



*Service plus value, it all adds up.*

6200 Uptown Blvd., NE Suite 400

Albuquerque, NM 87110

505 338 0800 office [riccicpa.com](http://riccicpa.com)

**STATE OF NEW MEXICO  
CITY OF BLOOMFIELD**

**FINANCIAL STATEMENTS  
AND INDEPENDENT  
AUDITOR'S REPORT**

**JUNE 30, 2018**

**STATE OF NEW MEXICO**  
**CITY OF BLOOMFIELD**



**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2018**

**STATE OF NEW MEXICO**

City of Bloomfield

Table of Contents

June 30, 2018

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Official Roster		1
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-13
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements		
Statement of Net Position	A-1	14-15
Statement of Activities	A-2	16-17
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	18
Reconciliation of the Balance Sheet to the Statement of Net Position		19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	B-2	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund	C-1	22
Statement of Net Position-Proprietary Funds	D-1	23
Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds	D-2	24
Statement of Cash Flows –Proprietary Funds	D-3	25
Statement of Fiduciary Assets and Liabilities – Agency Funds	E-1	26
<b>NOTES TO FINANCIAL STATEMENTS</b>		27-63
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Schedule of the City's Proportionate Share of the Net Pension Liability		64
Schedule of City Contributions – Pension Combined Summary		65
Schedule of City Contributions – Pension General Division		66
Schedule of City Contributions – Pension Police Division		67
Schedule of City Contributions – Pension Fire Division		68
Schedule of City Contributions - General Division		69
Schedule of City Contributions - Police Division		70
Schedule of City Contributions - Fire Division		71
Schedule of the City's Proportionate Share of the Net OPEB Liability		72
Schedule of City Contributions – OPEB		73
Notes to Required Supplementary Information		74
		<b><u>Statement</u></b>
Nonmajor Fund Descriptions		75-77
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	78-82

**STATE OF NEW MEXICO**

City of Bloomfield

Table of Contents

June 30, 2018

	<u>Schedule</u>	<u>Page</u>
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	83-87
<b>SUPPORTING SCHEDULES</b>		
Schedule of Deposit Accounts	I	88
Schedule of Collateral Pledged By Depository for Public Funds	II	89
Schedule of Changes in Fiduciary Assets and Liabilities-Agency Funds	III	90
<b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		91-92
Schedule of Findings and Responses		93-98
<b>OTHER DISCLOSURES</b>		
Exit Conference		99

**STATE OF NEW MEXICO**

City of Bloomfield

Official Roster

June 30, 2018

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Cynthia Atencio		Mayor
Curtis Lynch		City Councilor
Matt Pennington		City Councilor
Sue Finch		City Councilor
Ken Hare		City Councilor
	<u>Administration</u>	
George Duncan		City Manager
Dorothy Nobis		City Clerk
Brad Ellsworth		Finance Director



Service plus value, it all adds up.

6200 Uptown Blvd., NE, Suite 400  
Albuquerque, NM 87110  
505 338 0800 office  
www.riccicpa.com

## Independent Auditor's Report

Mr. Wayne Johnson, New Mexico State Auditor  
and  
Ms. Cynthia Atencio, Mayor,  
City of Bloomfield

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of City of Bloomfield (the City), as of and for the year ended June 30, 2018, 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 misstatements, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City'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.

### Emphasis of Matter

As discussed in Note 19 to the financial statements, beginning net position has been restated due to the adoption of GASBS No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* which establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenditures. Changes adopted to conform the provisions of this statement require a retroactive restatement. Our opinion is not modified with respect to this matter.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate remaining fund, and the budgetary comparisons for the general fund and each major special revenue fund. information of the City as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 4-13, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City Contributions on pages 64-71, respectively, Schedule of Proportionate Share of the Net OPEB Liability on pages 72-73, 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 accompanying supplementary information, such as the Combining and Individual Nonmajor Fund Financial Statements, budget comparisons and, the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2018, 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* and in considering the City's internal control over financial reporting and compliance.

### *Ricci & Company LLC*

Albuquerque, New Mexico  
December 13, 2018

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

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, 2018. 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 \$19,292,979 (*net position*).
- The government's total net position increased by \$655,343 during the fiscal year due mainly to budget cuts made to replenish the City's cash reserves. This increase was offset by a restatement of the City's beginning net position of (\$6,074,608) due to reporting of the City's net other postemployment benefits (OPEB) liability as required by Governmental Accounting Standards Board Statement No. 75.
- As of June 30, 2018, the City's governmental funds reported combined ending net position of \$8,826,028. Of this total, \$18,658,458 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 \$11,959,323 due to the City's net pension liability, net OPEB 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 \$1,085,802, or 20.2 percent of total general fund expenditures.
- The City's total debt decreased by \$287,227 during the current fiscal year. The decrease was due to making scheduled debt payments of 1,320,459, offset by the addition of a \$300,000 loan for a fire truck and a \$700,000 judgment payable (see note 7 for details).

## **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.



**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

**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, 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-five 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-two 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.

**Combining statements.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

**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 \$19,292,979 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 \$29,325,048 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**

	<b>June 30, 2018</b>			<b>June 30, 2017</b>		
	Governmental <u>Activities</u>	Business-Type <u>Activites</u>	<u>Total</u>	Governmental <u>Activities</u>	Business-Type <u>Activites</u>	<u>Total</u>
<b>Assets</b>						
Current and other assets	\$ 2,631,997	\$ 2,515,739	\$ 5,147,736	\$ 1,613,857	\$ 2,149,250	\$ 3,763,107
Restricted cash and cash equivalents	1,144,694	441,579	1,586,273	1,249,531	428,056	1,677,587
Capital assets, net of accumulated depreciation	28,497,406	16,127,893	44,625,299	28,927,001	16,288,577	45,215,578
Total Assets	<u>32,274,097</u>	<u>19,085,211</u>	<u>51,359,308</u>	<u>31,790,389</u>	<u>18,865,883</u>	<u>50,656,272</u>
<b>Deferred outflows of resources</b>						
Deferred amount on refunding of debt	678,642	-	678,642	780,412	-	780,412
Pension - deferred outflows	1,857,714	254,564	2,112,278	3,731,630	655,666	4,387,296
OPEB - deferred outflows	57,237	17,703	74,940	-	-	-
Total deferred outflows of resources	<u>2,593,593</u>	<u>272,267</u>	<u>2,865,860</u>	<u>4,512,042</u>	<u>655,666</u>	<u>5,167,708</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 34,867,690</u>	<u>\$ 19,357,478</u>	<u>\$ 54,225,168</u>	<u>\$ 36,302,431</u>	<u>\$ 19,521,549</u>	<u>\$ 55,823,980</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 21,656,114	\$ 7,417,134	\$ 29,073,248	\$ 21,023,835	\$ 7,410,379	\$ 28,434,214
Other liabilities	1,296,783	882,753	2,179,536	1,477,752	914,880	2,392,632
Total Liabilities	<u>22,952,897</u>	<u>8,299,887</u>	<u>31,252,784</u>	<u>22,501,587</u>	<u>8,325,259</u>	<u>30,826,846</u>
<b>Deferred inflows of resources</b>						
Pension - deferred inflows	2,199,786	315,686	2,515,472	284,372	518	284,890
OPEB - deferred inflows	888,979	274,954	1,163,933	-	-	-
Total deferred inflows of resources	<u>3,088,765</u>	<u>590,640</u>	<u>3,679,405</u>	<u>284,372</u>	<u>518</u>	<u>284,890</u>
<b>Net Position</b>						
Net investment in capital assets	18,658,458	10,666,590	29,325,048	18,602,362	10,304,777	28,907,139
Restricted	2,126,893	83,003	2,209,896	2,013,905	79,478	2,093,383
Unrestricted	(11,959,323)	(282,642)	(12,241,965)	(7,099,795)	811,517	(6,288,278)
Total Net Position	<u>8,826,028</u>	<u>10,466,951</u>	<u>19,292,979</u>	<u>13,516,472</u>	<u>11,195,772</u>	<u>24,712,244</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 34,867,690</u>	<u>\$ 19,357,478</u>	<u>\$ 54,225,168</u>	<u>\$ 36,302,431</u>	<u>\$ 19,521,549</u>	<u>\$ 55,823,980</u>

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

A portion of the City of Bloomfield's governmental net position (24 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*, (\$11,959,323), is negative due to the City's net pension liability, net OPEB liability, and related deferred inflows and deferred outflows of resources. Although the net pension liability and net OPEB liability are not expected to be paid by current or future City assets other than the annual pension and benefits contributions required by law, the reporting requirements under GASB 68 and GASB 75 require that the City's proportionate share of these liabilities be reported in the City's financial statements.

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

**Analysis of Changes in Net Position**

The City's net position overall increased by \$655,343 during the current fiscal year. These increases are explained in the government and business-type activities discussion below.

**Changes in Net Position  
For the Year Ended June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 516,096	\$ 4,576,290	\$ 5,092,386
Operating grants and contributions	483,226	-	483,226
Capital grants	420,383	180,405	600,788
General revenues:			
Property taxes	1,117,102	-	1,117,102
Gross receipts taxes	5,470,087	-	5,470,087
Gasoline and motor vehicle taxes	224,513	-	224,513
Franchise taxes	279,355	-	279,355
Lodger's taxes	50,985	-	50,985
Miscellaneous revenue	35,531	1,803	37,334
Unrestricted investment earnings	17,686	5,910	23,596
Donation of capital assets	7,853	-	7,853
Gain on disposal of capital assets	2,354	-	2,354
Total revenues	8,625,171	4,764,408	13,389,579
<b>Expenses</b>			
General government	2,477,531	-	2,477,531
Public safety	3,776,951	-	3,776,951
Public works	785,542	-	785,542
Culture and recreation	916,741	-	916,741
Health and welfare	220,372	-	220,372
Interest and other charges	425,370	-	425,370
Joint utility and solid waste	-	4,131,729	4,131,729
Total expenses	8,602,507	4,131,729	12,734,236
Increase (decrease) in net position before transfers	22,664	632,679	655,343
Transfers	(73,492)	73,492	-
Increase (decrease) in net position	(50,828)	706,171	655,343
Net position, beginning of year	13,516,472	11,195,772	24,712,244
Net position, restatement	(4,639,616)	(1,434,992)	(6,074,608)
Net position, as restated	8,876,856	9,760,780	18,637,636
Ending net position	\$ 8,826,028	\$ 10,466,951	\$ 19,292,979

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

**For the Year Ended June 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Revenues</b>			
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>
<b>Expenses</b>			
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>

**Governmental activities.** Governmental activities decreased City of Bloomfield's net position by \$50,828 in FY 2018 as opposed to a decrease of \$1,318,495 in FY 2017. The key elements of this decrease are as follows:

- The City's expenses decreased by \$953,775 or 10% due mainly to a decrease in pension expense of \$984,455.
- The City's gross receipts tax revenues increased by \$325,792 or 6% over last fiscal year due in part to a 0.25% increase in the City's gross receipts tax rate.

**Business-type activities.** Business-type activities increased the City's net position by \$706,171. Total business type revenues increased by \$238,939 or 5% from last fiscal year due mainly to an increase of \$232,000 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 that went into effect in February of 2017. Total business-type expenses decreased by \$164,421 due mainly to a decrease in spending on an electric system acquisition project.

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

**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 \$8,619,202 in the fiscal year ended June 30, 2018, which represents an increase of \$345,864 from the fiscal year ended June 30, 2017. This is mainly due to an increase in gross receipts tax of \$325,792. Expenditures for governmental functions, totaling \$7,856,134, decreased by \$834,756 from the fiscal year ended June 30, 2017. This decrease was mainly due to a decrease in personnel expense of \$718,089 from the previous fiscal year. In the fiscal year ended June 30, 2018, revenues exceeded expenditures for governmental functions by \$763,068. Overall, after accounting for loan proceeds and other financing sources and uses, fund balances for governmental functions increased by \$991,930.

