

STATE OF NEW MEXICO

**OFFICE OF THE STATE ENGINEER/
INTERSTATE STREAM COMMISSION**

**AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**HINKLE & LANDERS, P. C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

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OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
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OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
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**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
OFFICIAL ROSTER
AS OF JUNE 30, 2008**

OFFICE OF THE STATE ENGINEER

| <u>Name</u> | <u>Title</u> |
|------------------------------|--|
| John R. D'Antonio, Jr., P.E. | State Engineer |
| John Romero | Director, Water Resources Allocation Program |
| Estevan Lopez | Director, Interstate Stream Compact Compliance Program |
| D.L. Sanders | Director, Litigation & Adjudication Program |
| Curtis Eckhart | Acting Director, Program Support |

INTERSTATE STREAM COMMISSION

| | |
|------------------------------|----------------------|
| Jim Dunlap | Chairman, Farmington |
| J. Phelps White III | Vice-Chair, Roswell |
| John R. D'Antonio, Jr., P.E. | Secretary, Santa Fe |
| Mark Sanchez | Member, Albuquerque |
| Blane Sanchez | Member, Bosque Farms |
| Buford Harris | Member, Mesilla |
| Patricio Garcia | Member, Espanola |
| Julia Davis Stafford | Member, Cimarron |
| James Wilcox | Member, Carlsbad |

ADMINISTRATION

| | |
|-----------------|-------------------------|
| Dinah Sanchez | Chief, Finance Bureau |
| Curtis Eckhart | Chief, Budget Bureau |
| Monica Trujillo | Chief Financial Officer |

INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas,
State Auditor,
and
Mr. Jim Dunlap, Chairman
John R. D'Antonio, Jr., P.E., State Engineer
Office of the State Engineer/Interstate Stream Commission
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Office of the State Engineer/Interstate Stream Commission (Agency) as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents. We also have audited the financial statements of each of the Agency's nonmajor governmental funds, and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the Table of Contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the Agency are intended to present the financial position and changes in financial position of only that portion of the governmental activities, major funds and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Agency. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the Agency as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, and fiduciary fund of the Agency as of June 30, 2009, and the respective changes in financial position, and the budgetary comparisons for the Capital Projects Fund and the Multi-Year Appropriation Fund, and all nonmajor funds for the year the ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3, Section H, the Agency adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* in 2009.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2009, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Agency has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the Table of Contents, including the Schedule of Changes in Assets and Liabilities – Agency Funds, the Schedule of Performance Data, the Schedule of Joint Powers Agreements, Memorandum of Understanding and Other Governmental Agreements, and the Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Hinkle & Landers, P.C.
December 14, 2009

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
(GOVERNMENT-WIDE)**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and investments | \$ 37,041,966 |
| Receivables, net | 1,109,555 |
| Escrow deposits | 21,929 |
| Due from other state agencies | 2,144,915 |
| Due from federal government | 1,510,315 |
| Investments | <u>12,876,144</u> |
| Total current assets | 54,704,824 |
| Noncurrent assets: | |
| Loans receivable, net of allowance | 2,390,685 |
| Capital assets, net of depreciation | 103,884,808 |
| Total assets | <u><u>160,980,315</u></u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 3,011,905 |
| Accrued salaries and benefits payable | 1,581,830 |
| Compensated absences: | |
| Expected to be paid within one year | 1,034,395 |
| Due to state General Fund | <u>660,206</u> |
| Total liabilities | <u><u>6,288,336</u></u> |
| NET ASSETS: | |
| Restricted for: | |
| Expenditure in future years | 4,378,038 |
| Ute Dam operating/construction | 515,189 |
| Loans | 2,424,576 |
| Investigation and construction of water conservation projects | 22,381,086 |
| Improvement and increase of surface flow of Rio Grande River | 4,132,946 |
| Pecos River Basin Land Management | 104,813 |
| Unrestricted | 16,870,521 |
| Invested in capital assets | <u>103,884,808</u> |
| Total net assets | 154,691,977 |
| Total liabilities and net assets | <u><u>\$ 160,980,315</u></u> |

See independent auditors' report

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
(GOVERNMENT-WIDE)**

**STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2009**

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Expenses | |
| Agriculture, Energy and Natural Resources | |
| Current: | |
| Personal services and employee benefits | \$ 25,373,671 |
| Contractual services | 12,580,353 |
| Other | 9,812,452 |
| Depreciation expense | <u>1,150,925</u> |
| Total expenses | <u>48,917,401</u> |
| Program revenues | |
| Charges for services | 42,618 |
| Operating grants and contributions | 11,294,077 |
| Capital grants and contributions | <u>1,369,993</u> |
| Total program revenues | <u>12,706,688</u> |
| Net program expense | <u>(36,210,713)</u> |
| General revenues | |
| General Fund appropriation | <u>24,314,000</u> |
| Total general revenues | <u>24,314,000</u> |
| Other financing sources (uses) | |
| Transfers in (out): | |
| General obligation bond appropriation | 8,733 |
| Severance tax bond appropriation | 3,280,893 |
| Interagency transfers in | 5,366,830 |
| Reversion to the State General Fund FY07 | (10,000,000) |
| Reversion to the State General Fund FY09 | (3,869,353) |
| Interagency transfers out | <u>(1,206,926)</u> |
| Total other financing sources (uses) | <u>(6,419,823)</u> |
| Change in net assets | (18,316,536) |
| Net assets, beginning, as originally reported | 183,663,178 |
| Restatement: | |
| Prior period additions to capital assets | 1,609,298 |
| To increase fund balances due to prior period investment earnings | 518,316 |
| To remove invalid liabilities | 804,364 |
| Due to change in accounting treatment of capital project appropriations financed with bond proceeds | <u>(13,586,643)</u> |
| | <u>(10,654,665)</u> |
| Net assets, beginning, as restated | <u>173,008,513</u> |
| Net assets, ending | <u><u>\$ 154,691,977</u></u> |

See independent auditors' report

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2009

| | Major Funds | | | | | | | |
|--------------------------------------|---------------------|-------------------|-----------------------|---------------------|-------------------|---------------------|------------------|---------------------|
| | 214 | 326 | 864 | 2017 | 267 | 657 | Other | Total |
| | General | Irrigation | Multi-Year | Indian Water | Capital | Hydrographic | Funds | Governmental |
| | Fund | Works | Appropriations | Settlement | Projects | Bond | | Funds |
| | Fund | Fund | Fund | Fund | Fund | Income | | Funds |
| | Fund | Fund | Fund | Fund | Fund | Fund | | Funds |
| ASSETS: | | | | | | | | |
| Cash and investments | \$ 3,804,757 | 6,590,778 | 3,664,708 | - | 15,728,443 | 3,543,455 | 3,709,826 | 37,041,966 |
| Investments | - | 11,926,001 | - | - | - | - | 950,144 | 12,876,145 |
| Receivables, net | 181,954 | 927,601 | - | - | - | - | - | 1,109,555 |
| Loan receivables, net | - | 2,390,685 | - | - | - | - | - | 2,390,685 |
| Prepaid expenses | - | - | - | - | - | - | - | - |
| Escrow deposits | - | - | - | - | 21,929 | - | - | 21,929 |
| Due from other agencies | 182,300 | 503,740 | - | - | 1,336,754 | - | 122,121 | 2,144,915 |
| Due from other funds | 1,090,186 | 3,224,074 | 34,175 | - | 275,036 | - | 567,336 | 5,190,808 |
| Due from Federal sources | 403,248 | - | - | - | 1,107,067 | - | - | 1,510,315 |
| Total assets | <u>\$ 5,662,445</u> | <u>25,562,880</u> | <u>3,698,884</u> | <u>-</u> | <u>18,469,229</u> | <u>3,543,455</u> | <u>5,349,428</u> | <u>62,286,321</u> |
| LIABILITIES: | | | | | | | | |
| Accounts payable | \$ 2,201,946 | - | 238,428 | - | 564,488 | - | 7,045 | 3,011,907 |
| Accrued payroll | 968,711 | - | 20,788 | - | - | - | - | 989,499 |
| Payroll related liabilities | 571,169 | - | 21,163 | - | - | - | - | 592,332 |
| Due to other state agencies | - | - | - | - | - | - | - | - |
| Due to other funds | 282,213 | 757,217 | 18,489 | - | - | 3,543,455 | 589,435 | 5,190,808 |
| Due to State General Fund | 660,207 | - | - | - | - | - | - | 660,207 |
| Total liabilities | <u>4,684,247</u> | <u>757,217</u> | <u>298,868</u> | <u>-</u> | <u>564,488</u> | <u>3,543,455</u> | <u>596,480</u> | <u>10,444,755</u> |
| FUND BALANCE: | | | | | | | | |
| Reserved for: | | | | | | | | |
| Loans receivable | - | 2,424,576 | - | - | - | - | - | 2,424,576 |
| Subsequent year expenditure | 978,022 | - | 3,400,016 | - | - | - | - | 4,378,038 |
| Multi-year Encumbrances | - | - | - | - | - | - | - | - |
| Petty cash | 175 | - | - | - | - | - | - | 175 |
| Prepaid expenses & escrow deposits | - | - | - | - | 21,929 | - | - | 21,929 |
| Unreserved/undesignated reported in: | | | | | | | | |
| General fund | - | - | - | - | - | - | - | - |
| Special revenue fund | - | 22,381,086 | - | - | - | - | 4,752,948 | 27,134,034 |
| Capital projects fund | - | - | - | - | 17,882,813 | - | - | 17,882,813 |
| Total fund balance | <u>978,197</u> | <u>24,805,662</u> | <u>3,400,016</u> | <u>-</u> | <u>17,904,742</u> | <u>-</u> | <u>4,752,948</u> | <u>51,841,565</u> |
| Total liabilities and fund balance | <u>\$ 5,662,445</u> | <u>25,562,880</u> | <u>3,698,884</u> | <u>-</u> | <u>18,469,229</u> | <u>3,543,455</u> | <u>5,349,428</u> | <u>62,286,321</u> |

See independent auditors' report

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION**

**Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Assets
As of June 30, 2009**

Total fund balance - Governmental funds \$ 51,841,565

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

Capital assets used in governmental activities are not
current financial resources and, therefore, are not
reported in the Governmental Funds Balance Sheet.

These assets consist of:

Capital assets 103,884,808

Some liabilities are not due and payable in the current
period and, therefore, are not reported in the Governmental
Funds Balance Sheet.

