	(248,980)
Reconciled balance	<u>\$ 1,108,382</u>	<u>\$ 921,094</u>	<u>\$ 1,426,120</u>	3,455,596
Petty cash				2,050
Less: agency funds cash per Exhibit E-1				(299)
Less: restricted cash and investments per Exhibit A-1				<u>(1,677,587)</u>
Total unrestricted cash and cash equivalents per Exhibit A-1				<u><u>\$ 1,779,760</u></u>

* These cash and investment accounts are restricted for debt services by the New Mexico Finance Authority

See independent auditors' report.

STATE OF NEW MEXICO
City of Bloomfield
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2017

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2017
Wells Fargo Bank	FNMA FNMS 2.500% 08/01/31	8/1/2031	3140FDYN0	<u>\$ 493,089</u>
The location of the safekeeper of the above security is One Wall Street, Fourth Floor, New York, NY 10286.				
Citizen's Bank	FM MULT CERT SERIES 3800 4.000% 2/15/31	2/15/2031	3137A7G46	<u>1,404,000</u>
The location of the safekeeper of the above securities is 8500 Freeport Parkway, South Irving, TX.				
Total Pledged Collateral				<u><u>\$ 1,897,089</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
City of Bloomfield
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

Schedule III

	<u>Balance at June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance at June 30, 2017</u>
Motor Vehicle	\$ 450	\$ 522,983	\$ 523,134	\$ 299
Total	<u>\$ 450</u>	<u>\$ 522,983</u>	<u>\$ 523,134</u>	<u>\$ 299</u>

See independent auditor's report

COMPLIANCE SECTION

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

To the City Council
City of Bloomfield
and Mr. Wayne Johnson
New Mexico State Auditor

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, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund of the City of Bloomfield ("City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated December 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2010-002 and 2012-001.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a significant deficiencies: 2011-002 and 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City'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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico
December 14, 2017

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STATE OF NEW MEXICO
City of Bloomfield
Schedule of Findings and Responses
Year Ended June 30, 2017

2010-002 - Accounts Payable and Payroll Lack of Internal Controls (Material Weakness)

CONDITION: During our testwork of the cash disbursing and payroll processing we noted the following instances of a lack of appropriate internal controls.

- The payroll clerk has full access to the vendor master file to add and change vendor records.
- The payroll personnel have access to enter new employee data and pay rates, make changes to pay rates, enter time and print payroll checks.
- There is no review performed by someone other than the person entering the time sheets. The payroll clerk hand keys time sheet data into the system and no one other than the payroll clerk reviews the entered information.
- Testing 5 of the 40 transactions totaling \$584.78 identified that the purchase order was created subsequent to the transaction.
- Testing 4 of the 40 transactions identified that the transaction amount exceeded the purchase order authorized amount by a variance in total of \$93.93.
- Testing 2 of the 40 transactions totaling \$1,173 identified that the same individual was both the initiator and approver of the purchase requisition.
- Testing 3 of the 40 transactions totaling \$152.58 identified that no purchase requisition/purchase order was created.
- Testing 1 of the 40 transactions totaling \$10,008.66 identified that the appropriate quotes per procurement policy were not obtained prior to purchase.
- Testing 2 of the 40 transactions totaling \$921.52 identified that the incorrect GL coding was applied.
- Testing 1 of 40 payroll disbursements identified that a timesheet for the employee was not approved by the Department Supervisor or the City manager.

The City did not make any progress in resolving this finding. The City still has frozen positions and will not be able to hire additional staff until funding improves. The City is continuing to implement changes to the internal control structure within the parameters of their staffing limitations.

CRITERIA: Appropriate internal controls and segregation of duties in cash disbursing and payroll processing is required to properly report all revenues and expenditures as required by Section 6-6-3 NMSA 1978.

EFFECT: Without adequate internal controls in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected timely.

CAUSE: Management has not performed a proper evaluation and risk assessment in order to ensure proper internal controls are in place.

RECOMMENDATION: We recommend that the City continue to evaluate its control structure over its cash and payroll disbursement process to ensure that there is adequate control to ensure proper segregation and ensure that the payroll clerk has no access to add or change vendor information. Furthermore setting up employees or changing pay rates should be done by someone not entering time or printing payroll checks. These processes should be written and implemented to ensure proper internal controls are present, including segregation of duties.

RESPONSE: The City is still dealing with low staffing levels due to the economic downturn. The Finance Department lost an additional position in accounts payable during the year which compounded these issues. When revenues improve from their currently very low levels, the City will begin filling currently frozen positions that will allow for more segregation of duties. In the meantime, the City will work on additional reviews where necessary.

ESTIMATED COMPLETE DATE: During fiscal year 2018

RESPONSIBLE PARTY: Finance Director

STATE OF NEW MEXICO
City of Bloomfield
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2017

2011-002 Internal Controls over Credit Cards (Significant Deficiency) Other

CONDITION: During our walkthrough and testing over the two credit cards used by the City, lack of internal controls to ensure that adequate supporting documentation exists and are attached and those expenditures are coded to the correct expense account. We tested 6 total credit card transactions in 12 months of credit card statements and noted that:

- Testing 5 out of 6 samples totaling \$3,900.20 identified that there were missing supporting invoices/receipts, and 1 out of 6 samples identified that the purchase order was created subsequent to the transaction.