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 \$1,085,802.

The fund balance of the City's general fund increased by \$797,167 during the current fiscal year. There was an excess of revenues over expenditures of \$1,654,123, but this was offset by net transfers to other funds of \$859,310 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 (\$282,642). The total increase in net position for the enterprise funds was \$706,171. 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.

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2018. 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. Actual general fund expenditures were \$399,330 less than the final budget amount (favorable variance).

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variances</b>
	<u>Original</u>	<u>Final</u>	(Non-GAAP Budgetary Basis)	<b>Favorable</b>
				<b>(Unfavorable)</b>
				<u>Final to Actual</u>
<i>Expenditures:</i>				
Current:				
General government	\$ 1,412,066	\$ 1,412,066	\$ 1,274,353	\$ 137,713
Public safety	3,319,911	3,319,911	3,038,070	281,841
Culture and recreation	822,123	822,123	770,705	51,418
Health and welfare	193,102	193,102	175,236	17,866
Capital outlay	16,210	16,210	52,652	(36,442)
Debt service:				
Principal	-	-	49,440	(49,440)
Interest	-	-	3,626	(3,626)
<i>Total expenditures</i>	<u>\$ 5,763,412</u>	<u>\$ 5,763,412</u>	<u>\$ 5,364,082</u>	<u>\$ 399,330</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, 2018 amount to \$44,625,299 (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 \$429,595, due to additions of \$709,210 offset by depreciation expense of \$1,138,805. Total capital assets for business-type activities decreased by \$160,684 due to depreciation of \$504,373, offset by additions of \$343,689.

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

- \$470,668 was an addition to governmental equipment for a fire truck.
- \$161,473 was an addition to business-type distribution system for a pump station and tie in to the Harvest Gold subdivision water system (\$10,125 of the total was capitalized in the prior year as construction in progress).
- \$57,643 was an addition to governmental building improvements for improvements to Fire Station #3 (\$51,093 of the total was capitalized in the prior year as construction in progress).
- \$112,813 was an addition to governmental construction in progress for a project to replace the East Blanco Bridge.
- \$97,405 was an addition to business-type construction in progress for a project to upgrade the Wastewater Plant.

**State of New Mexico**  
City of Bloomfield  
Management's Discussion and Analysis  
June 30, 2018

**Capital Assets, Net of Depreciation**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 2,256,522	\$ 395,469	\$ 2,651,991
Water rights	-	313,686	313,686
Buildings and improvements	17,911,491	10,908,287	28,819,778
Land improvements	2,628,230	1,753,859	4,382,089
Furniture, fixtures and equipment	9,543,798	616,617	10,160,415
Construction in progress	462,897	295,622	758,519
Infrastructure	10,893,976	-	10,893,976
Distribution system	-	12,333,154	12,333,154
Total capital assets	43,696,914	26,616,694	70,313,608
Accumulated depreciation	(15,199,508)	(10,488,801)	(25,688,309)
Capital assets, net of accumulated depreciation	<u>\$ 28,497,406</u>	<u>\$ 16,127,893</u>	<u>\$ 44,625,299</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 \$17,673,580.

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

- \$300,000 for the purchase of a new Fire Truck.
- \$700,000 in judgments payable to settle a lawsuit over a 10 commandments monument at city hall.

**City of Bloomfield's Outstanding Debt**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General obligation bonds	\$ 390,000	\$ -	\$ 390,000
Capital leases	104,662	442,076	546,738
Loans payable	-	3,923,277	3,923,277
NMFA loans	10,243,062	-	10,243,062
EID notes	-	1,317,362	1,317,362
Judgments	700,000	-	700,000
Compensated absences	444,605	108,536	553,141
Total long-term liabilities	<u>\$ 11,882,329</u>	<u>\$ 5,791,251</u>	<u>\$ 17,673,580</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, 2018

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 for the Four Corners region. The City made significant budget cuts in FY 2017 to compensate for the reduction in gross receipts tax revenue and carried those cuts forward to the FY 2018 budget. For FY 2019, the City expected gross receipts tax revenue to remain flat and maintained the same conservative budget estimates.

**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.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Statement of Net Position  
June 30, 2018

Exhibit A-1  
Page 1 of 2

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,421,824	\$ 1,630,678	\$ 3,052,502
Property taxes receivable	83,121	-	83,121
Other taxes receivable	1,110,375	-	1,110,375
Due from customers (net)	-	646,302	646,302
Other receivables	14,797	-	14,797
Inventory	-	240,639	240,639
Internal balances	1,880	(1,880)	-
<b>Total current assets</b>	<b>2,631,997</b>	<b>2,515,739</b>	<b>5,147,736</b>
Noncurrent assets			
Restricted cash and investments	1,144,694	441,579	1,586,273
Capital assets	43,696,914	26,616,694	70,313,608
Less: accumulated depreciation	(15,199,508)	(10,488,801)	(25,688,309)
<b>Total noncurrent assets</b>	<b>29,642,100</b>	<b>16,569,472</b>	<b>46,211,572</b>
<b>Deferred outflows of resources</b>			
Deferred amount on refunding of debt	678,642	-	678,642
Pension - deferred outflows	1,857,714	254,564	2,112,278
OPEB - deferred outflows	57,237	17,703	74,940
<b>Total deferred outflows of resources</b>	<b>2,593,593</b>	<b>272,267</b>	<b>2,865,860</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 34,867,690</b>	<b>\$ 19,357,478</b>	<b>\$ 54,225,168</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Statement of Net Position - Continued  
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 83,175	\$ 84,465	\$ 167,640
Accrued payroll expenses	177,588	50,701	228,289
Accrued compensated absences	236,012	49,421	285,433
Meter deposits	-	137,164	137,164
Accrued interest	33,423	26,723	60,146
Current portion of bond payable	125,000	-	125,000
Current portion of loans and notes payable	641,585	534,279	1,175,864
Total current liabilities	<u>1,296,783</u>	<u>882,753</u>	<u>2,179,536</u>
Noncurrent liabilities			
Accrued compensated absences	208,593	59,115	267,708
Bond underwriter premiums (net of accumulated amortization of \$6,185)	3	-	3
Bonds payable	265,000	-	265,000
Loans and notes payable	9,706,139	5,148,436	14,854,575
Judgments payable	700,000	-	700,000
Net pension liability	6,870,454	1,001,515	7,871,969
Net OPEB liability	<u>3,905,925</u>	<u>1,208,068</u>	<u>5,113,993</u>
Total noncurrent liabilities	<u>21,656,114</u>	<u>7,417,134</u>	<u>29,073,248</u>
Total liabilities	<u>22,952,897</u>	<u>8,299,887</u>	<u>31,252,784</u>
<b>Deferred inflows of resources</b>			
Pension - deferred inflows	2,199,786	315,686	2,515,472
OPEB - deferred inflows	<u>888,979</u>	<u>274,954</u>	<u>1,163,933</u>
Total deferred inflows of resources	<u>3,088,765</u>	<u>590,640</u>	<u>3,679,405</u>
<b>Net position</b>			
Net investment in capital assets	18,658,458	10,666,590	29,325,048
Restricted for:			
Debt service	907,327	83,003	990,330
Capital projects	423,869	-	423,869
Special revenue	305,397	-	305,397
Reserve requirement	490,300	-	490,300
Unrestricted (deficit)	<u>(11,959,323)</u>	<u>(282,642)</u>	<u>(12,241,965)</u>
Total net position	<u>8,826,028</u>	<u>10,466,951</u>	<u>19,292,979</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 34,867,690</u>	<u>\$ 19,357,478</u>	<u>\$ 54,225,168</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
City of Bloomfield  
Statement of Activities  
For the Year Ended June 30, 2018

Exhibit A-2  
Page 1 of 2

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
General government	\$ 2,477,531	\$ 464,332	\$ 91,604	\$ -
Public safety	3,776,951	492	356,952	-
Public works	785,542	-	-	420,383
Culture and recreation	916,741	51,272	30,620	-
Health and welfare	220,372	-	4,050	-
Interest on long-term debt	425,370	-	-	-
<i>Total governmental activities</i>	8,602,507	516,096	483,226	420,383
<b>Business-type Activities:</b>				
Joint Utility	3,454,780	3,862,090	-	180,405
Solid Waste	676,949	714,200	-	-
<i>Total business-type activities</i>	4,131,729	4,576,290	-	180,405
<i>Total</i>	\$ 12,734,236	\$ 5,092,386	\$ 483,226	\$ 600,788

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

STATE OF NEW MEXICO  
City of Bloomfield  
Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>			
General government	\$ (1,921,595)	\$ -	\$ (1,921,595)
Public safety	(3,419,507)	-	(3,419,507)
Public works	(365,159)	-	(365,159)
Culture and recreation	(834,849)	-	(834,849)
Health and welfare	(216,322)	-	(216,322)
Interest on long-term debt	(425,370)	-	(425,370)
<i>Total governmental activities</i>	<u>(7,182,802)</u>	<u>-</u>	<u>(7,182,802)</u>
<b>Business-type Activities:</b>			
Joint Utility	-	587,715	587,715
Solid Waste	-	37,251	37,251
<i>Total business-type activities</i>	<u>-</u>	<u>624,966</u>	<u>624,966</u>
<i>Total</i>	<u>(7,182,802)</u>	<u>624,966</u>	<u>(6,557,836)</u>
<b>General Revenues and Transfers:</b>			
Taxes			
Property taxes, levied for general purposes	970,045	-	970,045
Property taxes, levied for debt service	147,057	-	147,057
Gross receipts taxes	5,470,087	-	5,470,087
Gasoline and motor vehicle taxes	224,513	-	224,513
Franchise taxes	279,355	-	279,355
Lodger's taxes	50,985	-	50,985
Investment income	17,686	5,910	23,596
Miscellaneous revenue	35,531	1,803	37,334
Transfers	(73,492)	73,492	-
Donation of capital assets	7,853	-	7,853
Gain on disposal of capital assets	2,354	-	2,354
<i>Total general revenues and transfers</i>	<u>7,131,974</u>	<u>81,205</u>	<u>7,213,179</u>
Change in net position	(50,828)	706,171	655,343
Net position, beginning	<u>13,516,472</u>	<u>11,195,772</u>	<u>24,712,244</u>
Net position restatement (Note 19)	<u>(4,639,616)</u>	<u>(1,434,992)</u>	<u>(6,074,608)</u>
Net position, beginning, as restated	<u>8,876,856</u>	<u>9,760,780</u>	<u>18,637,636</u>
Net position, ending	<u>\$ 8,826,028</u>	<u>\$ 10,466,951</u>	<u>\$ 19,292,979</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Balance Sheet  
Governmental Funds  
June 30, 2018

	General Fund	Special Street Maintenance Capital Projects Fund	G.O. Bond Debt Service Fund	Other Governmental Funds	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 752,664	\$ 374,171	\$ 1,144,694	\$ 294,989	\$ 2,566,518
Receivables:					
Property taxes	71,082	-	12,039	-	83,121
Other taxes	996,022	40,081	-	74,272	1,110,375
Other receivables	14,797	-	-	-	14,797
Due from other funds	5,643	-	4,154	402	10,199
<i>Total assets</i>	<u>\$ 1,840,208</u>	<u>\$ 414,252</u>	<u>\$ 1,160,887</u>	<u>\$ 369,663</u>	<u>\$ 3,785,010</u>
<i>Liabilities, deferred inflows of resources, and fund balance</i>					
<i>Liabilities</i>					
Accounts payable	\$ 42,555	\$ 35,490	\$ -	\$ 5,130	\$ 83,175
Accrued payroll expenses	167,322	9,794	-	472	177,588
Due to other funds	4,556	2,463	-	1,300	8,319
<i>Total liabilities</i>	<u>214,433</u>	<u>47,747</u>	<u>-</u>	<u>6,902</u>	<u>269,082</u>
<i>Deferred inflows of resources</i>					
Unavailable revenue- property taxes	49,673	-	8,357	-	58,030
<i>Total deferred inflows of resources</i>	<u>49,673</u>	<u>-</u>	<u>8,357</u>	<u>-</u>	<u>58,030</u>
<i>Fund balances</i>					
Restricted	490,300	366,505	1,152,530	219,882	2,229,217
Committed	-	-	-	43,145	43,145
Assigned	-	-	-	99,734	99,734
Unassigned	1,085,802	-	-	-	1,085,802
<i>Total fund balances</i>	<u>1,576,102</u>	<u>366,505</u>	<u>1,152,530</u>	<u>362,761</u>	<u>3,457,898</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,840,208</u>	<u>\$ 414,252</u>	<u>\$ 1,160,887</u>	<u>\$ 369,663</u>	<u>\$ 3,785,010</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of Net Position  
June 30, 2018