These liabilities consist of:

Compensated absences payable (1,034,395)

Net assets of governmental activities \$ 154,691,977

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2009

| | Major Funds | | | | | | | Total Governmental Funds |
|--|------------------------|--|---|--|------------------------------------|---|------------------|--------------------------------|
| | 214 General Fund | 326 Irrigation Works Construction Fund | 864 Multi-Year Appropriations Fund | 2017 Indian Water Rights Settlement Fund | 267 Capital Projects Fund | 657 Hydrographic Bond Income Fund | Other Funds | |
| Revenues: | | | | | | | | |
| Federal funds | \$ 350,986 | - | - | - | 1,369,993 | - | - | 1,720,979 |
| Charges for services | - | - | - | - | - | - | 42,618 | 42,618 |
| Investment earnings (loss) | - | 3,951,200 | - | - | - | - | 1,354,492 | 5,305,692 |
| Interest on loans | - | 63,598 | - | - | - | - | - | 63,598 |
| Miscellaneous revenue | 945,187 | 2,998,862 | 97,573 | - | 905,385 | - | 626,795 | 5,573,802 |
| Total revenues | <u>1,296,173</u> | <u>7,013,660</u> | <u>97,573</u> | <u>-</u> | <u>2,275,378</u> | <u>-</u> | <u>2,023,905</u> | <u>12,706,689</u> |
| Expenditures: | | | | | | | | |
| Agriculture, Energy and Natural Resources | | | | | | | | |
| Current: | | | | | | | | |
| Personal services and benefits | 24,882,042 | - | 437,899 | - | - | - | - | 25,319,941 |
| Contractual services | 8,440,051 | - | 671,520 | - | 4,630,446 | - | 47,112 | 13,789,129 |
| Other costs | 5,816,327 | - | 468,526 | - | 3,527,599 | - | - | 9,812,452 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| Capital outlay: | - | - | 5,263 | - | 3,158,889 | - | - | 3,164,152 |
| Total expenditures | <u>39,138,420</u> | <u>-</u> | <u>1,583,208</u> | <u>-</u> | <u>11,316,934</u> | <u>-</u> | <u>47,112</u> | <u>52,085,674</u> |
| Excess (deficiency) of revenue over expenditures | <u>(37,842,247)</u> | <u>7,013,660</u> | <u>(1,485,635)</u> | <u>-</u> | <u>(9,041,556)</u> | <u>-</u> | <u>1,976,793</u> | <u>(39,378,985)</u> |
| Other financing sources (uses) | | | | | | | | |
| Transfers in (out): | | | | | | | | |
| General obligation bond proceeds | - | - | - | - | 8,733 | - | - | 8,733 |
| Severance tax bond proceeds | - | - | - | - | 3,280,893 | - | - | 3,280,893 |
| State General Fund appropriations FY09 | 24,314,000 | - | - | - | - | - | - | 24,314,000 |
| Interfund transfers in | 7,994,200 | - | - | - | - | - | 15,381 | 8,009,582 |
| Interagency transfers in | 4,072,900 | - | 1,233,930 | - | 60,000 | - | - | 5,366,830 |
| Interfund transfers (out) | - | (6,527,217) | (565,381) | - | - | - | (916,984) | (8,009,582) |
| Interagency transfers (out) | - | - | (854,926) | - | (352,000) | - | - | (1,206,926) |
| Reversions to State General Fund FY07 | - | - | - | (10,000,000) | - | - | - | (10,000,000) |
| Reversions to State General Fund FY09 | (349,353) | - | - | - | (3,520,000) | - | - | (3,869,353) |
| Total other financing sources (uses): | <u>36,031,747</u> | <u>(6,527,217)</u> | <u>(186,377)</u> | <u>(10,000,000)</u> | <u>(522,374)</u> | <u>-</u> | <u>(901,603)</u> | <u>17,894,176</u> |
| Net change in fund balance | <u>(1,810,500)</u> | <u>486,443</u> | <u>(1,672,012)</u> | <u>(10,000,000)</u> | <u>(9,563,930)</u> | <u>-</u> | <u>1,075,190</u> | <u>(21,484,809)</u> |
| Fund balance, beginning, as originally reported | 1,984,333 | 23,904,566 | 5,072,028 | 10,000,000 | 41,055,315 | - | 3,574,095 | 85,590,337 |
| Restatement | 804,364 | 414,653 | - | - | (13,586,643) | - | 103,663 | (12,263,963) |
| Fund balance, beginning, as restated | <u>2,788,697</u> | <u>24,319,219</u> | <u>5,072,028</u> | <u>10,000,000</u> | <u>27,468,672</u> | <u>-</u> | <u>3,677,758</u> | <u>73,326,374</u> |
| Fund balance, ending | <u>\$ 978,197</u> | <u>24,805,662</u> | <u>3,400,016</u> | <u>-</u> | <u>17,904,742</u> | <u>-</u> | <u>4,752,948</u> | <u>51,841,565</u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

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

Net change in fund balances (deficit) - total governmental funds \$ (21,484,809)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|---|--------------------|-----------|
| Capital outlay and professional service expenditures (additions) which were capitalized | \$ 4,372,928 | |
| Depreciation | <u>(1,150,925)</u> | 3,222,003 |

Some items reported in the Statement of Activities are not sources of uses of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds.

These activities consist of:

| | | |
|----------------------------------|--|-----------------|
| Increase in compensated absences | | <u>(53,731)</u> |
|----------------------------------|--|-----------------|

Change in net assets of governmental activities \$ (18,316,536)

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION

GENERAL FUND (214) - MAJOR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| Revenues | | | | |
| Charges for services | \$ - | - | - | - |
| Sale of land | - | - | - | - |
| Miscellaneous revenue | 853,700 | 853,700 | 945,187 | 91,487 |
| Other gifts & grants | - | - | - | - |
| Federal funds | - | 948,139 | 350,986 | (597,153) |
| Total revenues | <u>853,700</u> | <u>1,801,839</u> | <u>1,296,173</u> | <u>(505,666)</u> |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | 24,480,100 | 25,057,119 | 24,882,042 | 175,077 |
| Contractual services | 8,984,000 | 10,324,321 | 8,440,051 | 1,884,270 |
| Other | 5,342,500 | 7,152,195 | 5,870,966 | 1,281,229 |
| Total expenditures | <u>38,806,600</u> | <u>42,533,635</u> | <u>39,193,059</u> | <u>3,340,576</u> |
| Excess (deficiency) of revenues over expenditures | <u>(37,952,900)</u> | <u>(40,731,796)</u> | <u>(37,896,886)</u> | <u>2,834,910</u> |
| Other financing sources (uses) | | | | |
| General appropriations | 25,594,800 | 24,314,000 | 24,314,000 | - |
| Operating transfers in | 12,358,100 | 15,192,100 | 12,067,100 | (3,125,000) |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>37,952,900</u> | <u>39,506,100</u> | <u>36,381,100</u> | <u>(3,125,000)</u> |
| Reversion | - | - | (349,353) | (349,353) |
| Change in fund balance | - | (1,225,696) | (1,865,139) | (639,443) |
| Fund balance, beginning of year | 2,022,309 | 2,022,309 | 2,022,309 | - |
| Restatement | - | 804,364 | 804,364 | - |
| Fund balance, beginning, as restated | <u>2,022,309</u> | <u>2,826,673</u> | <u>2,826,673</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 2,022,309</u> | <u>1,600,977</u> | <u>961,534</u> | <u>(639,443)</u> |

Reconciliation of Budgetary Basis to Fund Financial Statement

| | |
|---|----------------------|
| Total Budget Basis Expenditures for fiscal year 2009 | \$ 39,193,059 |
| Adjustments: | |
| Amounts expensed in prior year financial statements and paid out of FY09 budget | (54,639) |
| Amounts expensed in current year financial statements and paid out of FY10 budget | - |
| Total GAAP basis Governmental Fund Expenditures for the fiscal year ended June 30, 2009 | <u>\$ 39,138,420</u> |

See independent auditors' report

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
IRRIGATION WORKS CONSTRUCTION FUND (326) - MAJOR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| Revenues | | | | |
| Miscellaneous revenue | \$ 693,700 | 693,700 | 1,488,392 | 794,692 |
| Investment earnings | 5,130,300 | 5,130,300 | 3,951,200 | (1,179,100) |
| Land rental | 1,100,000 | 1,100,000 | 1,510,471 | 410,471 |
| Interest on loans | 85,000 | 85,000 | 63,598 | (21,402) |
| Total revenues | <u>7,009,000</u> | <u>7,009,000</u> | <u>7,013,660</u> | <u>4,661</u> |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | - | - | - |
| Contractual services | - | - | - | - |
| Other | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>7,009,000</u> | <u>7,009,000</u> | <u>7,013,660</u> | <u>4,660</u> |
| Other financing sources (uses) | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | <u>(8,087,400)</u> | <u>(8,087,400)</u> | <u>(6,527,217)</u> | <u>1,560,183</u> |
| Total other financing sources (uses) | <u>(8,087,400)</u> | <u>(8,087,400)</u> | <u>(6,527,217)</u> | <u>1,560,183</u> |
| Change in fund balance | (1,078,400) | (1,078,400) | 486,443 | 1,564,843 |
| Fund balance, beginning of year | 23,904,566 | 23,904,566 | 23,904,566 | - |
| Restatement | - | 414,653 | 414,653 | - |
| Fund balance, beginning, as restated | <u>23,904,566</u> | <u>24,319,219</u> | <u>24,319,219</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 22,826,166</u> | <u>23,240,819</u> | <u>24,805,662</u> | <u>1,564,843</u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
INDIAN WATER RIGHTS SETTLEMENT FUND (2017) - MAJOR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Revenues | | | | |
| Miscellaneous revenue | \$ - | - | - | - |
| Total revenues | - | - | - | - |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | - | - | - |
| Contractual services | - | - | - | - |
| Other | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | (10,000,000) | (10,000,000) | - |
| Total other financing sources (uses) | - | (10,000,000) | (10,000,000) | - |
| Change in fund balance | - | (10,000,000) | (10,000,000) | - |
| Fund balance, beginning of year | - | 10,000,000 | 10,000,000 | - |
| Fund balance, end of year | \$ - | - | - | - |

See independent auditors' report
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**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION**

**HYDROGRAPHIC BOND INCOME FUND (657) - MAJOR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|-----------------|---|
| Revenues | | | | |
| Land rental | \$ - | - | - | - |
| Interest on investments | - | - | - | - |
| Interest on loans | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | - | - | - |
| Contractual services | - | - | - | - |
| Other | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses) | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in fund balance | - | - | - | - |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ -</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**

As of June 30, 2009

| | <u>Agency Funds</u> |
|---|--------------------------|
| Assets | |
| Cash and investments | \$ <u>298,013</u> |
| Total assets | \$ <u><u>298,013</u></u> |
| Liabilities | |
| Water rights protest hearing/other deposits | \$ 29,607 |
| Accounts payable | 876 |
| Deposits held in custody for others | <u>267,530</u> |
| Total liabilities | \$ <u><u>298,013</u></u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. Organization and Function

The formation of the Office of the State Engineer began in 1905, when the Office of the Territorial Irrigation Engineer was established. In 1904, the territorial surface water code was enacted. This legislation superseded the 1905 law and created the Office of the Territorial Engineer, later known as the Office of the State Engineer. Section 72-2-1, NMSA 1978 Compilation, provides that there shall be a "state engineer" who shall be a technically qualified and registered professional engineer under the Engineering and Land Surveying Practice Act (Chapter 61, Article 23, NMSA 1978 Comp.). The State Engineer shall be appointed by the Governor and confirmed by the Senate.

The Office of the State Engineer is composed of four programs: Water Resource Allocation, Interstate Stream Compact Compliance and Water Development, Water Rights Protection and Adjudication, and Program Support. Each program is managed by a director who is responsible directly to the State Engineer.

The New Mexico Interstate Stream Commission, created by Chapter 25, Laws of 1935, is delegated broad general powers for the protection, conservation and development of the waters and stream systems of New Mexico, both interstate and intrastate (Section 72-14-3, NMSA, 1978 Compilation),

The Interstate Stream Commission is composed of nine members, eight of whom are unsalaried and appointed by the governor for a term of six years; the ninth member and secretary of the Commission is the State Engineer. The statutes provide that the eight appointed members shall be representatives of major irrigation districts or sections of the State and that no two members shall be appointed from the same district or section. The chairman is elected by the commission.

The Office of the State Engineer and the Interstate Stream Commission are separate but companion State entities. The responsibilities of the Office of the State Engineer include water rights administration, water resource investigations, dam safety, rehabilitation of diversion dams and ditches, flood mitigation programs, issuance of water well driller licenses, and hydrographic surveys for water rights adjudications. The Interstate Stream Commission administers interstate stream compacts, funds regional planning projects, oversees interstate litigation, cooperates in the planning of Federal water projects, and provides financial assistance for the construction of irrigation works. Together the two are responsible for the administration, development, conservation and protection of New Mexico's water resources.

2. Summary of Significant Accounting Policies

The Office of the State Engineer/Interstate Stream Commission's (the Agency) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This Statement provided for the most significant change in financial reporting in over twenty years and was phased in based on the size of the government. Later, the GASB unanimously approved Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. Statement 37 clarified and modified Statements 34 and was implemented simultaneously with Statement 34. Statement 38 modified, established and rescinded certain financial statement disclosure requirements.