During fiscal year 2017, the City has evaluated the purchase order review process and cleared the prior year portion of purchases exceeding the purchase order. The City is continuing to implement changes to the internal control structure.

CRITERIA: The *Codification of Statements on Auditing Standards* (AU-C) Section 200 paragraph .05 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

EFFECT: There may be instances of unauthorized purchases and abuse of public funds which could go unnoticed.

CAUSE: The City lacks the internal control policies to ensure that all receipts are obtained.

RECOMMENDATION: We recommend the City develop and implement internal control policies to ensure that all receipts are received and purchases are reviewed.

RESPONSE: The City will work on procedures to follow up with departments that are allowed to make purchases with the credit card to ensure that they obtain the proper purchase order first and then bring the receipts to Finance when completed. The Finance Department maintains control of the cards, and departments have to obtain approval from Finance in order to use the cards.

ESTIMATED COMPLETE DATE: 3/31/2018

RESPONSIBLE PARTY: City Finance Director

2012-001 Segregation of Duties (Material Weakness)

CONDITION: During our testwork of the cash receipts, payroll and cash disbursements process, we noted the following instances of a lack of appropriate segregation of duties:

- The payroll clerk has the ability to perform all major disbursement processes
- The payroll clerk has the ability to perform all major payroll processes
- The payroll clerk has the ability to post manual journal entries to the general ledger
- The payroll clerk has back up duties related to counting the utilities and miscellaneous cash receipts for the accounts she deposits and reconciles
- The person performing the bank reconciliation has access to the general ledger and can make wire transfers

During fiscal year 2017, the City has been working to evaluate possible solutions to the segregation issues and are working to resolve them given current staffing levels.

CRITERIA: The *Codification of Statements on Auditing Standards* (AU-C) Section 200 paragraph .05 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

EFFECT: Without adequate segregation of duties in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected timely.

STATE OF NEW MEXICO
City of Bloomfield
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2017

2012-001 Segregation of Duties (Material Weakness) (Continued)

CAUSE: Due to limited resources, the City relies on the expertise of one individual to perform many duties. Limited resources in the processes noted above appear to be the result of a lack of segregation of duties.

RECOMMENDATION: It is recommended that management develop a formal review process for the receipts, disbursement, and payroll transaction cycle. It is further recommended that management implement and document policies and procedures to maintain proper internal controls that include segregation of duties.

RESPONSE: The City will continue to evaluate the internal control structure considering our limited staffing to determine if there are any compensating controls such as additional reviews that can be implemented to mitigate this weakness. At this time, adding additional staffing to segregate incompatible duties is not an option for the City due to lack of funding.

ESTIMATED COMPLETE DATE: During fiscal year 2018

RESPONSIBLE PARTY: City Finance Director

2017-001: INEFFECTIVE OVERSIGHT OVER UTILITY CUSTOMER ACCOUNTS (Significant Deficiency)

CONDITION: During our review of the City's controls surrounding utility customer accounts we noted the following issues:

- 5 out of 13 outstanding utility security deposits tested for accounts that no longer active had not been returned to either the customer or the New Mexico Taxation and Revenue Department. These five deposits totaled to \$175.
- 3 out of 5 adjustments to customer utility accounts in the amount of \$10,868 did not have proper documentation supporting an approval of the adjustment.
- 1 out of 5 adjustments to customer utility accounts in the amount \$2,159 was related to overbillings to the customer's account.

CRITERIA: Strong internal controls help ensure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations. The entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: The City is in violation of its own code and is not providing adequate oversight over utility customer accounts. This creates risk for the City in the form of both liability with customers and misstatement of financial information surrounding utility balances.

CAUSE: The City is not adequately implementing designed internal controls surrounding the billing and maintaining of customer utility accounts.

RECOMMENDATION: It is recommended that the City follow established policies and procedures to update and maintain rates being charged to customers. The City should also conduct timely reconciliations of outstanding deposits on closed accounts and remit those amounts in a timely manner. Additionally, it is recommended that the City establish a process in which all customer account adjustments are approved by an individual that is independent of the utility billing function.

RESPONSE: The unreturned deposits were the result of not having a correct forwarding address for customers that had moved. The City attempted to send the deposits, but they were returned. The City agrees that it failed to send these deposits to the NM Taxation and Revenue Department as unclaimed property and will correct this deficiency.

The adjustments in question were reviewed with management and verbal approval given. In the future we will document the approvals. Also, in regards to the overbilling, the error was caught during the fiscal year and corrected.

ESTIMATED COMPLETE DATE: 3/31/2018

RESPONSIBLE PARTY: Finance Director

STATE OF NEW MEXICO
City of Bloomfield
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2017

STATUS OF PRIOR YEAR FINDINGS

2010-002	Accounts Payable and Payroll Lack of Internal Controls	Revised and Repeated
2011-002	Internal Controls over Credit Cards	Revised and Repeated
2012-001	Segregation of Duties	Revised and Repeated
2014-001	Personal Use of Vehicles	Resolved

STATE OF NEW MEXICO
City of Bloomfield
Other Disclosures
Year Ended June 30, 2017

Exit Conference

An exit Conference was held on December 13, 2017. In attendance were the following:

Representing the City of Bloomfield:

Bradley Ellsworth	Finance Director
Elwin Roark	City Councilor

Representing Axiom Certified Public Accountants and Business Advisors LLC:

Tyler Marshall	Supervisor
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