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	\$	3,457,898
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		28,497,406
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		58,030
Items related to the defined benefit pension plan and other postemployment benefits are not financial resources and, therefore, are not reported in the funds. Deferred outflows of resources		1,914,951
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		678,642
Items related to the defined benefit pension plan and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds Deferred inflows of resources		(3,088,765)
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		(33,423)
Current portion of accrued compensated absences		(236,012)
Long-term portion of accrued compensated absences		(208,593)
Bond underwriter premiums, net of amortization		(3)
Bonds and notes payable		(10,737,724)
Judgments payable		(700,000)
Net pension liability		(6,870,454)
Net OPEB liability		(3,905,925)
		8,826,028
Net position of governmental activities	\$	8,826,028

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, 2018

	General Fund	Special Street Maintenance Capital Projects Fund	G.O. Bond Debt Service Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
<i>Taxes:</i>					
Property	\$ 973,120	\$ -	\$ 148,220	\$ -	\$ 1,121,340
Gross receipts	5,088,542	-	-	381,545	5,470,087
Gasoline and motor vehicle	-	224,513	-	-	224,513
Other	279,355	-	-	50,985	330,340
<i>Intergovernmental</i>					
Federal operating grants	1,833	-	-	-	1,833
State operating grants	166,746	-	-	314,647	481,393
State capital grants	-	420,383	-	-	420,383
Charges for services	316,584	-	-	-	316,584
Licenses and fees	194,611	-	-	4,901	199,512
Contributions and donations	-	-	-	19,300	19,300
Investment income	29	-	17,654	3	17,686
Miscellaneous	11,103	189	-	4,939	16,231
<i>Total revenues</i>	<u>7,031,923</u>	<u>645,085</u>	<u>165,874</u>	<u>776,320</u>	<u>8,619,202</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	1,322,860	-	1,478	58,574	1,382,912
Public safety	3,017,832	-	-	134,748	3,152,580
Public works	-	540,146	-	-	540,146
Culture and recreation	772,029	-	-	11,235	783,264
Health and welfare	175,556	-	-	-	175,556
Capital outlay	36,457	119,213	-	545,687	701,357
<i>Debt service:</i>					
Principal	49,440	38,439	703,233	-	791,112
Interest	3,626	4,298	321,283	-	329,207
<i>Total expenditures</i>	<u>5,377,800</u>	<u>702,096</u>	<u>1,025,994</u>	<u>750,244</u>	<u>7,856,134</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,654,123</u>	<u>(57,011)</u>	<u>(860,120)</u>	<u>26,076</u>	<u>763,068</u>
<i>Other financing sources (uses)</i>					
Loan proceeds	-	-	-	300,000	300,000
Proceeds from sale of capital assets	2,354	-	-	-	2,354
Transfers in	32,420	403,340	755,424	-	1,191,184
Transfers out	(891,730)	-	-	(372,946)	(1,264,676)
<i>Total other financing sources (uses)</i>	<u>(856,956)</u>	<u>403,340</u>	<u>755,424</u>	<u>(72,946)</u>	<u>228,862</u>
<i>Net change in fund balance</i>	797,167	346,329	(104,696)	(46,870)	991,930
<i>Fund balance - beginning of year</i>	<u>778,935</u>	<u>20,176</u>	<u>1,257,226</u>	<u>409,631</u>	<u>2,465,968</u>
<i>Fund balance - end of year</i>	<u>\$ 1,576,102</u>	<u>\$ 366,505</u>	<u>\$ 1,152,530</u>	<u>\$ 362,761</u>	<u>\$ 3,457,898</u>

The accompanying notes are an integral part of these financial statements



**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, 2018

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

Net change in fund balances - total governmental funds	\$	991,930
--	----	---------

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		701,357
Depreciation expense		(1,138,805)
Donation of capital assets		7,853

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		(4,238)
--	--	---------

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

Increase in accrued compensated absences		(21,561)
Decrease in accrued interest		5,590
Increase in judgments payable		(700,000)
Change in net pension liability and the related deferred outflows and deferred inflows of resources related to pensions		(184,376)
Change in net OPEB liability and the related deferred outflows and deferred inflows of resources related to other postemployment benefits		(98,051)

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		(300,000)
Principal payments on bonds, loans and notes payable		791,112
Amortization of deferred amount on refunding of debt		(101,770)
		(101,770)

Change in net position of governmental activities	\$	(50,828)
---	----	----------

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
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, 2018

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 906,046	\$ 906,046	\$ 971,250	\$ 65,204
Gross receipts	4,956,500	4,956,500	5,023,419	66,919
Other	317,000	317,000	291,020	(25,980)
Intergovernmental income:				
Federal operating grant	-	-	1,833	1,833
State operating grant	176,300	176,300	173,560	(2,740)
Charges for services	350,600	350,600	314,926	(35,674)
Licenses and fees	257,150	257,150	195,111	(62,039)
Investment income	50	50	29	(21)
Miscellaneous	15,400	15,400	11,052	(4,348)
<i>Total revenues</i>	6,979,046	6,979,046	6,982,200	3,154
<i>Expenditures:</i>				
Current:				
General government	1,412,066	1,412,066	1,274,353	137,713
Public safety	3,319,911	3,319,911	3,038,070	281,841
Culture and recreation	822,123	822,123	770,705	51,418
Health and welfare	193,102	193,102	175,236	17,866
Capital outlay	16,210	16,210	52,652	(36,442)
Debt service:				
Principal	-	-	49,440	(49,440)
Interest	-	-	3,626	(3,626)
<i>Total expenditures</i>	5,763,412	5,763,412	5,364,082	399,330
<i>Excess (deficiency) of revenues over expenditures</i>	1,215,634	1,215,634	1,618,118	402,484
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(199,878)	(176,325)	-	176,325
Proceeds from sale of capital assets	2,000	2,000	2,572	572
Transfers out	(1,017,756)	(1,041,309)	(1,022,063)	19,246
<i>Total other financing sources (uses)</i>	(1,215,634)	(1,215,634)	(1,019,491)	196,143
<i>Net change in fund balance</i>	-	-	598,627	598,627
<i>Fund balance - beginning of year</i>	-	-	155,124	155,124
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 753,751	\$ 753,751
Net change in fund balance (non-GAAP budgetary basis)			\$ 598,627	
Adjustments to revenues for taxes and other receivables			81,925	
Adjustments to expenditures for salaries and accounts payable.			116,615	
Net change in fund balance (GAAP)			\$ 797,167	

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, 2018

	Business-type Activities		
	Enterprise Funds		
	Joint Utility	Solid Waste	Total
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 1,383,331	\$ 247,347	\$ 1,630,678
Accounts receivable (net of allowance for doubtful accounts of \$227,946 and \$36,312, respectively)	549,185	97,117	646,302
Inventory	240,639	-	240,639
<i>Total current assets</i>	<u>2,173,155</u>	<u>344,464</u>	<u>2,517,619</u>
<i>Noncurrent assets</i>			
Restricted cash and investments	425,257	16,322	441,579
Capital assets	26,112,796	503,898	26,616,694
Accumulated depreciation	(10,363,023)	(125,778)	(10,488,801)
<i>Total noncurrent assets</i>	<u>16,175,030</u>	<u>394,442</u>	<u>16,569,472</u>
<i>Deferred outflows of resources</i>			
Pension - deferred outflows	254,564	-	254,564
OPEB - deferred outflows	17,703	-	17,703
<i>Total deferred outflows of resources</i>	<u>272,267</u>	<u>-</u>	<u>272,267</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 18,620,452</u>	<u>\$ 738,906</u>	<u>\$ 19,359,358</u>
<i>Liabilities, deferred inflows of resources, and Net Position</i>			
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 31,469	\$ 52,996	\$ 84,465
Accrued payroll expenses	50,701	-	50,701
Accrued compensated absences	49,421	-	49,421
Meter deposits	137,164	-	137,164
Due to other funds	1,880	-	1,880
Accrued interest	26,032	691	26,723
Current maturity of loans, notes and capital leases payable	522,235	12,044	534,279
<i>Total current liabilities</i>	<u>818,902</u>	<u>65,731</u>	<u>884,633</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	59,115	-	59,115
Loans, notes and capital leases payable	5,064,429	84,007	5,148,436
Net pension liability	1,001,515	-	1,001,515
Net OPEB liability	1,208,068	-	1,208,068
<i>Total noncurrent liabilities</i>	<u>7,333,127</u>	<u>84,007</u>	<u>7,417,134</u>
<i>Total liabilities</i>	<u>8,152,029</u>	<u>149,738</u>	<u>8,301,767</u>
<i>Deferred inflows of resources</i>			
Pension - deferred inflows	315,686	-	315,686
OPEB - deferred inflows	274,954	-	274,954
<i>Total deferred inflows of resources</i>	<u>590,640</u>	<u>-</u>	<u>590,640</u>
<i>Net position</i>			
Net investment in capital assets	10,368,212	298,378	10,666,590
Restricted for:			
Debt service	82,990	13	83,003
Unrestricted	(573,419)	290,777	(282,642)
<i>Total net position</i>	<u>9,877,783</u>	<u>589,168</u>	<u>10,466,951</u>
<i>Total liabilities, deferred inflows of resources and net position</i>	<u>\$ 18,620,452</u>	<u>\$ 738,906</u>	<u>\$ 19,359,358</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 Net Position

Proprietary Funds

For the Year Ended June 30, 2018

	Business-type Activities		Total
	Enterprise Funds		
	Joint Utility	Solid Waste	
<i>Operating revenues:</i>			
Charges for services	\$ 3,862,090	\$ 714,200	\$ 4,576,290
<i>Total operating revenues</i>	<u>3,862,090</u>	<u>714,200</u>	<u>4,576,290</u>
<i>Operating expenses:</i>			
Depreciation	494,334	10,039	504,373
Personnel services	1,377,051	-	1,377,051
Contractual services	271,814	662,302	934,116
Supplies and purchased power	427,267	-	427,267
Maintenance and materials	304,454	-	304,454
Miscellaneous	193,337	-	193,337
Utilities	26,436	-	26,436
Equipment	6,740	-	6,740
Gross receipts taxes	190,461	-	190,461
<i>Total operating expenses</i>	<u>3,291,894</u>	<u>672,341</u>	<u>3,964,235</u>
<i>Operating income (loss)</i>	<u>570,196</u>	<u>41,859</u>	<u>612,055</u>
<i>Non-operating revenues (expenses):</i>			
Interest expense	(162,886)	(4,608)	(167,494)
Investment income	5,672	238	5,910
Miscellaneous income	1,803	-	1,803
<i>Total non-operating revenues (expenses)</i>	<u>(155,411)</u>	<u>(4,370)</u>	<u>(159,781)</u>
<i>Income (loss) before contributions and transfers</i>	<u>414,785</u>	<u>37,489</u>	<u>452,274</u>
Government contributions	180,405	-	180,405
Transfers in	105,912	-	105,912
Transfers out	(16,210)	(16,210)	(32,420)
<i>Change in net position</i>	<u>684,892</u>	<u>21,279</u>	<u>706,171</u>
<i>Total net position, beginning of year</i>	<u>10,627,883</u>	<u>567,889</u>	<u>11,195,772</u>
<i>Total net position, restatement (Note 20)</i>	<u>(1,434,992)</u>	<u>-</u>	<u>(1,434,992)</u>
<i>Total net position, as restated</i>	<u>9,192,891</u>	<u>567,889</u>	<u>9,760,780</u>
<i>Total net position, end of year</i>	<u>\$ 9,877,783</u>	<u>\$ 589,168</u>	<u>\$ 10,466,951</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, 2018