STATE OF NEW MEXICO
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As part of GASB Statement No. 34, there was a reporting requirement regarding a government's Infrastructure (roads, bridges, etc.). The Agency owns and operates infrastructure assets, including dams, pipelines, a refugium and metering station installations statewide. The Agency depreciates these assets over the estimated useful life of each asset.

A. Reporting Entity

The Office of the State Engineer is created by statute and is comprised of a State Engineer appointed by the Governor. The Interstate Stream Commission is also created by statute and is comprised of commissioners appointed by the Governor. The appointed commissioners elect a chairman. The State Engineer and the Chairman of the Interstate Stream Commission have administrative responsibility for the Agency.

The Agency is a component unit of the Executive branch of government and these financial statements include all funds and activities over which the Agency's officers have oversight responsibility. The Officers have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In evaluating how to define the Agency, for financial reporting purposes, management has considered all potential programs and operations of the Agency. The financial statements and notes to the financial statements include all funds for which the Agency is responsible. These financial statements only present activity related to the Office of the State Engineer/Interstate Stream Commission. The Agency has no component units.

B. Basic Financial Statements – Government-Wide Statements

The basic financial statements include both government-wide (based on the Agency as a whole) and fund financial statements. The new reporting model focus is on either the Agency as a whole, or major individual funds (within the fund financial statements). The Agency is a single-program government that engages in only governmental activities and has no component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities.

For its government-wide activities, the Agency has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In the government-wide Statement of Net Assets, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. The Agency's net assets are reported in three parts – invested in capital assets, restricted net assets and unrestricted net assets.

The government-wide Statement of Activities reports the gross and net cost of the Agency's function. The function is also supported by general government revenues (primarily appropriations from the State General Fund). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues: charges for services, operating grants and capital grants. Program revenues

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must be directly associated with the function. The Agency includes only one function (Agriculture, Energy and Natural Resources).

The net costs (by function) are normally covered by general revenue (State General Fund appropriations). This government-wide focus is more on the sustainability of the Agency as an entity and the change in the Agency's net assets resulting from the current year's activities. The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in the governmental fund category.

The governmental fund statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Agency's actual experience conforms to the budget or fiscal plan.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the government-wide presentation.

The Agency's fiduciary funds (agency funds) are presented in the fund financial statements and use the economic resources measurement focus and the accrual basis of accounting. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Agency, these funds are not incorporated in the government-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency first uses restricted resources then unrestricted resources.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Agency are reported on the basis of funds in the fund financial statements. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Agency uses the following fund types:

Governmental Funds

General Fund - The general fund is the general operating fund of the Agency and is used to account for all financial resources except those required to be accounted for in another fund. The general fund is reported by a generic fund type classification within the financial statements known as governmental funds.

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Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The special revenue funds are also reported by a generic fund type classification known as governmental funds. All special revenue funds are nonreverting.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. The debt service fund is reported by a generic fund type classification known as governmental funds.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and water rights. The capital projects fund is reported by a generic fund type classification known as governmental funds.

Fiduciary Funds

Agency Funds - Agency funds are used to account for assets held by the Agency as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency has one agency fund and is also the fiduciary for two escrow accounts, as described below:

Irrigation Fees Suspense Fund - (#849) This fund is used to account for the collection and payment of irrigation fees and water rights protest hearing deposits. Irrigation fees are transferred to the State General Fund and water rights protest hearing deposits are held until settlement. The fund is authorized by Section 72-2-6. NMSA, 1978 Compilation.

United States Army Corps of Engineers – The purpose of this escrow account is to enable the Interstate Stream Commission to make available funds for the United States Army Corps of Engineers (COE) for use toward 1113 Acequia Projects. The 1113 Acequia Project (Section 1113 (a) (1) of the Water Resources Development Act of 1986, Public Law 99-662) is for the restoration and preservation of the Acequia systems that have cultural and historic values to the region. The purpose of these projects is to protect and to restore the river diversion structures and associated canal systems in New Mexico that are declared as political subdivisions of the State of New Mexico. Only the COE has authority to withdraw funds from the account. Interest on the account is credited to Irrigation Works Construction Fund (#326).

Ute Dam Outlet Works Pipeline Replacement Project – This escrow account is maintained for the United States Army Corps of Engineers for the purposes of modification of the outlet works at the Ute Dam. Modifications include the replacement of the pipeline and the design and construction of repairs to mitigate slab failure and to prevent additional damage to the slab, the foundation and the adjacent spillway. Only the COE has authority to withdraw funds from the account.

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets. The funds are further classified as major or nonmajor, with emphasis placed on major funds within the governmental and proprietary categories.

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A fund is considered major if it is the General fund of the Agency or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Since the Agency does not have any enterprise funds, only the first criterion is applied.

Major Funds

General Fund – (#214) See previous description for “General Fund.”

Special Revenue Funds:

Irrigation Works Construction Fund – (#326) This fund accounts for program costs to review, evaluate and approve loan agreements and financing contracts with conservancy, irrigation and soil and water conservation districts, community ditches and private ditch and reservoir companies and related functions. The fund was created by Section 72-14-23, NMSA, 1978 Compilation. With the implementation of performance based budgeting, beginning July 1, 2002, current expenditures related to this activity are recorded in the general fund because this is where the Legislature appropriated the funds for expenditure.

Multi-Year Appropriations Fund – (#864) This fund accounts for appropriations and other financial resources, other than those related to capital projects, where expenditure is allowed over multiple years. The fund was administratively established because a separate fund was deemed necessary for accountability.

Indian Water Right Settlement Fund – (#2017) This fund was created by 2007 NM laws, Chap. 42 Section 88. This legislation requires a certification by the Interstate Stream Commission to the Secretary of the Department of Finance and Administration (DFA) attesting to settlements involving water rights related to the Navajo Nation, Taos and Aamodt cases.

Hydrographic Bond Income Fund – (#657) This fund accounts for the revenue streams properly attributable to the Irrigation Works Construction Fund and the Improvement of the Rio Grande Fund, but pledged to cover debt service requirements. Any amounts in excess of annual debt service requirements are transferred to the two funds in a proportion that the excess bears to the earnings properly attributable to each fund. The fund was created by Section 72-4-15, NMSA, 1978 Compilation. The Agency’s debt liability was extinguished in May 2008. As a result, beginning in June 2008, all revenue streams attributable to the Irrigation Works Construction Fund and the Improvement of the Rio Grande Fund are no longer recorded in this fund. Funds held at June 30, 2009 are due to the Irrigation Works Construction Fund and the Improvement of the Rio Grande Fund.

Capital Project Fund:

Capital Projects Fund – (#267) See previous description for “Capital Projects Fund.” The fund was created by the Laws of 1996, Chapter 11.

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Non-major Funds

Special Revenue Funds:

Improvement of the Rio Grande Fund – (#328) This fund accounts for funds distributed to various entities for projects relating to improvements of the Rio Grande channel. The fund was created by Section 72-14-4 through 72-14-6, NMSA, 1978 Compilation. With the implementation of performance based budgeting, beginning July 1, 2002, current expenditures related to this activity are recorded in the general fund because this is where the Legislature appropriated the funds for expenditure.

Ute Dam Operating Fund – (#324) This fund accounts for the operation and maintenance of Ute Dam and reservoir. The fund was created by Section 72-14-36, NMSA, 1978 Compilation. With the implementation of performance based budgeting, beginning July 1, 2002, current expenditures related to this activity are recorded in the general fund because this is where the Legislature appropriated the funds for expenditure.

Ute Dam Construction Fund – (#325) The fund accounts for revenues generated from investment of funds remaining from the original Ute Dam Capital Improvements Fund. The fund was created by Section 72-14-36 to 72-14-37, NMSA, 1978 Compilation.

Pecos River Basin Land Management Fund – (#686) The fund was created pursuant to Laws of 2006, Chapter 77 enacted as 72-1-2.5 NMSA 1978. The fund accounts for revenues and expenses related to the management of land purchases, pursuant to Section 72-1-2.4 NMSA 1978, and management of augmentation well fields in the lower Pecos river basin. Money in the fund does not revert to any other fund at the end of a fiscal year. The fund consists of appropriations, grants, donations or bequests to the fund, all revenues from land purchased pursuant to Section 72-1-2.4 NMSA 1978, and income from investment of the fund or money otherwise accruing to the fund. Money in the fund shall be invested pursuant to Chapter 6, Article 10 NMSA 1978.

Debt Service Fund – (#705) See description above. The fund was created by Sections 72-14-15 and 72-14-18, NMSA, 1978 Compilation.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Agency funds do not report revenues, expenses or net assets, however, changes in assets and liabilities are recognized on the accrual basis.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available, with "available" meaning revenues are collectible within the current period or within 90 days after year-end). Appropriations are recorded as a receivable at the

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time the money is made available to the specific fund. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to Governmental Accounting Standards Board No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

E. Encumbrances

The General Appropriations Act of 2004, which applied to fiscal year 2005 budgets, established the modified accrual basis of accounting as the budgetary basis of accounting for the State of New Mexico. Under the law, encumbrances related to single year appropriations lapse at year end. The portion of an encumbrance representing goods and services received by the last day of the fiscal year is reclassified as accounts payable.

Any remaining encumbrances related to single year appropriations must be reclassified as unreserved fund balance and a liability recorded to recognize any amounts subject to reversion. The Agency has no encumbrances outstanding at year-end for single year appropriations.

F. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Financial Statement Amounts

1. Cash and Investments

For the purpose of the Statement of Net Assets, "Cash and investments" includes investments in the State Treasurer General Fund Investment Pool. In accordance with Sections 6-10-10 I through O, NMSA 1978 as amended, the State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government. Please see the State Treasurer's annual audit report for the GASB 40 disclosure of the investments, which may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0608.

The Agency maintains a petty cash fund of \$175 which has benefit to the Agency beyond the fiscal year ended June 30, 2009. Petty cash expenditures are made from this fund and reimbursed as needed.

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2. Receivables

Receivables are primarily inclusive of accrued interest receivable on outstanding loan balances and accounts receivable due for water master billings.

Accrued interest receivable comprises interest due from loan balances outstanding during the year, which generally carry an interest rate of 2.5% and require one annual payment of principal and interest. Interest is calculated on the outstanding principal balance from the last payment date using the simple method. The Agency does not consider the interest fully collectible and accordingly there is an allowance of \$15,581 for uncollectible accrued interest receivable as of June 30, 2009.

Pursuant to state statute, the State Engineer may appoint a water master to a district based on the application of the majority of members of the district. The water master is responsible for the apportionment, regulation, control and preservation of waters in his district under the general supervision of the State Engineer. Districts who apply for the services of a water master are required to compensate the State Engineer for the services provided. Accordingly, amounts billed but unpaid at year-end are recorded as accounts receivable. The Agency considers the balance fully collectible and accordingly there is no allowance for doubtful accounts.

3. Prepaid Expense

Prepaid expense includes prepaid amounts for employee travel. Amounts provided to employees in advance of work-related travel are subsequently expensed, and overpayment, if any, is refunded. The Agency did not have any prepaid expenses at June 30, 2009.

4. Escrow Deposits

In order to fulfill New Mexico's obligations under the Pecos River Supreme Court Decree the Agency is engaged in the purchase of various land and water rights. As of June 30, 2009 amounts have been deposited to escrow that will be applied against the purchase price. If the purchase is not finalized, the amounts will be refunded.

5. Due from Other State Agencies

This balance is comprised of appropriations to the agency transferred via other state agencies, investment earnings due to Funds 326 and 328, and draw-downs of severance tax bond proceeds.

6. Interfund Receivable and Payables – Due To/Due From

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Interfund receivable and payables are presented at net amounts for each fund.

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7. Due from Federal Government

The balance is comprised of reimbursements to the agency for expenditures in the fiscal year ending 2009 but not received by year-end.