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	\$ 3,824,844	\$ 704,955	\$ 4,529,799
Cash payments to employees for services	(1,307,931)	-	(1,307,931)
Cash payments to suppliers for goods and services	(1,375,482)	(662,002)	(2,037,484)
<i>Net cash provided by operating activities</i>	<u>1,141,431</u>	<u>42,953</u>	<u>1,184,384</u>
<i>Cash flows from noncapital financing activities:</i>			
Internal balances and transfers	89,702	(16,210)	73,492
<i>Net cash (used) provided by noncapital financing activities:</i>	<u>89,702</u>	<u>(16,210)</u>	<u>73,492</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	5,672	238	5,910
<i>Net cash provided from investing activities</i>	<u>5,672</u>	<u>238</u>	<u>5,910</u>
<i>Cash flows from capital and related financing activities:</i>			
Acquisition of capital assets	(423,246)	-	(423,246)
Capital grants received	180,405	-	180,405
Interest paid	(165,271)	(4,687)	(169,958)
Principal payments on bonds, loans and notes payable	(517,787)	(11,559)	(529,346)
<i>Net cash (used) from capital and related financing activities</i>	<u>(925,899)</u>	<u>(16,246)</u>	<u>(942,145)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	310,906	10,735	321,641
<i>Cash and cash equivalents - beginning of year</i>	<u>1,497,682</u>	<u>252,934</u>	<u>1,750,616</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,808,588</u>	<u>\$ 263,669</u>	<u>\$ 2,072,257</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>			
Operating income	\$ 570,196	\$ 41,859	\$ 612,055
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>			
Depreciation	573,891	10,039	583,930
Net pension expense	24,803	-	24,803
Net OPEB expense	30,327	-	30,327
Miscellaneous income	1,803	-	1,803
<i>Changes in assets and liabilities</i>			
Receivables	(39,049)	(9,245)	(48,294)
Inventory	(10,077)	-	(10,077)
Accounts payable	(41,300)	300	(41,000)
Accrued payroll expenses	2,319	-	2,319
Accrued compensated absences	11,671	-	11,671
Meter deposits	16,847	-	16,847
<i>Net cash provided by operating activities</i>	<u>\$ 1,141,431</u>	<u>\$ 42,953</u>	<u>\$ 1,184,384</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, 2018

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 141</u>
<i>Total assets</i>	<u><u>\$ 141</u></u>
<i>Liabilities</i>	
Due to other entities	<u>\$ 141</u>
<i>Total liabilities</i>	<u><u>\$ 141</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, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018, 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, 2018

**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, 2018. Donated capital assets are recorded at estimated fair market value at the date of donation. During the year ended June 30, 2018 the City received \$7,853 in 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, 2018, along with applicable PERA and Retiree Health Care.

STATE OF NEW MEXICO  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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 \$58,030 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 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, 2018

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**Postemployment Benefits Other Than Pensions (OPEB):** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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, 2018, the City did not have any nonspendable fund balance categorized in the governmental funds balance sheet.

**Restricted and Committed Fund Balance:** At June 30, 2018, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,229,217 for various City operations, of which \$567,830 is restricted by enabling legislation, and \$1,661,387 by externally imposed restrictions from creditors, grantors, contributors, or laws or regulations of other governments. Of the \$1,661,387, \$490,300 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 \$43,145 in order to provide services throughout the City. The \$43,145 was committed by formal action of the City Council. Assigned fund balance, in the amount of \$99,734, has also been reported, of which \$69,222 was assigned by the City Council, and \$30,512 was assigned at the department level by policy.

**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.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**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.

**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	\$ 1,215,634	\$ 1,215,634
Special Street Maintenance Capital Projects Fund	\$ (447,773)	\$ (161,290)
G.O. Bond Debt Service Fund	\$ (885,916)	\$ (885,996)
Other Governmental Funds	\$ 58,839	\$ (241,161)
Joint Utility Proprietary Fund	\$ (383,274)	\$ (404,495)
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, 2018 is presented.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018.

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.

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, 2018, \$3,117,753 of the City's bank balance of \$3,872,609 was exposed to custodial credit risk. Although the \$3,117,753 was uninsured, \$2,830,752 of this amount was collateralized by collateral held by the pledging bank's trust department, not in the City's name. \$924,127 of the City's deposits were uninsured and uncollateralized at June 30, 2018.

	Wells Fargo Bank	Citizen's Bank	Total
Amount of deposits	\$ 2,769,427	\$ 1,103,182	\$ 3,872,609
FDIC coverage	(356,798)	(398,058)	(754,856)
Total uninsured public funds	<u>2,412,629</u>	<u>705,124</u>	<u>3,117,753</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	1,488,502	705,124	2,193,626
Uninsured and uncollateralized	<u>\$ 924,127</u>	<u>\$ -</u>	<u>\$ 924,127</u>
Collateral requirement (50% of uninsured funds)	\$ 1,206,315	\$ 352,562	\$ 1,558,877
Pledged Collateral	<u>1,488,502</u>	<u>1,342,250</u>	<u>2,830,752</u>
Over (Under) collateralized	<u>\$ 282,187</u>	<u>\$ 989,688</u>	<u>\$ 1,271,875</u>

As of June 30, 2018, 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	\$ 1,301,813	Aaa*

\*Rating based on Moody's

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 3. Deposits and Investments (continued)**

*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, 2018 was \$1,301,813.

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 \$1,586,273 also consists of \$137,480 in cash being held in the Joint Utility Fund for customer deposits and \$146,106 in cash being held in the G.O. Bond Debt Service Fund for payment of general obligation bonds.

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	\$3,052,502
Restricted cash and investments per Exhibit A-1	1,586,273
Agency funds cash per Exhibit E-1	<u>141</u>
 Total cash and cash equivalents	 <u>4,638,916</u>
 Add: deposits in transit and other reconciling items	 537,556
Less: U.S. Treasury Money Market Mutual Fund	(1,301,813)
Less: petty cash	<u>(2,050)</u>
 Bank balance of deposits	 <u><u>\$3,872,609</u></u>

**NOTE 4. Receivables**

Receivables as of June 30, 2018, 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	\$ 71,082	\$ -	\$ 12,039	\$ -	\$ 83,121
Other taxes:					
Gross receipts taxes	882,331	-	-	68,663	950,994
Gasoline taxes	-	40,081	-	-	40,081
Motor vehicle taxes	4,273	-	-	-	4,273
Franchise and lodgers taxes	109,418	-	-	5,609	115,027
Other receivables:					
Intergovernmental grants:					
State	2,055	-	-	-	2,055
Miscellaneous	12,742	-	-	-	12,742
<b>Totals</b>	<b>\$ 1,081,901</b>	<b>\$ 40,081</b>	<b>\$ 12,039</b>	<b>\$ 74,272</b>	<b>\$ 1,208,293</b>



**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 4. Receivables (continued)**

In accordance with GASB No. 33, the property tax revenues that were not collected within the period of availability, \$58,030, have been reclassified as deferred inflows in the governmental fund financial statements. The above receivables are deemed 100% collectible.

**Business-Type Activities:**

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Total</u>
Utility fees	\$ 777,131	\$ 133,429	\$ 910,560
Less: Allowance for uncollectible accounts	(227,946)	(36,312)	(264,258)
Totals	<u>\$ 549,185</u>	<u>\$ 97,117</u>	<u>\$ 646,302</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>Primary Government</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	891,730	
Joint Utility Fund		105,912
Special Street Maintenance Fund		403,340
G.O. Bond Fund		382,478
Capital Equipment Replacement Fund	372,946	
G.O. Bond Fund		372,946
Joint Utility Fund	16,210	
Solid Waste Fund	16,210	
General Fund		32,420
	<u>1,297,096</u>	<u>1,297,096</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
		<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, 2018

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2018, 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, 2017	Additions & Transfers In	Deletions & Transfers Out	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 2,256,522	\$ -	\$ -	\$ 2,256,522
Construction in progress	401,177	119,363	57,643	462,897
	<u>2,657,699</u>	<u>119,363</u>	<u>57,643</u>	<u>2,719,419</u>
Capital assets being depreciated:				
Land improvements	2,589,528	38,702	-	2,628,230
Buildings and improvements	17,853,848	57,643	-	17,911,491
Furniture, fixtures and equipment	9,073,406	551,145	80,753	9,543,798
Infrastructure	10,893,976	-	-	10,893,976
	<u>40,410,758</u>	<u>647,490</u>	<u>80,753</u>	<u>40,977,495</u>
Total capital assets	<u>43,068,457</u>	<u>766,853</u>	<u>138,396</u>	<u>43,696,914</u>
Accumulated depreciation:				
Land improvements	643,546	113,257	-	756,803
Buildings and improvements	5,081,418	366,245	-	5,447,663
Furniture, fixtures and equipment	6,584,144	397,569	80,753	6,900,960
Infrastructure	1,832,348	261,734	-	2,094,082
Total accumulated depreciation	<u>14,141,456</u>	<u>1,138,805</u>	<u>80,753</u>	<u>15,199,508</u>
Net Capital Assets	<u>\$ 28,927,001</u>	<u>\$ (371,952)</u>	<u>\$ 57,643</u>	<u>\$ 28,497,406</u>

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

General Government	\$ 361,435
Public Safety	394,068
Public Works	232,725
Culture and Recreation	112,988
Health and Welfare	<u>37,589</u>
Total	<u>\$ 1,138,805</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 6. Capital Assets (continued)**

**Business-type Activities:**

	Balance June 30, 2017	Additions & Transfers In	Deletions & Transfers Out	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 395,469	\$ -	\$ -	\$ 395,469
Water rights	313,686	-	-	313,686
Construction in progress	182,283	274,812	161,473	295,622
	<u>891,438</u>	<u>274,812</u>	<u>161,473</u>	<u>1,004,777</u>
Capital assets being depreciated:				
Land improvements	1,753,859	-	-	1,753,859
Buildings and improvements	10,889,584	18,703	-	10,908,287
Distribution system	12,134,409	198,745	-	12,333,154
Furniture, fixtures and equipment	603,715	12,902	-	616,617
	<u>25,381,567</u>	<u>230,350</u>	<u>-</u>	<u>25,611,917</u>
Total capital assets	<u>26,273,005</u>	<u>505,162</u>	<u>161,473</u>	<u>26,616,694</u>
Accumulated depreciation:				
Land improvements	282,276	36,030	-	318,306
Buildings and improvements	3,258,549	217,881	-	3,476,430
Distribution system	6,159,595	198,405	-	6,358,000
Furniture, fixtures and equipment	284,008	52,057	-	336,065
Total accumulated depreciation	<u>9,984,428</u>	<u>504,373</u>	<u>-</u>	<u>10,488,801</u>
Net Book Value	<u>\$ 16,288,577</u>	<u>\$ 789</u>	<u>\$ 161,473</u>	<u>\$ 16,127,893</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2018 was as follows:

Joint Utility Fund	\$ 494,334
Solid Waste Fund	<u>10,039</u>
Total	<u>\$ 504,373</u>