8. Investments

Funds in the Irrigation Works Construction Fund and the Improvement of the Rio Grande Fund are invested in the New Mexico State Investment Council's Equity (Large Cap Active) and Fixed (Core Bonds) Income Investment. Investments in these external investment pools are carried at market value.

9. Loans Receivable

State statute authorized the Interstate Stream Commission to make loans to irrigation and similar districts, acequia and community ditch associations and to municipalities and other political subdivisions of the State, out of any unpledged funds in the Irrigation Works Construction Fund for engineering, design and construction of a project or rehabilitation of an existing project. Generally, the loans are repayable in annual installments over ten to twenty years with interest at two and one-half percent. An allowance for loan losses has been established to account for loans that may be uncollectible. As of June 30, 2009, the allowance is \$33,891.

10. Capital Assets

Before the 2005 legislative session, items costing more than \$1,000 were capitalized. Effective June 19, 2005, House Bill 1074 amended Section 12-6-10, NMSA 1978, to increase the capitalization threshold to items costing more than \$5,000. Assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The Agency capitalized its investment in land and water rights and these assets are not depreciated because they are considered inexhaustible. Construction works in progress are not depreciable assets; these assets become depreciable when they are removed from works in progress and added to the appropriate asset category. The Agency capitalized its infrastructure assets and has elected to depreciate infrastructure assets over the assets' estimated useful lives.

Depreciation on all exhaustible capital assets is provided on the straight-line basis with no salvage value. The estimated useful life for capital assets is estimated as follows:

| | |
|--|-------------------|
| Infrastructure assets | 40 years |
| Buildings and structures | 5 to 40 years |
| Leasehold improvement | Life of the lease |
| Furniture and fixtures | 10 years |
| Machinery and equipment (including software) | 5 to 7 years |
| Vehicles | 5 years |

The Agency does not have any debt associated with capitalized assets.

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11. Accounts Payable

Goods and services received before year-end but paid after year-end are recorded as accounts payable. A large percentage of accounts payable are for contractual services.

12. Accrued Payroll and Payroll Related Liabilities

Accrued payroll includes amounts owed for work performed as of June 30, 2009, but not yet paid. Payroll related liabilities are amounts owed related to personnel services, but not yet paid as of June 30, 2009, and include payroll taxes and amounts due for employee benefit programs.

13. Compensated Absences

Employees accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated annual leave as of the date of termination, up to a maximum of 240 hours. At June 30, 2009, the liability for unpaid vacation leave was \$969,344. Employees accumulate sick leave at the rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employee's hourly rate for accumulated sick leave over 600 hours up to 720 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July. Additionally, upon retirement those employees with over 600 hours accumulated sick leave have the option to convert 400 hours of such leave to cash at one half of their hourly rate. At June 30, 2009, the liability for the sick leave conversion was \$65,051. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources in accordance with GASB Interpretation No. 6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

14. Due to State General Fund

Various appropriations to the funds of the Agency are reverting at various times. Unexpended and unencumbered cash balances of appropriations required to be reverted by June 30, 2009 and prior are recorded as Due to the State General Fund. Cash recoveries in reverting funds during the fiscal year from stale dated warrants and prior year reimbursements are also due to the State General Fund. Pursuant to Section 6-5-10 NMSA, 1978, all unreserved, undesignated fund balances in reverting funds and accounts are required to be reverted to the State General Fund by September 30th but may adjust the reversion within forty-five (45) days of release of the audit report.

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15. Equity Classifications

Government-wide Statements

Equity is classified as net assets. Net assets is the difference between assets and liabilities. Net assets invested in capital assets represents the historical cost of assets or fair value on date of receipt less accumulated depreciation on those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by the Agency or external restrictions by other governments, creditors or grantors. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserve for encumbrances represents encumbrances outstanding at the end of the year based on purchase orders and contracts uncompleted as of the close of the fiscal year. Reserve for loans represents the portion of fund balance that is not available for expenditure because the Agency has invested those resources in long-term assets.

Reserve for subsequent year expenditure represents the cash and receivable balances at June 30, 2008 that the Agency has budgeted for expenditure in 2009 and the unencumbered, unexpended budget balance of appropriations that do not lapse until 2009 or later. Unreserved fund balance represents funds that do not lapse at the end of the year and are available for expenditure in future years.

16. Revenues and Expenditures

Substantially all governmental fund revenues are accrued. Program revenues consist of the following:

Charges for Services - Consists of charges for water master services and miscellaneous reimbursements.

Operating Grants and Contributions - Consists of Federal grant revenue, investment earnings, interest on loans and land lease income that are restricted for use in a particular program.

Capital Grants and Contributions - Consists of reimbursements received from the federal government for capital projects.

Expenditures are recognized when the related fund liability is incurred.

17. Stewardship, Compliance and Accountability

By its nature as a government unit, the Agency is subject to various laws and contractual regulations. An analysis of the Agency's compliance with significant laws and regulations and demonstration of its stewardship over Agency resources follows.

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H. Budgets and Budgetary Accounting

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

1. No later than September 1, the Agency prepares a budget appropriation request and proposed expenditures and the means of financing them.
2. The appropriation request is submitted to the Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjusts the appropriation request that becomes the Governor's proposal to the Legislature.
4. LFC holds hearings on the appropriation request also submitting recommendations and adjustments before presentation to the Legislature.
5. Both DFA's and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget.
6. The legal level of budgetary control is at the appropriation unit level
7. Formal budgetary integration is employed as a management control device during the year. Budget adjustments were made in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year ended June 30, 2008.
8. Appropriations lapse at the end of the fiscal year except for amounts related to goods and services received by June 30 or appropriated for expenditure in subsequent years. Except for special General Fund appropriations, the Special Revenue Funds are nonreverting.
9. Budgets for the governmental funds are adopted on a modified accrual basis per the General Appropriation Act, Laws of 2006, Chapter 109, Section 3, Subsections O and N. However, there is an exception to the statute which requires accounts payable accrued at fiscal year end that do not get paid by statutory deadline to be paid out of the next year's budget (Section 6-10-4 NMSA 1978).

The Statements of Revenues and Expenditures-Budget and Actual do not include funds with multiple-year budgets (Capital Projects Fund #267 and Multi-Year Appropriations Fund #864). If they were included, the statements would be misleading.

Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentation in these financial

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statements is consistent with this budgeting methodology.

In accordance with the requirements of Section 2.2.2.10, A(2)(b) of 2.2.2 NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB 34, footnote 53, the major fund budgetary comparison statements have been included as a part of the basic financial statements.

Budgets for the Capital Projects Fund #267 and Multi-Year Appropriations Fund #864 are adopted when the projects are appropriated by the State Legislature and agreements have been established with the recipient. These statements are presented as supplementary information and they reflect project inception-to-date information. Additional budget information is available from the Agency, DFA and/or the State Board of Finance.

I. Investments

The Agency invests in two external investment pools. The Large Cap Pool is an equity pool and the Core Bond Pool is a fixed income pool. The pools are uninsured and there is no regulatory oversight on the investment pools. The pools are managed by the New Mexico State Investment Council and the Agency has no control or authority over the securities that each pool acquires.

The Constitution and Statutes of the State of New Mexico place various restrictions on investments which may be held by the State. The purpose of these restrictions is to minimize risk within portfolios. Separate audited financial statements of the Core Bonds Pool and the Large Cap Active Pool are available from the New Mexico State Investment Council.

These funds are also reported in the New Mexico State Investment Council's regular annual audit. Those reports can be obtained by writing the New Mexico State Investment Council at 2055 South Pacheco Street, Suite 100, Santa Fe, NM 87505.

J. Detail Notes on Accounts and Transaction Classes

1. Investments in the State Treasurer General Fund Investment Pool

Cash and investments include investments in the State Treasurer General Fund Investment Pool. Please see the State Treasurer's annual audit report for the GASB 40 disclosure of the investments, which may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0608.

Investments in the State Treasurer General Fund Investment Pool and bank account balances are reported at carrying amount which reasonably estimates fair value.

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At year-end, the carrying amounts of State Treasurer accounts and bank accounts were as follows:

| <u>Account Name</u> | <u>Account Number/ Type</u> | <u>Balance per Depository</u> | <u>Balance per Financial Statements</u> |
|--|-------------------------------------|---------------------------------------|---|
| General Fund | | | |
| State Treasurer | 550-214 | \$ 3,804,582 | 3,804,582 |
| Petty Cash | on site | 175 | 175 |
| Irrigation Works Construction Fund | | | |
| State Treasurer | 550-326 | 6,590,778 | 6,590,778 |
| Improvement of the Rio Grande Fund | | | |
| State Treasurer | 550-328 | 3,213,142 | 3,213,142 |
| Hydrographic Bond Income Fund | | | |
| State Treasurer | 550-657 | 3,543,455 | 3,543,455 |
| Multi-Year Appropriation Fund | | | |
| State Treasurer | 550-864 | 3,664,708 | 3,664,708 |
| Capital Projects Fund | | | |
| State Treasurer | 550-267 | 15,728,443 | 15,728,443 |
| Ute Dam Operating Fund | | | |
| State Treasurer | 550-324 | 21,856 | 21,856 |
| Ute Dam Construction Fund | | | |
| State Treasurer | 550-325 | 378,345 | 378,345 |
| Pecos River Basin Land Management Fund | | | |
| State Treasurer | 550-686 | 96,476 | 96,476 |
| Debt Service Fund | | | |
| State Treasurer | 550-705 | 7 | 7 |
| General Fund | | | |
| Wells Fargo - Deming | Demand | - | - |
| General Fund | | | |
| International Bank - Cimarron | Demand | - | - |
| Total governmental funds | | \$ 37,041,966 | 37,041,966 |
| <u>Fiduciary Accounts</u> | | | |
| Irrigation Fee Suspense Fund | | | |
| State Treasurer | 550-849 | \$ 29,607 | 29,607 |
| Ute Dam Outlets - Wells Fargo | Demand | 16,473 | 16,473 |
| US Army Corps of Engineers | Demand | 251,933 | 251,933 |
| Total fiduciary funds | | \$ 298,013 | 298,013 |

In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent. Collateral pledged to secure these deposits is monitored by the State Treasurer's Office (STO). The STO issues separate financial statements that disclose the collateral pledged to secure these deposits. The State Treasurer has the power to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Sections 6-10-10 I through P, NMSA 1978 as amended. The State Treasurer with the advice and consent of the state board of finance can invest money held in demand deposits and

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investments not immediately needed for operation of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies and direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government;
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States of other securities backed by the United States having a market value of at least one hundred two percent of the amount of the contract;
- (c) Contracts for the temporary exchange of state-owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities, for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required for either of the forms of investment in sections (b) and (c) shall be delivered to the fiscal agent of New Mexico or its designee contemporaneously with the transfer of funds or delivery of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis. Neither of the contracts in (b) or (c) shall be invested in unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars;
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests:
 - (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.;
 - (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or
 - (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalent by a nationally recognized rating service;
- (e) Shares of a diversified investment company registered pursuant to the federal Investment Company Act of 1940 that invests in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above provided that the investment company has total assets under management of at least one billion dollars and the investments made by the State Treasurer pursuant to this paragraph are less than five percent of the assets of the investment company; or.
- (f) Individual, common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above, provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

No public funds can be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all

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cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable third-party safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser. For additional GASB 40 disclosure information regarding cash/investments held by the State Treasurer, see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2009.

2. Investments

Investments are held in the equity and fixed income pooled investment funds of the New Mexico State Investment Council. The investments represent each fund's proportionate share of the quoted market prices of the securities held in the external investment pools. The pools invest in equity securities, U.S. Treasury securities, Federal Agency notes, industrial and utility bonds and notes, and overnight repurchase agreements. The investments are carried at market value. Following is a summary of investments held at June 30, 2009:

| | Irrigation Works Construction Fund | | Improvement of the Rio Grande Fund | |
|--------------------------|---|----------------------|---|---------------------|
| | Units | Market Value | Units | Market Value |
| Large Cap Active Pool | 3,650 | \$ 6,292,261 | 239 | \$ 411,867 |
| Core Bond Pool | 2,813 | 5,633,740 | 269 | 538,276 |
| Total investments | | \$ 11,926,001 | | \$ 950,144 |

In accordance with GASB Statement 40, investments must be categorized to give an indication of the level of custodial credit risk assumed by the Agency at year-end. The New Mexico State Investment Council issues separate financial statements that disclose the types of investments, collateral pledged to secure investments and risk categorization of the Large Cap Active Pool and the Core Bond Pool. In addition to the investment earnings on the Large Cap Active Pool and the Core Bond Pool, the Irrigation Works Construction Fund and the Improvement of the Rio Grande Fund are also beneficiaries of the New Mexico Land Grant Permanent Fund and receive distributions of investment earnings from that permanent fund. (Prior to fiscal year 2009, these revenue streams were pledged to secure a revenue bond payable, and, in accordance with State Statute, revenues were deposited into the Hydrographic Bond Income Fund.) Finally, the Agency receives interest on overnight investments of cash balances made by the State Treasurer's Office.

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Following are the components of investment earnings for fiscal year 2009:

| | Irrigation Works Construction Fund | Improvement of the Rio Grande Fund |
|---|---|---|
| Interest and dividends on investments and cash deposits | \$ 436,119 | 37,641 |
| Realized gain (loss) on sale of investments | (1,190,159) | (76,375) |
| Increase (decrease) in fair value of investments | (1,337,391) | (102,662) |
| Management fee expense | (18,427) | (1,302) |
| Interest on investments at STO | 45,657 | 18,237 |
| Distribution of investment earnings from LGPF | <u>6,015,401</u> | <u>1,478,953</u> |
| Investment earnings | <u>\$ 3,951,200</u> | <u>1,354,492</u> |

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains or losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior year(s) and the current year.

3. Appropriations

Current year general appropriations are as follows:

| General Appropriation | <u>Amount</u> |
|------------------------------|----------------------|
| General Fund (#214) | |
| Operating budget | |
| | <u>\$ 24,314,000</u> |

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4. Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

| | Beginning Balance 2008 | Additions | Deletions | Reclass- ifications | Adjustments | Ending Balance 2009 |
|---|------------------------------|--------------------|------------------|------------------------|------------------|---------------------------|
| Capital assets not depreciated: | | | | | | |
| Water rights & land | \$ 72,588,667 | 2,249,318 | - | - | - | 74,837,985 |
| Construction works-in-progress | 1,946,728 | 1,536,361 | - | (2,160,668) | 1,058,477 | 2,380,898 |
| Total capital assets not depreciated | 74,535,395 | 3,785,679 | - | (2,160,668) | 1,058,477 | 77,218,883 |
| Capital assets depreciated: | | | | | | |
| Infrastructure | 30,638,059 | 581,986 | - | 2,160,668 | 550,821 | 33,931,534 |
| Buildings and structures | 23,098 | - | - | - | - | 23,098 |
| Furniture and fixtures | 470,458 | - | - | - | - | 470,458 |
| Machinery and equipment | 4,062,490 | 5,263 | (305,935) | - | - | 3,761,818 |
| Leasehold improvement | 43,184 | - | - | - | - | 43,184 |
| Vehicles | 30,000 | - | - | - | - | 30,000 |
| Total capital assets being depreciated | 35,267,289 | 587,249 | (305,935) | 2,160,668 | 550,821 | 38,260,092 |
| Total capital assets | 109,802,684 | 4,372,928 | (305,935) | - | 1,609,298 | 115,478,975 |
| Less accumulated depreciation: | | | | | | |
| Infrastructure | (7,023,606) | (834,995) | - | - | - | (7,858,601) |
| Buildings and structures | (17,337) | (1,624) | - | - | - | (18,961) |
| Furniture and fixtures | (340,898) | (41,932) | - | - | - | (382,830) |
| Machinery and equipment | (3,326,540) | (266,976) | 305,935 | - | - | (3,287,581) |
| Leasehold improvement | (10,796) | (5,398) | - | - | - | (16,194) |
| Vehicles | (30,000) | - | - | - | - | (30,000) |
| Total accumulated depreciation | (10,749,177) | (1,150,925) | 305,935 | - | - | (11,594,167) |
| Net capital assets | \$ 99,053,507 | 3,222,003 | - | - | 1,609,298 | 103,884,808 |

Current year activity in the construction works in progress category includes the following:

| | Balance 2008 | Additions | Adjust- ments | Reclass- ification | Balance 2009 | Estimated Date of Completion / Project Cost |
|--|---------------------|------------------|------------------|-----------------------|------------------|---|
| Vaughan Pipeline | \$ 1,892,758 | 179,925 | - | (2,072,683) | - | Completed FY09 |
| Gila Metering Stations | - | 65,000 | 68,674 | (133,674) | - | Completed FY09 |
| Mimbres Metering Stations | 53,970 | 193,616 | 247,586 | 45,689 | 540,861 | FY12, \$1,055,000 |
| Gallinas Metering Stations | - | 50,821 | 18,432 | - | 69,253 | FY11, \$450,000 |
| Rio Chama Metering Stations | - | 152,503 | - | - | 152,503 | FY11, \$750,000 |
| Nambe, Pajoque, & Tesuque Metering Stations | - | 894,497 | 723,785 | - | 1,618,282 | FY10, \$1,500,000 |
| Total | \$ 1,946,728 | 1,536,361 | 1,058,477 | (2,160,668) | 2,380,898 | |

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Significant current year additions include \$2,249,318 for water rights, \$1,536,361 construction-in-progress and \$581,986 for pipeline improvements. The Vaughan Pipeline and the Gila Metering Stations are self-constructed infrastructure assets which became operational during fiscal year 2009, accounting for \$2,206,357 in additions to infrastructure. The Bear Canyon Metering Station was reclassified from infrastructure to the Mimbres Basin Metering Station grouping, adding an additional \$45,489 to construction-in-progress.

The land and water rights asset category is inclusive of all inexhaustible assets owned by the Agency and includes land, permanent easements and water rights. Many of the items included in this category are inclusive of both land and water rights, and because the price is customarily negotiated as a whole, the assets are recorded as one item. In addition, when the cost of a temporary construction easement is negotiated as part of the price of the permanent easement, the cost of the temporary easement is included in land and water rights. Depreciation expense of \$1,150,925 was charged to the agriculture, energy and natural resources function of governmental activities.

5. Due to State General Fund

Amounts due to the State General Fund are a result of amounts collected by the Agency on behalf of the State General Fund, and amounts that revert to the State General Fund. When the Agency commingles reverting with non-reverting funds, the Agency uses specific identification of the non-reverting funds to calculate the reversion. The current year reversions to the State General Fund are as follows:

| | Fund #214 |
|--|------------|
| Reversions | \$ 349,353 |
| Stale dated warrants | 6,857 |
| Amounts collected on behalf of the State of New Mexico | 303,997 |
| Total | \$ 660,206 |

Fiscal year 2009 reversion determinations and reverted amounts by fund include:

Indian Water Rights Settlement Fund (2017)

Due to State General Fund, 06/30/09 \$ -

FY09 reversions identified by fiscal year appropriation:

Fiscal year 2007 \$ 10,000,000

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General Fund (214)

| | | |
|--|------------------|-----------------------|
| Cash/investment balance, June 30, 2009 | \$ | 3,804,757 |
| Additions: | | |
| Receivables, 6/30/09 | 181,954 | |
| Due from other agencies, 6/30/09 | 182,300 | |
| Due from other funds, 6/30/09 | 1,090,186 | |
| Due from Federal sources, 6/30/09 | <u>403,248</u> | <u>1,857,688</u> |
| Deductions: | | |
| Accounts payable, 6/30/09 | (2,201,946) | |
| Accrued payroll, 6/30/09 | (968,711) | |
| Payroll related liabilities, 6/30/09 | (571,169) | |
| Due to other funds, 6/30/09 | (282,213) | |
| Due to State General Fund*, 6/30/09 | (310,854) | |
| Petty cash, 6/30/09 | (175) | |
| Designated fund balance: | | |
| Reserved for future purposes (FY07) | (45,000) | |
| Reserved for future purposes (FY08) | (195,944) | |
| Reserved for future purposes (FY09) | <u>(737,078)</u> | <u>(5,313,090)</u> |
| Due to State General Fund for reversion, 06/30/09 | \$ | <u><u>349,353</u></u> |
| Reversion identified by fiscal year appropriation: | | |
| Fiscal year 2009 | \$ | <u><u>349,353</u></u> |

*Does not include amount due for reversion

Capital Projects Fund (267)

| | | |
|--|------------------|-------------------------|
| Cash/investment balance, June 30, 2009 | | |
| Additions: | | |
| Due from other funds, 6/30/09 | \$ | 15,728,443 |
| Due from other agencies, 6/30/09 | 275,036 | |
| Due from other agencies, 6/30/09 | 1,336,754 | |
| Due from Federal sources, 6/30/09 | <u>1,107,067</u> | <u>2,718,857</u> |
| Deductions: | | |
| Accounts payable, 6/30/09 | (564,488) | |
| Designated fund balance: | | |
| Reserved for future purposes (FY04) | (17,366) | |
| Reserved for future purposes (FY05) | (1,356,511) | |
| Reserved for future purposes (FY06) | (3,233,463) | |
| Reserved for future purposes (FY07) | (10,719,401) | |
| Reserved for future purposes (FY08) | (1,859,714) | |
| Reserved for future purposes (FY09) | <u>(696,357)</u> | <u>(18,447,300)</u> |
| Due to State General Fund, 06/30/09 | \$ | <u><u>-</u></u> |
| FY09 reversions identified by fiscal year appropriation: | | |
| Fiscal year 2004 | \$ | 20,000 |
| Fiscal year 2005 | 2,000,000 | |
| Fiscal year 2006 | 1,000,000 | |
| Fiscal year 2007 | 500,000 | |
| | <u>\$</u> | <u><u>3,520,000</u></u> |

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6. Interfund Receivables/Payables and Interfund Transfers

Interfund transfers for fiscal year 2009 are as follows:

| Transfers to: | Transfers from: | | | | Total |
|------------------|-----------------|------------------|----------------|----------------|------------------|
| | 325 | 326 | 328 | 864 | |
| 214 \$ | 49,621 | 6,527,217 | 867,363 | 550,000 | 7,994,201 |
| 686 | - | - | - | 15,381 | 15,381 |
| \$ | <u>49,621</u> | <u>6,527,217</u> | <u>867,363</u> | <u>565,381</u> | <u>8,009,582</u> |

Transfers to/from other funds at June 30, 2009 were due to the following:

| Amount | Fund | | Purpose |
|---------------------|-------|-----|---|
| | From: | To: | |
| \$ 49,621 | 325 | 214 | Reimbursement Purposes |
| 6,527,217 | 326 | 214 | Expenditures budgeted in GF |
| 867,363 | 328 | 214 | Expenditures budgeted in GF |
| 550,000 | 864 | 214 | To transfer adjudications funds to LAP salaries |
| 15,381 | 864 | 686 | Amount deposited in incorrect fund |
| \$ <u>8,009,582</u> | | | |

Interfund receivables/payables are as follows:

| Due to | Due from | | | | | | | Total |
|--------|----------------|----------------|----------------|----------------|------------------|----------|---------------|------------------|
| | 214 | 325 | 326 | 328 | 657 | 705 | 864 | |
| 214 \$ | - | 117,579 | 497,526 | 471,848 | - | - | 3,233 | 1,090,186 |
| 267 | 15,345 | - | 259,691 | - | - | - | - | 275,036 |
| 325 | 232,567 | - | - | - | - | - | - | 232,567 |
| 326 | - | - | - | - | 3,224,071 | 4 | - | 3,224,075 |
| 328 | - | - | - | - | 319,385 | 3 | - | 319,388 |
| 686 | - | - | - | - | - | - | 15,381 | 15,381 |
| 864 | 34,175 | - | - | - | - | - | - | 34,175 |
| \$ | <u>282,088</u> | <u>117,579</u> | <u>757,217</u> | <u>471,848</u> | <u>3,543,456</u> | <u>7</u> | <u>18,614</u> | <u>5,190,808</u> |

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7. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

| | <u>2008</u> | <u>Additions</u> | <u>Deletions</u> | <u>2009</u> | <u>Due Within One Year</u> |
|-------------------------|-------------------|------------------|------------------|------------------|------------------------------------|
| Compensated absences | \$ 980,665 | 1,029,698 | (975,968) | 1,034,395 | 1,034,395 |
| | <u>\$ 980,665</u> | <u>1,029,698</u> | <u>(975,968)</u> | <u>1,034,395</u> | <u>1,034,395</u> |

The current portion of compensated absences payable have been estimated based on historical trends. In prior years, the general fund has been used to liquidate compensated absences payable.