**NOTE 7. Long-term Debt**

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

**Governmental Activities**

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
2005 General Obligation Series	510,000	-	120,000	390,000	125,000
Capital Lease	192,542	-	87,880	104,662	40,537
NMFA Loans	10,526,295	300,000	583,233	10,243,062	601,048
Judgments	-	700,000	-	700,000	-
Compensated Absences	423,044	257,573	236,012	444,605	236,012
Total Long-term Debt	<u>\$ 11,651,881</u>	<u>\$ 1,257,573</u>	<u>\$ 1,027,125</u>	<u>\$ 11,882,329</u>	<u>\$ 1,002,597</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 7. Long-term Debt (continued)**

Description	Date of Issue	Term	Interest Rate	Original	Balance as of
				Amount of Issue	June 30, 2018
2005 General Obligation Series	January 2005	15 years	2.80%-4.30%	1,600,000	\$ 390,000
NMFA PPRF Loan-Refinance Fire Dept Loan	April 2012	18 years	3.25%	1,580,054	1,097,905
NMFA PPRF Loan-Refi PD/Landscape/EPC	July 2015	18 years	3.02%	9,009,000	8,375,000
NMFA PPRF Loan-Fiber Optic Project	September 2015	15 years	3.34%	535,998	470,157
NMFA PPRF Loan-Fire Truck	June 2018	4 years	2.03%	300,000	300,000
Street Sweeper Lease	January 2016	5 years	3.59%	195,336	98,785
Server Lease	December 2016	3 years	9.05%	11,704	5,877
					<u>\$ 10,737,724</u>

The annual requirements to amortize the Bonds as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	125,000	13,828	138,828
2020	130,000	8,535	138,535
2021	135,000	2,902	137,902
	<u>\$ 390,000</u>	<u>\$ 25,265</u>	<u>\$ 415,265</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, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 601,048	\$ 284,708	\$ 885,756
2020	679,689	286,350	966,039
2021	697,717	268,321	966,038
2022	712,276	253,762	966,038
2023	728,390	237,647	966,037
2024-2028	3,515,193	913,587	4,428,780
2029-2033	3,308,749	344,838	3,653,587
	<u>\$ 10,243,062</u>	<u>\$ 2,589,213</u>	<u>\$ 12,832,275</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 7. Long-term Debt (continued)**

The annual requirements to amortize the capital lease as of June 30, 2018, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	40,536	3,074	43,610
2020	42,980	1,605	44,585
2021	21,146	222	21,368
	<u>\$ 104,662</u>	<u>\$ 4,901</u>	<u>\$ 109,563</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, 2018, long-term compensated absences increased \$21,561 over the prior year accrual.

**Judgments** – On December 5, 2017, the City reached a settlement agreement in the case of Felix, et al. v. City of Bloomfield. The City agreed to pay the sum of \$700,000 for attorneys’ fees and costs to the plaintiff’s attorneys payable in full by close of business on June 30, 2021. If payment is not made in full by that date, the City agreed to pay interest at the rate of 8.75% as to all amounts remaining unpaid as of June 30, 2021, to be calculated as of the date of the Court’s judgment for attorneys’ fees and costs.

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, 2018:

**Proprietary Funds**

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
EID Notes	\$ 1,461,193	\$ -	\$ 143,831	\$ 1,317,362	\$ 148,146
Loans Payable	4,277,093	-	353,816	3,923,277	353,205
Capital Lease	473,775	-	31,699	442,076	32,928
Compensated Absences	96,865	61,092	49,421	108,536	49,421
	<u>\$ 6,308,926</u>	<u>\$ 61,092</u>	<u>\$ 578,767</u>	<u>\$ 5,791,251</u>	<u>\$ 583,700</u>
Total Long-term Debt	<u>\$ 6,308,926</u>	<u>\$ 61,092</u>	<u>\$ 578,767</u>	<u>\$ 5,791,251</u>	<u>\$ 583,700</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	166,739	20,927	187,666
2024-2028	530,836	32,164	563,000
	<u>\$ 1,317,362</u>	<u>\$ 183,971</u>	<u>\$ 1,501,333</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 199,447	\$ 38,919	\$ 238,366
2020	203,446	34,929	238,375
2021	207,525	30,861	238,386
2022	211,686	26,710	238,396
2023	215,930	22,476	238,406
2024-2028	907,890	45,845	953,735
	<u>\$ 1,945,924</u>	<u>\$ 199,740</u>	<u>\$ 2,145,664</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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>\$ 30,226</u>	<u>\$ 3,198</u>	<u>\$ 33,424</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	4,615	46	4,661
2024-2028	13,914	70	13,984
	<u>\$ 36,875</u>	<u>\$ 416</u>	<u>\$ 37,291</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	3,086	47	3,133
2024-2028	15,548	116	15,664
	<u>\$ 30,903</u>	<u>\$ 426</u>	<u>\$ 31,329</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	11,068	223	11,291
2024-2028	55,755	700	56,455
2029-2033	22,497	85	22,582
	<u>\$ 133,316</u>	<u>\$ 2,176</u>	<u>\$ 135,492</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	28,991	4,617	33,608
2024-2028	124,924	9,508	134,432
	<u>\$ 261,675</u>	<u>\$ 40,797</u>	<u>\$ 302,472</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 10,317	\$ 3,548	\$ 13,865
2020	10,626	3,239	13,865
2021	10,945	2,920	13,865
2022	11,274	2,591	13,865
2023	11,612	2,253	13,865
2024-2028	63,498	5,828	69,326
	<u>\$ 118,272</u>	<u>\$ 20,379</u>	<u>\$ 138,651</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	14,257	1,996	16,253
2024-2028	30,444	2,067	32,511
	<u>\$ 96,051</u>	<u>\$ 17,712</u>	<u>\$ 113,763</u>



**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 2,739	\$ 83	\$ 2,822
2020	2,746	76	2,822
2021	2,753	70	2,823
2022	2,760	63	2,823
2023	2,767	56	2,823
2024-2028	13,940	175	14,115
2029-2033	5,624	21	5,645
	<u>\$ 33,329</u>	<u>\$ 544</u>	<u>\$ 33,873</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 62,082	\$ 43,825	\$ 105,907
2020	64,025	41,882	105,907
2021	66,208	39,699	105,907
2022	68,632	37,275	105,907
2023	71,274	34,633	105,907
2024-2028	404,207	125,330	529,537
2029-2033	289,638	28,083	317,721
	<u>\$ 1,026,066</u>	<u>\$ 350,727</u>	<u>\$ 1,376,793</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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2019	\$ 11,924	\$ 394	\$ 12,318
2020	11,954	364	12,318
2021	11,984	333	12,317
2022	12,014	304	12,318
2023	12,044	274	12,318
2024-2028	60,672	915	61,587
2029-2033	36,768	184	36,952
	<u>\$ 157,360</u>	<u>\$ 2,768</u>	<u>\$ 160,128</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	2,637	108	2,745
2024-2028	13,282	438	13,720
2029-2033	13,449	271	13,720
2034-2038	13,618	102	13,720
	<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
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	187,666	445,010	632,676
2024-2028	563,000	1,895,066	2,458,066
2029-2033	-	396,620	396,620
2034-2038	-	13,720	13,720
Total Payments	\$ 1,501,333	\$ 4,563,761	\$ 6,065,094
Less Interest	<u>(183,971)</u>	<u>(640,484)</u>	<u>(824,455)</u>
Net Long-term Debt	<u>\$ 1,317,362</u>	<u>\$ 3,923,277</u>	<u>\$ 5,240,639</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	38,339	10,861	49,200
2024-2028	215,182	30,818	246,000
2029-2033	48,983	4,317	53,300
	<u>\$ 442,076</u>	<u>\$ 103,224</u>	<u>\$ 545,300</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, 2018, long-term compensated absences increased \$11,671 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, 2018, 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.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018

**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, 2017						
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	
<b>STATE PLAN</b>						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
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%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
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%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	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%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	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, 2018, the City reported a combined liability of \$7,871,969 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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, 2018

**NOTE 9. PERA Pension Plan (continued)**

For PERA Fund Municipal General Division, at June 30, 2018, the City of Bloomfield reported a liability of \$3,626,209 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion was 0.2639 percent, which was a decrease of 0.0732 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City of Bloomfield recognized PERA Fund Municipal General Division pension expense of \$257,400. At June 30, 2018, 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	\$ 142,485	185,724
Changes of assumptions	167,222	37,472
Net difference between projected and actual earnings on pension plan investments	297,509	-
Changes in proportion and differences between City of Bloomfield contributions and proportionate share of contributions	60,531	622,134
City of Bloomfield contributions subsequent to the measurement date	195,081	-
Total	<u>\$ 862,828</u>	<u>845,330</u>

\$195,081 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ (78,490)
2019	125,951
2020	(138,099)
2021	(86,945)
2022	-
Total	<u>\$ (177,583)</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 9. PERA Pension Plan (continued)**

For PERA Fund Municipal Police Division, at June 30, 2018, the City of Bloomfield reported a liability of \$2,726,716 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion was 0.4908 percent, which was a decrease of 0.0632 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City of Bloomfield recognized PERA Fund Municipal Police Division pension expense of \$201,750. At June 30, 2018, 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	\$ 165,607	509,460
Changes of assumptions	162,230	63,405
Net difference between projected and actual earnings on pension plan investments	219,600	-
Changes in proportion and differences between City of Bloomfield contributions and proportionate share of contributions	45,486	333,223
City of Bloomfield contributions subsequent to the measurement date	191,779	-
Total	<u>\$ 784,702</u>	<u>906,088</u>

\$191,779 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ (143,934)
2019	49,858
2020	(154,881)
2021	(64,208)
2022	<u>-</u>
Total	<u>\$ (313,165)</u>

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 9. PERA Pension Plan (continued)**

For PERA Fund Municipal Fire Division, at June 30, 2018, the City of Bloomfield reported a liability of \$1,519,044 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion was 0.2655 percent, which was a decrease of 0.1385 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City of Bloomfield recognized PERA Fund Municipal Fire Division pension expense of \$181,223. At June 30, 2018, 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	\$ 49,600	190,209
Changes of assumptions	60,054	9,524
Net difference between projected and actual earnings on pension plan investments	57,023	-
Changes in proportion and differences between City of Bloomfield contributions and proportionate share of contributions	253,737	564,321
City of Bloomfield contributions subsequent to the measurement date	44,334	-
Total	<u>\$ 464,748</u>	<u>764,054</u>

\$44,334 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 12,216
2019	(130,497)
2020	(208,929)
2021	(16,430)
2022	<u>-</u>
Total	<u>\$ (343,640)</u>



**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 9. PERA Pension Plan (continued)**

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

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed market value
Actuarial assumptions:	
• Investment rate of return	7.51% annual rate, net of investment expense
• Projected benefit payment	100 years
• Payroll growth	2.75% for first 9 years, then 3.25% annual rate
• Projected salary increases	2.75% to 14.00% annual rate
• Includes inflation at	2.25% annual rate first 9 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 30, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 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 to include Real Estate Equity	20.0	7.35
Total	100.0%	

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 9. PERA Pension Plan (continued)**

*Discount rate.* A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, 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 7.51 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 (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
<b>PERA Fund Municipal General Division</b>			
City of Bloomfield's proportionate share of the net pension liability	\$ 5,683,467	\$ 3,626,209	\$ 1,915,313
<b>PERA Fund Municipal Police Division</b>			
City of Bloomfield's proportionate share of the net pension liability	\$ 4,348,355	\$ 2,726,716	\$ 1,395,921
<b>PERA Fund Municipal Fire Division</b>			
City of Bloomfield's proportionate share of the net pension liability	\$ 2,035,912	\$ 1,519,044	\$ 1,093,097

*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. Other Postemployment Benefits (OPEB)**

***General Information about the OPEB***

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

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 10. Other Postemployment Benefits (continued)**

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

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

*Employees covered by benefit terms.* At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>97,349</u>

*Contributions.* Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the City were \$74,940 for the year ended June 30, 2018.