K. Lease Commitments

Buildings and Structures

The Agency leases office space at ten locations throughout the State and occupies office space owned by the New Mexico General Services Department in three other locations. The terms of the leases run from two to ten years.

Certain leases contain escalation clauses and renewal options. All leases contain fiscal funding clauses. Lease expenditures under the leases were \$1,181,726 for the year ended June 30, 2009.

Machinery & Equipment

The Agency leases thirty-eight copy machines, various servers and postage machines. The terms of the leases run from two to five years. The leases on the copy machines also provide for maintenance and copy charges.

All leases contain fiscal funding clauses. Lease expenditures under the leases were \$235,220 for the year ended June 30, 2009.

Vehicles

The Agency leases 76 vehicles on an annual basis from the New Mexico General Services Department. Lease expenditures under the leases were \$272,003 for the year ended June 30, 2009.

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Future minimum lease payments are:

| <u>For the Year Ended June 30</u> | <u>Buildings & Structures</u> | <u>Machinery & Equipment</u> | <u>Total</u> |
|-----------------------------------|---------------------------------------|--------------------------------------|------------------|
| 2010 | \$ 1,152,978 | 195,350 | 1,348,328 |
| 2011 | 1,139,366 | 140,425 | 1,279,791 |
| 2012 | 917,696 | 52,561 | 970,257 |
| 2013 | 921,634 | 17,497 | 939,131 |
| 2014 | 917,087 | 2,855 | 919,942 |
| 2015-2019 | 3,386,458 | - | 3,386,458 |
| 2020 | 160,442 | - | 160,442 |
| Total | \$ 8,595,661 | 408,688 | 9,004,349 |

All leases may be terminated at any time with sixty days notice if the New Mexico Legislature does not grant sufficient appropriation for the lease or if the Agency decides that termination is necessary to protect the best interests of the State of New Mexico.

L. Due to/from Other Agencies

The following amounts are due to/from other agencies:

| <u>Amount Due From Other Agencies</u> | | <u>Due From</u> | |
|---------------------------------------|---------------------|-----------------------|---------------------|
| <u>Fund No.</u> | <u>Amount</u> | <u>SHARE Fund No.</u> | <u>Amount</u> |
| GF #21400 | \$ 182,300 | G&FCIF #88700 | \$ 182,300 |
| CPF #26700 | \$ 1,336,754 | BOF (STB draw-downs) | \$ 1,336,754 |
| IWCF #32600 | \$ 1,463 | STO #80100 | \$ 1,463 |
| | 502,277 | SIC #60100 | 502,277 |
| | \$ 503,740 | | \$ 503,740 |
| IRGIF #32800 | \$ 556 | STO #80100 | \$ 556 |
| | 121,565 | SIC #60100 | 121,565 |
| | 122,121 | | \$ 122,121 |
| Total | \$ 2,144,915 | | \$ 2,144,915 |

All interagency balances represent routine transactions and are consistent with the general characteristics of the Agency's transactions.

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M. Interagency Transfers

Interagency transfers as of June 30, 2009 are:

Transfers in or out of the Agency (Fund #214) are as follows:

| | <u>Out</u> | <u>In</u> |
|--|-------------------|-------------------|
| Department of Finance and Administration Fund #620 | \$ - | 455,900 |
| Department of Finance and Administration Fund #620 | - | 394,000 |
| Department of Game & Fish GPF #198 | - | 182,300 |
| New Mexico Finance Authority - Water Projects Fund | - | 3,040,700 |
| State General Fund Appropriation #853 | - | 24,314,000 |
| DFA Fund #529 | 349,353 | - |
| | <u>\$ 349,353</u> | <u>28,386,900</u> |

Transfers in or out of the Agency (Fund #267) are as follows:

| | <u>Out</u> | <u>In</u> |
|---|---------------------|------------------|
| Department of Finance & Administration #529 | \$ 327,000 | - |
| Department of Transportation # 10070 | - | 60,000 |
| Department of Transportation # 10070 | 25,000 | - |
| Severance Tax & General Obligation Bonds proceeds | - | 3,280,893 |
| DFA Fund #529 | 3,520,000 | - |
| | <u>\$ 3,872,000</u> | <u>3,340,893</u> |

Transfers in or out of the Agency (Fund #864) are as follows:

| | <u>Out</u> | <u>In</u> |
|--|-------------------|------------------|
| Administrative Office of the Courts #512 | \$ 854,926 | - |
| New Mexico Finance Authority - Water Projects Fund | - | 1,233,930 |
| | <u>\$ 854,926</u> | <u>1,233,930</u> |

Transfers in or out of the Agency (Fund #2017) are as follows:

| | <u>Out</u> | <u>In</u> |
|---------------|----------------------|-----------|
| DFA Fund #529 | \$ <u>10,000,000</u> | <u>-</u> |

All interagency transfers made during the year were considered routine and were consistent with the general characteristics of the Agency's transfers.

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N. Restatements

Prior period adjustments in the fund financial statements are as follows:

| | <u>Fund 214</u> |
|--|-----------------------------|
| Fund balance, June 30, 2008, as previously reported | \$ 1,984,333 |
| To remove invalid liabilities | <u>804,364</u> |
| Fund balance, June 30, 2008, restated | <u><u>\$ 2,788,697</u></u> |
| | <u>Fund 267</u> |
| Fund balance, June 30, 2008, as previously reported | \$ 41,055,315 |
| Due to the change in the accounting treatment of capital project appropriations financed with bond proceeds. | <u>(13,586,643)</u> |
| Fund balance, June 30, 2008, restated | <u><u>\$ 27,468,672</u></u> |
| | <u>Fund 326</u> |
| Fund balance, June 30, 2008, as previously reported | \$ 23,904,566 |
| To account for investment earnings not previously recorded | <u>414,653</u> |
| Fund balance, June 30, 2008, restated | <u><u>\$ 24,319,219</u></u> |
| | <u>Fund 328</u> |
| Fund balance, June 30, 2008, as previously reported | \$ 2,988,952 |
| To account for investment earnings not previously recorded | <u>103,663</u> |
| Fund balance, June 30, 2008, restated | <u><u>\$ 3,092,615</u></u> |

Prior period adjustments affecting the Government-wide financial statements are as follows:

| | <u>Government- Wide</u> |
|--|------------------------------------|
| Net assets, June 30, 2008, as previously reported | \$ 183,663,178 |
| Due to the change in the accounting treatment of capital project appropriations financed with bond proceeds. | <u>(13,586,643)</u> |
| To remove invalid liabilities | 804,364 |
| To account for investment earnings not previously recorded in Fund 326 & 328 | 518,316 |
| To account for capital assets not previously recorded | <u>1,609,298</u> |
| Net assets, June 30, 2008, restated | <u><u>\$ 173,008,513</u></u> |

O. Net Assets and Fund Balance

The government-wide statement of net assets reports \$33,936,648 of restricted net assets, all of which is considered restricted by enabling legislation. The enabling legislation has been determined to be

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legally enforceable.

Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment, which may be based on actions such as analyzing the legislation to determine if it meets the qualifying criteria for enabling legislation, reviewing determinations made for similar legislation of the government or other governments, or obtaining the opinion of legal counsel. However, enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur. The determination of legal enforceability should be based on the underlying facts and circumstances surrounding each individual restriction. The determination that a particular restriction is not legally enforceable may lead a government to reevaluate the legal enforceability of similar enabling legislation restrictions, but should not necessarily lead a government to conclude that all enabling legislation restrictions are unenforceable.

Restricted net assets at June 30, 2009 are a result of the following:

| | |
|--|-------------------|
| Restricted for Pecos River Basin Land Management by statute (72-1-2.5, NMSA 1978) | \$ <u>104,813</u> |
| Restricted for Ute Dam Operating/Construction by statute (72-14-36 and 37, NMSA 1978) | <u>515,189</u> |
| Restricted for loans-restricted by third parties and statute (72-14-29, NMSA 1978) | <u>2,424,576</u> |
| Restricted for investigation and construction of water conservation projects-restricted by statute (72-14-23, NMSA 1978) | <u>22,381,086</u> |
| Restricted for improvement and increase of surface flow of Rio Grande River-restricted by statute (72-14-4 to 72-14-6, NMSA 1978) | <u>4,132,946</u> |
| Restricted for subsequent year expenditure | <u>4,378,038</u> |
| Total Restricted Net Assets \$ | <u>33,936,648</u> |

Unexpended balances of appropriations that do not lapse at June 30, 2009 are presented as fund balance reserved for subsequent year expenditure. In addition, the Legislature has appropriated certain cash balances for expenditure in subsequent years. Those balances are also presented as fund balance reserved for subsequent year expenditure. Annually, funds are appropriated from the Irrigation Works Construction Fund and the Improvement of the Rio Grande Fund for expenditure by the General Fund, the Capital Projects Fund and the Multi-Year Appropriations Fund. The Agency has also requested additional appropriations to augment the funds.

3. Other Notes

A. PERA Pension Plan

Plan Description

Substantially all of the Agency's full-time employees participate in a public employee retirement

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system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries.

PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123.

Funding Policy

Plan members are required to contribute 7.42% of their gross salary. The Agency is required to contribute 16.59%. The contribution requirements of plan members and the Agency are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the Legislature. The Agency's contributions to PERA for the years ending June 30, 2009, 2008 and 2007 were \$3,029,226, \$2,862,409 and \$2,694,345, respectively, and equal to the amount of the required contributions for each year.

B. Deferred Compensation Plan

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all State employees and those local government and school district employees whose employers have elected participation in the plan which permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997, with provision for existing plans to make the required changes by January 1, 1999. PERA has approved plan amendments and has amended contracts with providers to comply with this amendment. Accordingly, plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

There are employees who are making contributions to a Deferred Compensation Plan. Neither the Agency nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants' salaries by the Agency have been paid to the New Mexico Public Employees' Retirement Association, which administers the plan.

C. Post-Employment Benefits

The Retiree Health Care Act (10-7C-1 to 10-7C-16 NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan.

The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees. Moneys flow to the Retiree Health Care Fund on a pay-as-

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you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts or other entities participating in the public school insurance authority, State agencies, State courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, the Public Employees Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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

Each participating employer makes contributions to the fund in the amount of one and three-tenths percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to sixty-five one hundredths of one percent of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHC effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd., NE, Suite 104, Albuquerque, NM 87107. The Agency's contributions to the Retiree Health Care Authority for the years ending June 30, 2009, 2008 and 2007 were \$233,631, \$222,949 and \$210,152, respectively. Employee contributions remitted by the Agency for the years ending June 30, 2009, 2008 and 2007 were \$116,815, \$111,057 and \$105,068.

The Retiree Health Care Authority implemented GASB 43 in FY07. As part of the State of New Mexico, all state agencies implemented GASB 45 in FY08. The existence of the new GASB 45 standard and its expected impact on the agency is unknown.