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

At June 30, 2018, the City reported a liability of \$5,113,993 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the City's proportion was 0.11285 percent.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 10. Other Postemployment Benefits (continued)**

For the year ended June 30, 2018, the City recognized OPEB expense of \$203,318. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 196,248
Changes of assumptions	-	894,117
Differences between actual and projected earnings on OPEB plan investments	-	73,568
Contributions made after the measurement date	74,940	-
Total	\$ 74,940	\$ 1,163,933

Deferred outflows of resources totaling \$74,940 represent City contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2019	(247,460)
2020	(247,460)
2021	(247,460)
2022	(247,460)
2023	(174,093)
Total	(1,163,933)

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
<b>Actuarial assumptions:</b>	
Inflation	2.5% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 10. Other Postemployment Benefits (continued)**

*Rate of Return.* The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

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

Asset Class	Long-Term Rate of Return
U.S. core fixed income	4.1%
U.S. equity - large cap	9.1
Non U.S. - emerging markets	12.2
Non U.S. - developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity - small/mid cap	9.1

*Discount Rate.* The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
\$ 6,203,194	\$ 5,113,993	\$ 4,259,417

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rates	1% Increase
\$ 4,349,803	\$ 5,113,993	\$ 5,709,872

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 10. Other Postemployment Benefits (continued)**

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

*Payable Changes in the Net OPEB Liability.* At June 30, 2018, the City reported a payable of \$2,747 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

**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.

**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	\$6,327
Audit responsibility	City of Bloomfield

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**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, 2018

**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	\$68.52 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, 2018

**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, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 13, 2018 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, 2018.
- B. Excess of expenditures over appropriations. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2018.
- 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, 2018.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 17. Restricted Net Position**

The government-wide statement of net position reports \$2,209,896 of restricted assets, \$567,830 of which is restricted by enabling legislation, and \$1,642,066 is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

**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, 2018	Maturity Date	Pledged Revenue	
2005 General Obligation Series	1,060,000	390,000	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	1,097,905	5/2030	Capital outlay (0.25%) and municipal (0.25%) gross receipts tax	
NMFA PPRF Loan-Refi PD/Landscape/EPC	9,009,000	8,375,000	6/2033		
NMFA PPRF Loan-Fiber Optic Project	535,998	470,157	6/2033	State fire protection fund distribution	
NMFA PPRF Loan-Fire Truck	300,000	300,000	5/2018		
NMED Waste Water Plant	2,700,000	1,317,362	4/2026	Net utility system revenues	
WTB Water Plant	87,500	36,875	6/2026		
WTB North Heights Water Line	60,000	30,903	6/2028		
WTB Water Storage Tank	220,000	133,316	6/2030		
WTB Blanco/Navajo Dam Regional Proj	55,000	33,329	6/2030		
WTB Highway 64 Water Lines	240,000	157,360	6/2031		
NMED Water Plant	500,000	261,675	4/2027		
NMED Water Rights	206,277	118,272	2/2028		
NMFA Solid Waste Building	216,218	96,051	5/2025		
WTB Raw Water Source	53,280	53,280	6/2038		
NMFA Water Plant	3,737,000	1,945,924	4/2027		Net utility system revenues and state-shared gross receipts tax
NMFA Revenue Bond Refunding	528,051	30,226	5/2022		
NMFA Highway 64 Sewer Lines	1,426,075	1,026,066	5/2031		Municipal infrastructure gross receipts tax - 0.125%

**NOTE 19. Net Position Restatement**

The City has restated beginning net position in the amount of (\$4,639,616) for Governmental Activities and (\$1,434,992) for Business-Type Activities related to the implementation of GASB 75, which requires reporting of the City's proportionate share of the New Mexico Retiree Healthcare Authority's net other postemployment benefits liability.

**NOTE 20. Recent GASB Pronouncements**

In August 2018, the GASB issued Statement No. 90, Majority Interests in an amendment of GASB Statements No. 14 and No. 6. The requirements of this statement are effective for periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not applicable to City.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This statement is not applicable to the City.

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. This standard will be implemented in a subsequent period.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Financial Statements  
June 30, 2018

**NOTE 20. Recent GASB Pronouncements (Continued)**

In June 2017, the GASB issued Statement No. 87, Leases. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This standard will be implemented in a subsequent period.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement is not applicable to the City.

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. The City has implemented this standard accordingly in the current year.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not applicable to the City.

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement is not applicable to the City.

In March 2016, the GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. This statement is not applicable to the City.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City has implemented this standard accordingly in the current year.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources came from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed after time – by including information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

This statement does not have a material effect on the financial statements of the City.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of the City's Proportionate Share of the Net Pension Liability  
June 30, 2018

**Public Employees Retirement Association of New Mexico**  
**For Last 10 Fiscal Years\***  
**General, Police and Fire Divisions Combined Summary**  
**(Dollar Amounts in Thousands)**

Fiscal Year Measurement Date	June 30			
	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability (asset)	0.15%	0.20%	0.19%	0.16%
City's proportionate share of net pension liability (asset)	\$ 7,872	\$ 12,168	\$ 8,021	\$ 5,368
City's covered-employee payroll**	\$ 3,264	\$ 3,653	\$ 4,460	\$ 4,245
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	241.18%	333.10%	179.84%	126.45%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Covered-employee payroll amounts for fiscal years 2016 and 2017 were incorrect in prior year reports and have been corrected.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of the City's Proportionate Share of the Net Pension Liability  
June 30, 2018

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

Fiscal Year Measurement Date	June 30			
	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability (asset)	0.07%	0.09%	0.08%	0.08%
City's proportionate share of net pension liability (asset)	\$ 3,626	\$ 5,386	\$ 3,356	\$ 2,523
City's covered-employee payroll**	\$ 2,044	\$ 2,317	\$ 2,887	\$ 2,728
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	177.40%	232.46%	116.25%	92.49%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Covered-employee payroll amounts for fiscal years 2016 and 2017 were incorrect in prior year reports and have been corrected.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of the City's Proportionate Share of the Net Pension Liability  
June 30, 2018

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

Fiscal Year Measurement Date	June 30			
	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability (asset)	0.05%	0.07%	0.06%	0.06%
City's proportionate share of net pension liability (asset)	\$ 2,727	\$ 4,087	\$ 2,573	\$ 1,943
City's covered-employee payroll**	\$ 1,015	\$ 1,012	\$ 1,102	\$ 1,053
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	268.67%	403.85%	233.48%	184.52%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Covered-employee payroll amounts for fiscal years 2016 and 2017 were incorrect in prior year reports and have been corrected.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of the City's Proportionate Share of the Net Pension Liability  
June 30, 2018

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

Fiscal Year Measurement Date	June 30			
	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability (asset)	0.03%	0.04%	0.05%	0.03%
City's proportionate share of net pension liability (asset)	\$ 1,519	\$ 2,695	\$ 2,092	\$ 902
City's covered-employee payroll**	\$ 205	\$ 324	\$ 471	\$ 464
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	740.98%	831.79%	444.16%	194.40%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Covered-employee payroll amounts for fiscal years 2016 and 2017 were incorrect in prior year reports and have been corrected.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of City Contributions  
June 30, 2018

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutory required contributions	\$ 431	482	586	560
Contributions in relation to the statutorily required contributions	431	482	586	560
Annual contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 3,264	\$ 3,653	\$ 4,460	\$ 4,245
Contributions as a percentage of covered-employee payroll	13.20%	13.19%	13.14%	13.19%

\**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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Contribution amounts for fiscal years 2015 and 2016 were incorrect in prior year reports and have been corrected.



**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of City Contributions  
June 30, 2018

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutory required contributions	\$ 195	221	276	260
Contributions in relation to the statutorily required contributions	195	221	276	260
Annual contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 2,044	\$ 2,317	\$ 2,887	\$ 2,728
Contributions as a percentage of covered-employee payroll	9.54%	9.54%	9.56%	9.53%

\**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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Contribution amounts for fiscal years 2015 and 2016 were incorrect in prior year reports and have been corrected.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of City Contributions  
June 30, 2018

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutory required contributions	\$ 192	191	208	199
Contributions in relation to the statutorily required contributions	192	191	208	199
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 1,015	\$ 1,012	\$ 1,102	\$ 1,053
Contributions as a percentage of covered-employee payroll	18.92%	18.87%	18.87%	18.90%

\**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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Contribution amounts for fiscal years 2015 and 2016 were incorrect in prior year reports and have been corrected.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of City Contributions  
June 30, 2018

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutory required contributions	\$ 44	70	102	101
Contributions in relation to the statutorily required contributions	44	70	102	101
Annual contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 205	\$ 324	\$ 471	\$ 464
Contributions as a percentage of covered-employee payroll	21.46%	21.60%	21.66%	21.77%

\**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 the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

\*\* Contribution amounts for fiscal years 2015 and 2016 were incorrect in prior year reports and have been corrected.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of the City's Proportionate Share of the Net OPEB Liability  
June 30, 2018

**New Mexico Retiree Health Care Authority**  
**For Last 10 Fiscal Years\***  
**(Dollar Amounts in Thousands)**

	Fiscal Year Measurement Date	<b>June 30</b> <b>2018</b> <b>2017</b>
City's proportion of the net OPEB liability		0.11285%
City's proportionate share of net OPEB liability		\$ 5,114
City's covered-employee payroll		\$ 3,444
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		148.49%
Plan fiduciary net position as a percentage of the total OPEB liability		11.34%

\**Governmental Accounting Standards Board Statement 75* 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 the City is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of City Contributions - OPEB  
June 30, 2018

**New Mexico Retiree Health Care Authority**  
**Schedule of Ten Year Tracking Data\***  
**(Dollar Amounts in Thousands)**

	<b>2018</b>
Contractually required contribution	\$ 75
Contributions in relation to the contractually required contribution	75
Contribution deficiency (excess)	-
City's covered-employee payroll	\$ 3,444
Contributions as a percentage of covered-employee payroll	2.18%

\**Governmental Accounting Standards Board Statement 75* 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 the City is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Notes to Required Supplementary Information  
June 30, 2018

***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, 2017 report is available at <http://www.nmpera.org>.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Nonmajor Fund Descriptions  
June 30, 2018

**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, 2018

**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.

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, 2018

**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.

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.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue				
	Fire Protection Fund	Recreation Fund	Capital Equipment Replacement	Correction Fees Fund	Police Evidence Fund
<i>Assets</i>					
Cash and cash equivalents	\$ 75,049	\$ 5,219	\$ 559	\$ 450	\$ 6,517
Receivables:					
Other taxes	-	-	68,663	-	-
Due from other funds	-	-	-	-	-
<i>Total assets</i>	<u>\$ 75,049</u>	<u>\$ 5,219</u>	<u>\$ 69,222</u>	<u>\$ 450</u>	<u>\$ 6,517</u>
<i>Liabilities</i>					
Accounts payable	\$ -	\$ 1,500	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>					
Restricted	75,049	-	-	450	-
Committed	-	-	-	-	6,517
Assigned	-	3,719	69,222	-	-
<i>Total fund balances</i>	<u>75,049</u>	<u>3,719</u>	<u>69,222</u>	<u>450</u>	<u>6,517</u>
<i>Total liabilities and fund balances</i>	<u>\$ 75,049</u>	<u>\$ 5,219</u>	<u>\$ 69,222</u>	<u>\$ 450</u>	<u>\$ 6,517</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Balance Sheet Nonmajor  
Governmental Funds  
(Continued)  
June 30, 2018