D. Risk Management

State statute requires the Risk Management Division of the General Services Department to be responsible for the acquisition and administration of all insurance purchased by the State. Since

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1977 various statutes have been passed which allows Risk Management Division to insure, self-insure or use a combination of both in all areas of coverage. The Agency participates in the risk pool managed by Risk Management Division and annually pays insurance premiums.

The primary areas of coverage are: liability and civil rights protection for claims made by others against the State, coverage to protect the State's property and assets, and fringe benefit coverages for the States' employees. The primary area where the Agency may retain the risk of loss is liability for breach of contract. The Agency has not experienced any losses for breach of contract.

E. Contingencies

The Agency receives funding pursuant to various grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant that, if not met, could require the Agency to refund amounts received to the granting agency. The Agency carefully monitors grant requirements and believes it has met all such conditions.

The Agency is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the proceedings cannot be predicted, the Agency believes that any potential liability would be covered through insurance, supplemental appropriation or would be immaterial to the financial statements.

F. Land Grant Permanent Fund

The Ferguson Act of 1898 and the Enabling Act of 1910 granted certain lands held by the federal government to the territory of New Mexico. Under the terms of these grants, it was stipulated that such lands, totaling 13.4 million acres, were to be held in trust for the benefit of the public schools and other specific public institutions.

Royalties and principal from land sales are transferred by the New Mexico State Land Office to the New Mexico State Investment Council that adds these amounts to the corpus of the Land Grant Permanent Fund. The income received on the Land Grant Permanent Fund is distributed by the New Mexico State Investment Council to the beneficiaries.

Gains and losses on investment transactions are credited or charged to the corpus and do not directly impact distributions to beneficiaries. On November 5, 1996, New Mexico voters approved Constitutional Amendment No. 1 which, among other things, provides that annual distributions from the Land Grant Permanent Fund shall be one hundred two percent (102%) of the amount distributed in the immediately preceding fiscal year until the annual distributions equal four and seven-tenths percent (4.70%) of the average of the year-end market values of the fund for the immediately preceding five years.

Thereafter, the amount of the annual distributions shall be four and seven-tenths percent (4.70%) of the average of the year-end market values of the fund for the immediately preceding five years. The amendment became effective when it was passed by the U.S. Congress and signed by the President of the United States in August 1997.

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Two Land Grant Permanent Fund beneficiaries are the Improvement of the Rio Grande Fund and the Water Reservoirs Income Fund. In 1955, the Legislature created the Irrigation Works Construction Fund to consist of the income creditable to the Water Reservoirs Income Fund and other monies that might be appropriated by the Legislature. In 1998, the Agency pledged these revenue streams to secure a bond indenture. See Note J.2 for details on distributions from the Land Grant Permanent Fund.

G. Related Parties

State Engineer, John D’Antonio is Secretary of the Interstate Stream Commission. (See Note A for information related to the administration of the Office of the State Engineer and the Interstate Stream Commission.)

Several employees of the Office of the State Engineer/Interstate Stream Commission have responsibilities for the administration of the Costilla Creek Compact (Compact). The Compact, approved by the legislature by the Laws of 1945, Chapter 51 and amended on September 30, 1945, provides for the equitable division and apportionment of the use of the waters of Costilla Creek. The Compact is comprised of the officials in both New Mexico and Colorado who are charged with the duty of administering public water supplies. The salaries and expenses of the members of the Compact are paid by each respective state. The Compact may employ assistance as deemed reasonably necessary, and to the extent that it is not borne by the United States, the costs are assumed equally by the two states.

During fiscal year 2009, the State Engineer, John R. D’Antonio, Jr., P.E., served as a commissioner of the Compact. Dinah Sanchez, Finance Bureau Chief, served as the Treasurer of the Compact, and Wilfred Lucero, Agency employee, served as Water Master. In fiscal year 2009, the Compact reimbursed the Agency for \$102,127 in salary plus applicable benefit costs for the Water Master’s salary; no other financial transactions occurred between the Agency and the Compact.

John D’Antonio is also the New Mexico Commissioner to the Rio Grande River Compact and the Upper Colorado River Compact.

The Water Trust Board is a 15-member Board that recommends to the Legislature projects to be funded through a Water Project Fund, a fund created by the Legislature in 2001 and administered by the New Mexico Finance Authority. John D’Antonio serves as Co-Chair of the Water Trust Board. During fiscal year 2009, the Agency received project grants totaling \$734,089 and direct transfers of \$4,274,630 from the Water Trust Board.

H. Change in Accounting Principles - Restatements

To comply with Governmental Accounting Standards Board Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the Agency has changed its accounting treatment of capital projects appropriations financed with bond proceeds.

Prior to fiscal year 2007, the Agency recognized bond proceeds when the eligibility requirements were met. In fiscal year 2007 and 2008, the Agency recognized — in the year the capital project

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appropriations were authorized by the Legislature — the entire amount of bond proceeds related to the capital project appropriations. However, under the modified accrual basis of accounting, GASBS 33 requires that the recognition of revenues and expenditures occur only when all applicable eligibility requirements have been met. Since all of the eligibility requirements established by the State Board of Finance had not been met by the end of the last fiscal year, the Agency's recognition of bond proceeds was premature. Effective for fiscal year 2009, the New Mexico Department of Finance and Administration advised all state agencies to remove any bond proceeds from fund balance if eligibility requirements have not been met. As a result of the restatement, the June 30, 2008 fund balance in the Capital Projects Fund (#267) and the government-wide financial statements was decreased by \$13,586,643.

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COMBINING BALANCE SHEET - OTHER FUNDS
As of June 30, 2009

| | Special Revenue Funds | | | | | |
|--------------------------------------|-----------------------|----------------|------------------|----------------|----------|------------------|
| | 324 | 325 | 328 | 686 | 705 | Total |
| | Ute Dam | Ute Dam | Improvement | Pecos | Debt | Other |
| | Operating | Construction | of the | River Basin | Service | Funds |
| | Fund | Fund | Rio Grande | Land Mgmt | Fund | |
| | Fund | Fund | Fund | Fund | Fund | Funds |
| ASSETS: | | | | | | |
| Cash and investments | \$ 21,856 | 378,345 | 3,213,142 | 96,476 | 7 | 3,709,826 |
| Investments | - | - | 950,144 | - | - | 950,144 |
| Receivables, net | - | - | - | - | - | - |
| Loan receivables, net | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - | - |
| Escrow deposits | - | - | - | - | - | - |
| Due from other agencies | - | - | 122,121 | - | - | 122,121 |
| Due from other funds | - | 232,567 | 319,388 | 15,381 | - | 567,336 |
| Due from Federal sources | - | - | - | - | - | - |
| Total assets | <u>\$ 21,856</u> | <u>610,912</u> | <u>4,604,796</u> | <u>111,857</u> | <u>7</u> | <u>5,349,428</u> |
| LIABILITIES: | | | | | | |
| Accounts payable | \$ - | - | - | 7,045 | - | 7,045 |
| Accrued payroll | - | - | - | - | - | - |
| Payroll related liabilities | - | - | - | - | - | - |
| Due to other agencies | - | - | - | - | - | - |
| Due to other funds | - | 117,579 | 471,849 | - | 7 | 589,435 |
| Due to State General Fund | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>117,579</u> | <u>471,849</u> | <u>7,045</u> | <u>7</u> | <u>596,480</u> |
| FUND BALANCE: | | | | | | |
| Reserved for: | | | | | | |
| Loans receivable | - | - | - | - | - | - |
| Subsequent year expenditure | - | - | - | - | - | - |
| Unreserved/undesignated reported in: | | | | | | |
| Special revenue fund | 21,856 | 493,333 | 4,132,946 | 104,813 | - | 4,752,948 |
| Capital projects fund | - | - | - | - | - | - |
| Debt service fund | - | - | - | - | - | - |
| Total fund balance | <u>21,856</u> | <u>493,333</u> | <u>4,132,946</u> | <u>104,813</u> | <u>-</u> | <u>4,752,948</u> |
| Total liabilities and fund balance | <u>\$ 21,856</u> | <u>610,912</u> | <u>4,604,796</u> | <u>111,857</u> | <u>7</u> | <u>5,349,428</u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER FUNDS
Year Ended June 30, 2009

| | Special Revenue Funds | | | | | Total Other Funds |
|--|-------------------------------------|--|--|--|--------------------------------|-------------------------|
| | 324 Ute Dam Operating Fund | 325 Ute Dam Construction Fund | 328 Improvement of the Rio Grande Fund | 686 Pecos River Basin Land Mgmt Fund | 705 Debt Service Fund | |
| Revenues: | | | | | | |
| Charges for services | \$ - | 42,618 | - | - | - | 42,618 |
| Investment earnings (loss) | - | - | 1,354,492 | - | - | 1,354,492 |
| Miscellaneous revenue | - | 52,768 | 553,202 | 20,825 | - | 626,795 |
| Total revenues | - | 95,386 | 1,907,694 | 20,825 | - | 2,023,905 |
| Expenditures: | | | | | | |
| Agriculture, Energy and Natural Resources | | | | | | |
| Current: | | | | | | |
| Personal services and benefits | - | - | - | - | - | - |
| Contractual services | - | - | - | 47,112 | - | 47,112 |
| Other costs | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Capital outlay: | - | - | - | - | - | - |
| Total expenditures | - | - | - | 47,112 | - | 47,112 |
| Excess (deficiency) of revenue over expenditures | - | 95,386 | 1,907,694 | (26,287) | - | 1,976,793 |
| Other financing sources (uses) | | | | | | |
| Transfers in (out): | | | | | | |
| Interfund transfers in | - | - | - | 15,381 | - | 15,381 |
| Interfund transfers (out) | - | (49,621) | (867,363) | - | - | (916,984) |
| Total other financing sources (uses): | - | (49,621) | (867,363) | 15,381 | - | (901,603) |
| Net change in fund balance | - | 45,765 | 1,040,331 | (10,906) | - | 1,075,190 |
| Fund balance, beginning, as originally reported | 21,856 | 447,568 | 2,988,952 | 115,719 | - | 3,574,095 |
| Prior period adjustments | - | - | 103,663 | - | - | 103,663 |
| Fund balance, beginning, as restated | 21,856 | 447,568 | 3,092,615 | 115,719 | - | 3,677,758 |
| Fund balance, ending | \$ 21,856 | 493,333 | 4,132,946 | 104,813 | - | 4,752,948 |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION**