	Special Revenue				
	DARE Fund	Library Fund	Law Enforcement Fund	Judicial Education Fund	Traffic Safety Education Fund
<i>Assets</i>					
Cash and cash equivalents	\$ 122	\$ 12,296	\$ 11,386	\$ 75	\$ 4,417
Receivables:					
Other taxes	-	-	-	-	-
Due from other funds	-	-	-	-	-
<i>Total assets</i>	<u>\$ 122</u>	<u>\$ 12,296</u>	<u>\$ 11,386</u>	<u>\$ 75</u>	<u>\$ 4,417</u>
<i>Liabilities</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ 50	\$ -
Accrued payroll expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>
<i>Fund balances</i>					
Restricted	122	12,296	11,386	25	4,417
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
<i>Total fund balances</i>	<u>122</u>	<u>12,296</u>	<u>11,386</u>	<u>25</u>	<u>4,417</u>
<i>Total liabilities and fund balances</i>	<u>\$ 122</u>	<u>\$ 12,296</u>	<u>\$ 11,386</u>	<u>\$ 75</u>	<u>\$ 4,417</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Balance Sheet  
Nonmajor Governmental Funds  
(Continued)  
June 30, 2018

	Special Revenue			
	Court Automation Fund	KAB - Bloomfield Pride	Emergency Medical Fund	Senior Citizen's Center Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 7,255	\$ 1,300	\$ 84	\$ 26,793
Receivables:				
Other taxes	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 7,255	\$ 1,300	\$ 84	\$ 26,793
<i>Liabilities</i>				
Accounts payable	\$ 198	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Due to other funds	-	1,300	-	-
<i>Total liabilities</i>	198	1,300	-	-
<i>Fund balances</i>				
Restricted	7,057	-	84	-
Committed	-	-	-	-
Assigned	-	-	-	26,793
<i>Total fund balances</i>	7,057	-	84	26,793
<i>Total liabilities and fund balances</i>	\$ 7,255	\$ 1,300	\$ 84	\$ 26,793

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Balance Sheet  
Nonmajor Governmental Funds  
(Continued)  
June 30, 2018

	Special Revenue		
	BLM Wildland Grant	Enhanced 911 Addressing	Lodger's Tax
<i>Assets</i>			
Cash and cash equivalents	\$ 161	\$ 2,554	\$ 83,318
Receivables:			
Other taxes	-	-	5,609
Due from other funds	-	-	-
	161	2,554	88,927
<i>Total assets</i>	\$ 161	\$ 2,554	\$ 88,927
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 3,382
Accrued payroll expenses	-	-	-
Due to other funds	-	-	-
	-	-	3,382
<i>Total liabilities</i>	-	-	3,382
<i>Fund balances</i>			
Restricted	161	2,554	85,545
Committed	-	-	-
Assigned	-	-	-
	161	2,554	85,545
<i>Total fund balances</i>	161	2,554	85,545
<i>Total liabilities and fund balances</i>	\$ 161	\$ 2,554	\$ 88,927

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Balance Sheet  
Nonmajor Governmental Funds  
(Continued)  
June 30, 2018

	Capital Projects					Total Nonmajor Governmental Funds
	Fire Department Construction	Land Acquisition	Park Purchase & Improvement	Highway Co-op Projects	Park Improvements	
<i>Assets</i>						
Cash and cash equivalents	\$ 30,769	\$ 5,929	\$ 12,287	\$ 5,978	\$ 2,471	\$ 294,989
Receivables:						
Other taxes	-	-	-	-	-	74,272
Due from other funds	402	-	-	-	-	402
<i>Total assets</i>	<u>\$ 31,171</u>	<u>\$ 5,929</u>	<u>\$ 12,287</u>	<u>\$ 5,978</u>	<u>\$ 2,471</u>	<u>\$ 369,663</u>
<i>Liabilities</i>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,130
Accrued payroll expenses	472	-	-	-	-	472
Due to other funds	-	-	-	-	-	1,300
<i>Total liabilities</i>	<u>472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,902</u>
<i>Fund balances</i>						
Restricted	-	-	12,287	5,978	2,471	219,882
Committed	30,699	5,929	-	-	-	43,145
Assigned	-	-	-	-	-	99,734
<i>Total fund balances</i>	<u>30,699</u>	<u>5,929</u>	<u>12,287</u>	<u>5,978</u>	<u>2,471</u>	<u>362,761</u>
<i>Total liabilities and fund balances</i>	<u>\$ 31,171</u>	<u>\$ 5,929</u>	<u>\$ 12,287</u>	<u>\$ 5,978</u>	<u>\$ 2,471</u>	<u>\$ 369,663</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2018

	Special Revenue				
	Fire Protection Fund	Recreation Fund	Capital Equipment Replacement	Correction Fees Fund	Police Evidence Fund
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ -	\$ -	\$ 381,545	\$ -	\$ -
Other	-	-	-	-	-
<i>Intergovernmental:</i>					
State operating grants	249,357	3,696	-	-	-
Licenses and fees	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Investment income	3	-	-	-	-
Miscellaneous	-	3,344	-	-	-
<i>Total revenues</i>	<u>249,360</u>	<u>7,040</u>	<u>381,545</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	-	-	-	114
Public safety	85,174	-	-	-	-
Culture and recreation	-	1,500	-	-	-
Capital outlay	521,475	18,314	-	-	-
<i>Total expenditures</i>	<u>606,649</u>	<u>19,814</u>	<u>-</u>	<u>-</u>	<u>114</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(357,289)</u>	<u>(12,774)</u>	<u>381,545</u>	<u>-</u>	<u>(114)</u>
<i>Other financing sources (uses)</i>					
Loan proceeds	300,000	-	-	-	-
Transfers out	-	-	(372,946)	-	-
<i>Total other financing sources (uses)</i>	<u>300,000</u>	<u>-</u>	<u>(372,946)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(57,289)	(12,774)	8,599	-	(114)
<i>Fund balances - beginning of year</i>	<u>132,338</u>	<u>16,493</u>	<u>60,623</u>	<u>450</u>	<u>6,631</u>
<i>Fund balances - end of year</i>	<u>\$ 75,049</u>	<u>\$ 3,719</u>	<u>\$ 69,222</u>	<u>\$ 450</u>	<u>\$ 6,517</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
For the Year Ended June 30, 2018

	Special Revenue				
	DARE Fund	Library Fund	Law Enforcement Fund	Judicial Education Fund	Traffic Safety Education Fund
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
<i>Intergovernmental:</i>					
State operating grants	-	17,753	30,800	-	-
Licenses and fees	-	-	-	1,238	1,197
Contributions and donations	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	1,495	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>19,248</u>	<u>30,800</u>	<u>1,238</u>	<u>1,197</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	-	-	1,238	-
Public safety	-	-	25,330	-	-
Culture and recreation	-	9,735	-	-	-
Capital outlay	-	-	5,898	-	-
<i>Total expenditures</i>	<u>-</u>	<u>9,735</u>	<u>31,228</u>	<u>1,238</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>9,513</u>	<u>(428)</u>	<u>-</u>	<u>1,197</u>
<i>Other financing sources (uses)</i>					
Loan proceeds	-	-	-	-	-
Transfers out	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	9,513	(428)	-	1,197
<i>Fund balances - beginning of year</i>	<u>122</u>	<u>2,783</u>	<u>11,814</u>	<u>25</u>	<u>3,220</u>
<i>Fund balances - end of year</i>	<u>\$ 122</u>	<u>\$ 12,296</u>	<u>\$ 11,386</u>	<u>\$ 25</u>	<u>\$ 4,417</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
For the Year Ended June 30, 2018

	Special Revenue			
	Court Automation Fund	KAB - Bloomfield Pride	Emergency Medical Fund	Senior Citizen's Center Fund
<i>Revenues:</i>				
<i>Taxes:</i>				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<i>Intergovernmental:</i>				
State operating grants	-	-	6,273	-
Licenses and fees	2,466	-	-	-
Contributions and donations	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	100
<i>Total revenues</i>	<u>2,466</u>	<u>-</u>	<u>6,273</u>	<u>100</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	2,466	-	6,292	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>2,466</u>	<u>-</u>	<u>6,292</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>100</u>
<i>Other financing sources (uses)</i>				
Loan proceeds	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(19)	100
<i>Fund balances - beginning of year</i>	<u>7,057</u>	<u>-</u>	<u>103</u>	<u>26,693</u>
<i>Fund balances - end of year</i>	<u>\$ 7,057</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 26,793</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
For the Year Ended June 30, 2018

	Special Revenue		
	BLM Wildland Grant	Enhanced 911 Addressing	Lodger's Tax
<i>Revenues:</i>			
<i>Taxes:</i>			
Gross receipts	\$ -	\$ -	\$ -
Other	-	-	50,985
<i>Intergovernmental:</i>			
State operating grants	-	-	-
Licenses and fees	-	-	-
Contributions and donations	-	-	19,300
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>70,285</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General government	381	-	56,841
Public safety	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>381</u>	<u>-</u>	<u>56,841</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(381)</u>	<u>-</u>	<u>13,444</u>
<i>Other financing sources (uses)</i>			
Loan proceeds	-	-	-
Transfers out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(381)	-	13,444
<i>Fund balances - beginning of year</i>	<u>542</u>	<u>2,554</u>	<u>72,101</u>
<i>Fund balances - end of year</i>	<u>\$ 161</u>	<u>\$ 2,554</u>	<u>\$ 85,545</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
For the Year Ended June 30, 2018

	Capital Projects					Total Nonmajor Governmental Funds
	Fire Department Construction	Land Acquisition	Park Purchase & Improvement	Highway Co-op Projects	Park Improvements	
<i>Revenues:</i>						
<i>Taxes:</i>						
Gross receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,545
Other	-	-	-	-	-	50,985
<i>Intergovernmental:</i>						
State operating grants	6,768	-	-	-	-	314,647
Licenses and fees	-	-	-	-	-	4,901
Contributions and donations	-	-	-	-	-	19,300
Investment income	-	-	-	-	-	3
Miscellaneous	-	-	-	-	-	4,939
<i>Total revenues</i>	<u>6,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,320</u>
<i>Expenditures:</i>						
<i>Current:</i>						
General government	-	-	-	-	-	58,574
Public safety	15,486	-	-	-	-	134,748
Culture and recreation	-	-	-	-	-	11,235
Capital outlay	-	-	-	-	-	545,687
<i>Total expenditures</i>	<u>15,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,244</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,718)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,076</u>
<i>Other financing sources (uses)</i>						
Loan proceeds	-	-	-	-	-	300,000
Transfers out	-	-	-	-	-	(372,946)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,946)</u>
<i>Net change in fund balances</i>	<u>(8,718)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,870)</u>
<i>Fund balances - beginning of year</i>	<u>39,417</u>	<u>5,929</u>	<u>12,287</u>	<u>5,978</u>	<u>2,471</u>	<u>409,631</u>
<i>Fund balances - end of year</i>	<u>\$ 30,699</u>	<u>\$ 5,929</u>	<u>\$ 12,287</u>	<u>\$ 5,978</u>	<u>\$ 2,471</u>	<u>\$ 362,761</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of Deposit Accounts  
June 30, 2018

Schedule I

Bank Account Type/Name	Wells Fargo Bank	Citizen's Bank	Bank of Albuquerque	Totals
Cash and cash equivalents:				
Operating - Checking	\$ 2,494,885	\$ -	\$ -	\$ 2,494,885
Senior Citizens - Checking	26,543	-	-	26,543
Paving - Checking	-	-	-	-
G.O. Water - Checking	139,808	-	-	139,808
Money Market	106,798	-	-	106,798
Motor Vehicle - Checking	1,393	-	-	1,393
Payroll -Checking	-	35,670	-	35,670
BLM Wildland Grant - Checking	-	161	-	161
Police Evidence - Checking	-	6,561	-	6,561
W/W Debt Service - Checking	-	322,668	-	322,668
IMMA	-	148,058	-	148,058
Fire Fund -Checking	-	295,868	-	295,868
Interest Bond Retirement - Checking	-	1,277	-	1,277
Meter Deposits - Checking	-	120,204	-	120,204
Wastewater Replacement - Checking	-	172,715	-	172,715
2007 A PPRF - City of Bloomfield*	-	-	12,131	12,131
NMFA Sub Pprf 2007A Bloomfield Res*	-	-	52,032	52,032
NMFA Pn Dtd 5/1/05 Bloomfield*	-	-	13	13
NMFA Pn Dtd 5/1/05 Bloomfield DS RES*	-	-	16,309	16,309
DW - Bloomfield*	-	-	46,724	46,724
DL - Bloomfield City*	-	-	23,819	23,819
DL - Bloomfield City Ds Res*	-	-	105,592	105,592
2007 E PPRF - Bloomfield City*	-	-	33,566	33,566
2007 E PPRF - Bloomfield City Ds Res*	-	-	122,816	122,816
2015 C PPRF - Bloomfield City*	-	-	60,089	60,089
2015 C PPRF - Bloomfield City Ds Res*	-	-	722,684	722,684
2016 B PPRF - Bloomfield City*	-	-	5,283	5,283
2016 B PPRF - Bloomfield City DS Res*	-	-	53,276	53,276
WPF/WTB - Bloomfield City - WTB-3548 - Program Funds	-	-	47,479	47,479
<b>Total</b>	<b>2,769,427</b>	<b>1,103,182</b>	<b>1,301,813</b>	<b>5,174,422</b>
Reconciling items	<u>(277,801)</u>	<u>(259,755)</u>	<u>-</u>	<u>(537,556)</u>
Reconciled balance	<u>\$ 2,491,626</u>	<u>\$ 843,427</u>	<u>\$ 1,301,813</u>	4,636,866
Petty cash				2,050
Less: agency funds cash per Exhibit E-1				(141)
Less: restricted cash and investments per Exhibit A-1				<u>(1,586,273)</u>
<b>Total unrestricted cash and cash equivalents per Exhibit A-1</b>				<u><b>\$ 3,052,502</b></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, 2018

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2018
<b>Wells Fargo Bank</b>				
	FNMA FNMS 3.500% 03/01/47	3/1/2047	3138WKK20	\$ 1,008,013
	FNMA FNMS 3.000% 07/01/42	7/1/2042	31417CLM5	480,489
	Total Wells Fargo Bank			<u>1,488,502</u>
The location of the safekeeper of the above security is 101 Barclay Street, Fourth Floor East, New York, NY 10286.				
<b>Citizen's Bank</b>				
	FM MULT CERT SERIES 3800 4.000% 2/15/31	2/15/2031	3137A7G46	<u>1,342,250</u>
The location of the safekeeper of the above securities is 8500 Freeport Parkway, South Irving, TX.				
	Total Pledged Collateral			<u><u>\$ 2,830,752</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, 2018

Schedule III

	<u>Balance at June 30, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance at June 30, 2018</u>
Motor Vehicle	\$ 299	\$ 629,414	\$ 629,572	\$ 141
Total	<u>\$ 299</u>	<u>\$ 629,414</u>	<u>\$ 629,572</u>	<u>\$ 141</u>

See independent auditor's report



Service plus value, it all adds up.

6200 Uptown Blvd., NE, Suite 400  
Albuquerque, NM 87110  
505 338 0800 office www.riccicpa.com

**Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

Mr. Wayne Johnson, New Mexico State Auditor  
and,  
Ms. Cynthia Atencio, Mayor, City of Bloomfield

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of City of Bloomfield (“the City”), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 13, 2018.

**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.

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. We identified deficiencies in internal control over financial reporting that we consider to be deficiency in internal control, which is described in the accompanying schedule of findings and responses as items 2018-001, 2018 -002 and, 2018-003.

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 identified deficiencies in

internal control over financial reporting that we consider to be material weaknesses, which is described in the accompanying schedule of findings and responses as items 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 identified deficiencies in internal control over financial reporting that we consider to be significant deficiency which is described in the accompanying schedule of findings and responses as items 2010 - 002.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, other deficiencies in internal control may exist that have not been identified.

### **Agency's Response to Findings**

Agency's response to the findings identified in our audit is described in the accompanying schedule of Findings and Questioned Costs. Management's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 which are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Ricci & Company, LLC*

Albuquerque, New Mexico  
December 13, 2018



**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of Findings and Responses  
June 30, 2018

**Status of Prior Year Findings**

2010 - 002	Accounts Payable and Payroll Lack of Internal Controls	Repeated and modified
2011 - 002	Internal Controls over Credit Cards	Resolved
2012 - 001	Segregation of Duties	Repeated and modified
2017 - 001	Ineffective Oversight Over Utility Customer Accounts	Resolved

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of Findings and Responses  
June 30, 2018

**Finding 2010 – 002 Payroll Lack of Internal Controls (Significant Deficiency) (Repeated and Modified)**

Condition:

During our audit procedures regarding Cash disbursement and payroll, we noted that the payroll Clerk has full access to within the Tyler System which includes; changing pay rates and personnel data.

Based on the current fiscal situation of the city adding another employee is not feasible with the current budget, but the City is working on alternative procedures to increase controls over the payroll process. It is expected the entity will implement these new processes by June of 2019.

Criteria:

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

Effect:

Inadequate internal control in key control processes increases the risk of errors, fraudulent activities and misuse of funds.

Cause:

Management has not implemented proper internal process, although there are restrictions based on the funding available which is infringing on the hiring additional staff.

Auditors' Recommendation:

The City should evaluate internal controls to ensure proper segregation of duties. Employees entering time and printing checks should not have access to changing pay rates and personnel data.

Management Response:

The City lacks the funding to hire additional individuals to properly segregate all duties. In order to compensate for lack of staffing in the disbursement and payroll processes, employees review each other's work. Management will develop procedures for documentation of these reviews in order to demonstrate the compensating controls.

Responsible Official:

Finance Director

Timeline to Correct:

By March 31, 2019

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of Findings and Responses  
June 30, 2018

**Finding 2012-001 Segregation of Duties (Material Weakness) (Repeated and Modified)**

Condition:

During our audit procedures regarding cash disbursement, and payroll. We noted that payroll clerk has the ability to perform all major disbursement and payroll processes. The employee performing bank reconciliation has access to the general ledger.

Based on the current fiscal situation of the city adding another employee to improve segregation of duties issues is not feasible with the current budget, but the City is working on alternative procedures to improve the control environment. It is expected the entity will implement these new processes by June of 2019.

Criteria:

The Codification of statement 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:

Inadequate segregation of duties in key control processes leads to increase risk of fraudulent activity, and increased risk of error. In addition, there is an increased risk in untimely detection of error.

Cause:

The City relies on the expertise of one individual to preform many duties due to the limited resources, as a result there is lack of segregation of duties.

Auditors' Recommendation:

The City should implement internal controls within the limited resources available. Key control processes should be performed by separate individuals.

Management Response:

The City lacks the funding to hire additional individuals to properly segregate all duties. In order to compensate for lack of staffing in the disbursement and payroll processes, employees review each other's work. Management will develop procedures for documentation of these reviews in order to demonstrate the compensating controls.

Responsible Official:

Finance Director

Timeline to Correct:

By March 31, 2019

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of Findings and Responses  
June 30, 2018

**Finding 2018-001 – No Chief Procurement officer (Other Non-Compliance)**

Condition:

The City did not have a CPO for the year ended 2018.

Criteria:

Pursuant to Section 13-1-95.2 NMSA 1978, and state purchasing regulations 1.4.1 NMAC. Procurement code Sections 13-1-95.2 NMSA 1978 establishes that each state agency and local public body shall provide to the state purchasing agent the name of the state agency's or local public body's chief procurement officer.

Effect:

The City is Non-compliant with Section 13-1-95.2 NMSA 1978

Cause:

The City's Chief procurement officer is not listed on the General Service Department's (GSD) website per Procurement code Sections 13-1-1 to 13-1-199 NMSA 1978

Auditors' Recommendation:

The city should submit required information for certified personnel to the GSD website

Management Response:

The City's previous Chief Procurement Officer (CPO) passed away in April 2017. We intended to have her replacement trained to be the new CPO. However, due to a hiring freeze necessitated by a severe decrease in tax revenues, the position was held vacant for all of fiscal year 2018. In July of 2018, the City Finance Director attended the training and received the CPO certification in order to be in compliance with this requirement.

Responsible Official:

Finance Director

Timeline to Correct:

Corrected in September 2018.

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of Findings and Responses  
June 30, 2018

**Finding 2018-002 Controls over gasoline credit card (Other Non-Compliance)**

Condition:

During our audit procedures regarding gas credit card, we noted that 5 of 5 gas card we noted that the fuel purchased exceeded the gallon limit. We noted that the Gas cards are being used for more than one vehicle and therefore it is not possible to determine if gallons purchased is reasonable based on tank size or mileage. In addition, Mileage / odometer readings are not being recorded properly.

Criteria:

In compliance to State Audit Rule NMAC 2.2.2.10 J and the City's internal policy. City should establish policy for use of procurement, travel or gas cards, including placing limits on the amount and types of purchases that may be made on such cards.

Effect:

Lack of control, review and non-compliance to internal policy could lead to misuse of Gas Cards.

Cause:

City lack proper internal control and non-compliance to State Audit Rule NMAC 2.2.2.10 J

Auditors' Recommendation:

The City should implement proper processes regarding the use of gas card to ensure compliance, and reduce risk of misuse in resources.

Management Response:

Part of the issue was lost gas cards that were not reported immediately. The employees that lost the gas cards were using gas cards from other vehicles until a replacement was issued for the lost card. The other part of this issue is that the City's Senior Center has been using one gas card for all of their vehicles at the request of Northwest New Mexico Seniors, Inc., who reimburses the City for gas used by the center. City management will develop procedures for lost cards and will also work with the Senior Center to have one gas card for each vehicle.

Responsible Official:

Finance Director

Timeline to Correct:

By January 31, 2019

**STATE OF NEW MEXICO**  
City of Bloomfield  
Schedule of Findings and Responses  
June 30, 2018

**Finding 2018-003 Internal control breakdown over Travel /Per diem reimbursements. (Other Non-Compliance)**

Condition:

During our audit procedures regarding Travel and Per Diem, we noted that 1 of 5 transactions tested was calculated incorrectly resulting in a total variance of \$5.94. Employee returned \$5.94 more than the amount due to the city

Criteria:

Compliance to Per Diem and Mileage Act Sections 10-8-1 to 10-8-8 NMSA 1978.

Effect:

Lack of control and proper review of Travel and Per diem transactions could lead to non-compliance and/or abuse of travel and per diem funds in accordance with the Per Diem and Mileage Act Sections 10-8-1 to 10-8-8 NMSA 1978.

Cause:

City did not perform year end closing review per 2.42.2.10 NMAC, as a result city may not pay/ collect all outstanding/ amounts where possible.

Auditors' Recommendation:

The City should implement a review process to ensure employees and the City are being paid the correct and appropriate amount.

Management Response:

We believe this was an isolated incident. The Finance Director now reviews all per diem calculations for accuracy before payment is made to or money is collected from the employee. Additionally, any per diem advances still outstanding will be reviewed prior to year-end.

Responsible Official:

Finance Director

Timeline to Correct:

Corrected in August 2018.

**STATE OF NEW MEXICO**

City of Bloomfield

Exit Conference

June 30, 2018

An exit conference was held on December 13, 2018. In attendance were the following:

**Representing the City of Bloomfield:**

Bradley Ellsworth

Finance Director

Sue Finch

City Councilor

George Duncan

City Manager

**Representing Ricci & Company, LLC**

Mark Santiago, CPA

Senior Audit Manager