**UTE DAM CONSTRUCTION FUND (325)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET ASSETS BUDGET (non-GAAP BASIS) AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|-----------------|---|
| Revenues | | | | |
| Other state funds | | | | |
| Charges for services | \$ - | - | 42,618 | 42,618 |
| Sale of land | - | - | - | - |
| Miscellaneous revenue | - | - | 52,768 | 52,768 |
| Total revenues | <u>-</u> | <u>-</u> | <u>95,386</u> | <u>95,386</u> |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | - | - | - |
| Contractual services | - | - | - | - |
| Other | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>95,386</u> | <u>95,386</u> |
| Other financing sources (uses) | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | <u>-</u> | <u>(70,000)</u> | <u>(49,621)</u> | <u>20,379</u> |
| Total other financing sources (uses) | <u>-</u> | <u>(70,000)</u> | <u>(49,621)</u> | <u>20,379</u> |
| Change in fund balance | - | (70,000) | 45,765 | 115,765 |
| Fund balance, beginning of year | <u>-</u> | <u>447,568</u> | <u>447,568</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>377,568</u> | <u>493,333</u> | <u>115,765</u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
PECOS RIVER BASIN LAND MANAGEMENT FUND (686)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET ASSETS BUDGET (non-GAAP BASIS) AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|-----------------|---|
| Revenues | | | | |
| Other state funds | | | | |
| Charges for services | \$ - | - | - | - |
| Sale of land | - | - | - | - |
| Miscellaneous revenue | - | - | 20,825 | 20,825 |
| Total revenues | <u>-</u> | <u>-</u> | <u>20,825</u> | <u>20,825</u> |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | - | - | - |
| Contractual services | - | 90,922 | 47,112 | 43,810 |
| Other | - | - | - | - |
| Total expenditures | <u>-</u> | <u>90,922</u> | <u>47,112</u> | <u>43,810</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(90,922)</u> | <u>(26,287)</u> | <u>64,635</u> |
| Other financing sources (uses) | | | | |
| Operating transfers in | - | | 15,381 | 15,381 |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>15,381</u> | <u>15,381</u> |
| Change in fund balance | - | (90,922) | (10,906) | 80,016 |
| Fund balance, beginning of year | <u>115,719</u> | <u>115,719</u> | <u>115,719</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 115,719</u> | <u>24,797</u> | <u>104,813</u> | <u>80,016</u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
IMPROVEMENT TO THE RIO GRANDE FUND (328)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET ASSETS BUDGET (non-GAAP BASIS) AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------------------------|-------------------------|------------------|---|
| Revenues | | | | |
| Land rental | \$ - | - | - | - |
| Interest on investments | 930,200 | 930,200 | 1,354,492 | 424,292 |
| Miscellaneous revenue | - | - | 553,202 | 553,202 |
| Federal funds | - | - | - | - |
| Total revenues | 930,200 | 930,200 | 1,907,694 | 977,494 |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | - | - | - |
| Contractual services | - | - | - | - |
| Other | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | 930,200 | 930,200 | 1,907,694 | 977,494 |
| Other financing sources (uses) | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | (930,200) | (930,200) | (867,363) | 62,837 |
| Total other financing sources (uses) | (930,200) | (930,200) | (867,363) | 62,837 |
| Change in fund balance | - | - | 1,040,331 | 1,040,331 |
| Fund balance, beginning of year | 2,988,952 | 2,988,952 | 2,988,952 | - |
| Restatement | - | 103,663 | 103,663 | - |
| Fund balance, beginning, as restated | 2,988,952 | 3,092,615 | 3,092,615 | - |
| Fund balance, end of year | \$ 2,988,952 | 3,092,615 | 4,132,946 | 1,040,331 |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION**

**CAPITAL PROJECTS FUND (267)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET ASSETS BUDGET (non-GAAP BASIS) AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance from Final Budget Favorable (Unfavorable)</u> |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Unfavorable)</u> |
| Revenues | | | | |
| Miscellaneous revenues | - | 143,000 | 905,385 | 762,385 |
| Federal funds | - | 1,425,550 | 1,369,993 | (55,557) |
| Bond proceeds | 632,892 | 632,892 | 3,289,626 | 2,656,734 |
| Fund balance budgeted | <u>39,562,666</u> | <u>36,657,170</u> | <u>-</u> | <u>(36,657,170)</u> |
| Total revenues | <u>40,195,558</u> | <u>38,858,612</u> | <u>5,565,004</u> | <u>(33,293,608)</u> |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | - | - | - |
| Contractual services | 6,292,661 | 8,884,113 | 4,630,446 | 4,253,667 |
| Other | <u>38,212,897</u> | <u>31,247,937</u> | <u>6,686,488</u> | <u>24,561,449</u> |
| Total expenditures | <u>44,505,558</u> | <u>40,132,050</u> | <u>11,316,934</u> | <u>28,815,116</u> |
| Excess (deficiency) of revenues over expenditures | <u>(4,310,000)</u> | <u>(1,273,438)</u> | <u>(5,751,930)</u> | <u>(4,478,492)</u> |
| Other financing sources (uses) | | | | |
| Operating transfers in | 4,330,000 | 4,330,000 | 60,000 | (4,270,000) |
| Operating transfers out | <u>(20,000)</u> | <u>(3,056,562)</u> | <u>(352,000)</u> | <u>2,704,562</u> |
| Total other financing sources (uses) | <u>4,310,000</u> | <u>1,273,438</u> | <u>(292,000)</u> | <u>(1,565,438)</u> |
| Reversion | - | - | (3,520,000) | (3,520,000) |
| Change in fund balance | - | - | (9,563,930) | (9,563,930) |
| Fund balance, beginning of year | 41,055,314 | 41,055,314 | 41,055,314 | - |
| Restatement | <u>-</u> | <u>(13,586,643)</u> | <u>(13,586,643)</u> | <u>-</u> |
| Fund balance, beginning, as restated | <u>41,055,314</u> | <u>27,468,671</u> | <u>27,468,671</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 41,055,314</u> | <u>27,468,671</u> | <u>17,904,742</u> | <u>(9,563,930)</u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
MULTI-YEAR APPROPRIATIONS FUND (864)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND NET ASSETS BUDGET (non-GAAP BASIS) AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance from Final Budget Favorable (Unfavorable)</u> |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous revenues | \$ - | - | 97,573 | 97,573 |
| Fund balance budgeted | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>97,573</u> | <u>97,573</u> |
| Expenditures | | | | |
| Agricultural, Energy and Natural Resources | | | | |
| Current: | | | | |
| Personal services and employee benefits | - | 637,708 | 437,899 | 199,809 |
| Contractual services | - | 2,212,601 | 671,520 | 1,541,081 |
| Other | - | 1,057,352 | 473,789 | 583,563 |
| Total expenditures | <u>-</u> | <u>3,907,661</u> | <u>1,583,208</u> | <u>2,324,453</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(3,907,661)</u> | <u>(1,485,635)</u> | <u>2,422,026</u> |
| Other financing sources (uses) | | | | |
| Operating transfers in | - | 1,404,926 | 1,233,930 | (170,996) |
| Operating transfers out | - | (1,404,926) | (1,420,307) | (15,381) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(186,377)</u> | <u>(186,377)</u> |
| Reversion | - | - | - | - |
| Change in fund balance | - | (3,907,661) | (1,672,012) | 2,235,649 |
| Fund balance, beginning of year | <u>-</u> | <u>5,072,028</u> | <u>5,072,028</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>1,164,367</u> | <u>3,400,016</u> | <u>2,235,649</u> |

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the Year Ended June 30, 2009

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 |
|--|--------------------------|------------|-----------|--------------------------|
| Irrigation Fees Suspense Fund | | | | |
| Assets | | | | |
| Cash and investments | \$ 29,607 | - | - | 29,607 |
| Total assets | <u>\$ 29,607</u> | <u>-</u> | <u>-</u> | <u>29,607</u> |
| Liabilities | | | | |
| Water rights protest hearing/other deposits | \$ 29,607 | - | - | 29,607 |
| Total liabilities | <u>\$ 29,607</u> | <u>-</u> | <u>-</u> | <u>29,607</u> |
| United States Army Corps of Engineers | | | | |
| Assets | | | | |
| Cash and investments | \$ 251,758 | 175 | - | 251,933 |
| Total assets | <u>\$ 251,758</u> | <u>175</u> | <u>-</u> | <u>251,933</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 251,057 | - | - | 251,057 |
| Accounts payable | 701 | 175 | - | 876 |
| Total liabilities | <u>\$ 251,758</u> | <u>175</u> | <u>-</u> | <u>251,933</u> |
| Ute Dam Outlet Works Pipeline Replacement Project | | | | |
| Assets | | | | |
| Cash and investments | \$ 16,462 | 11 | - | 16,473 |
| Total assets | <u>\$ 16,462</u> | <u>11</u> | <u>-</u> | <u>16,473</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 16,462 | 11 | - | 16,473 |
| Total liabilities | <u>\$ 16,462</u> | <u>11</u> | <u>-</u> | <u>16,473</u> |
| Total | | | | |
| Assets | | | | |
| Cash and investments | \$ 297,827 | 186 | - | 298,013 |
| Total assets | <u>\$ 297,827</u> | <u>186</u> | <u>-</u> | <u>298,013</u> |
| Liabilities | | | | |
| Water rights protest hearing/other deposits | \$ 29,607 | - | - | 29,607 |
| Accounts payable | 701 | 175 | - | 876 |
| Deposits held in custody for others | 267,519 | 11 | - | 267,530 |
| Total liabilities | <u>\$ 297,827</u> | <u>186</u> | <u>-</u> | <u>298,013</u> |

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEERING/INTERSTATE STREAM COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

| Federal Grantor/Pass-Through Program Title | Federal CFDA Number | Pass-Through/ Grantor No. | Grant Award Expended |
|---|---------------------------|------------------------------|-------------------------|
| U.S. Department of Interior | | | |
| Bureau of Reclamation | | | |
| Phase 2: Albuquerque Reach Riverline Restoration and Habitat Improvement | 15.000 | 06-FG-40-2549 | 263,768 |
| Phase 1: Isleta Reach Riverline & Habitat Improvement | * 15.000 | 07-FG-40-2708 | 398,365 |
| Phase 2: Isleta Reach Riverline & Habitat Improvement | 15.000 | 07-FG-40-2832 | 32,925 |
| Water Conservation Training Audits & Retrofits | 15.000 | 07-FG-40-2618 | 12,670 |
| Monitoring for Albuquerque Reach Riverline | 15.000 | 07-FG-40-2704 | 163,918 |
| Landscape DVD Series | 15.000 | 07-FG-40-2619 | 10,000 |
| Operations & Maintenance - Los Lunas Silvery Minnow Refugium | 15.000 | 08-FG-40-2803 | 125,099 |
| Pecos Land & Water Rights Acquisition | * 15.000 | 08-FG-40-2805 | 674,935 |
| | | | 1,681,680 |
| U.S. Department of Homeland Security | | | |
| Federal Emergency Management Agency | | | |
| Dam Safety & Security | 97.041 | EMW-2007-GR-0763 | 32,371 |
| National Dam Safety | 97.041 | EMW-2008-GR-0661 | 6,928 |
| | | | 39,299 |
| Total federal awards expended | | | \$ 1,720,979 |

Note 1. Basis for Presentation

The accompanying schedule of federal awards is presented on the GAAP basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

There were no federal awards expended in the form of non-cash assistance, insurance in effect or loans or loan guarantees outstanding at year-end.

*Major Program

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION**

**Schedule of Performance Data
For the Year Ended June 30, 2009**

| <u>Type</u> | <u>Measure</u> | <u>FY09 Target Level</u> | <u>FY09 Year-End Result</u> | <u>Met Target</u> |
|--|--|----------------------------------|-------------------------------------|-----------------------|
| Water Resource & Allocation Program: | | | | |
| Output | Average number of unprotested new and pending applications processed per month | 80 | 74 | No |
| Output | Average number of protested and aggrieved applications processed per month | 9 | 12 | Yes |
| Explanatory | Number of unprotested and unaggrieved water right applications backlogged | 630 | 481 | Yes |
| Explanatory | Number of protested and aggrieved water rights backlogged | 300 | 342 | No |
| Interstate Stream Compact Compliance and Water Development Program: | | | | |
| Outcome | Cumulative state-line delivery credit per the Pecos River Compact and amended decree at the end of calendar year, in acre-feet | 0 | 92,500 | Yes |
| Outcome | Rio Grande River Compact accumulated delivery credit or deficit at end of calendar year, in acre-feet | 0 | 116,000 | Yes |
| Litigation and Adjudication Program: | | | | |
| Outcome | Number of offers to defendants in adjudications | 1,000 | 2,972 | No |
| Outcome | Percent of all water rights that have judicial determinations | 42% | 43% | Yes |
| Program support: | | | | |
| Output | Percent of department contracts that include performance measures | 100% | 100% | Yes |

**Office of the State Engineer
Schedule of Joint Powers Agreements, Memorandum of Understanding and Other Governmental Agreements
For the Year Ended June 30, 2009**

| Agreement | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed current fiscal year | Audit Responsibility | Fiscal agent and responsible reporting entity |
|---|---|------------------------------|---|-----------------------------------|--|---|-----------------------------|--|
| 1 Investments of certain ISC monies | Interstate Stream Commission/ NM State Investment Council | Interstate Stream Commission | Invests certain moneys belonging to the ISC | 3/3/1994 thru Indefinite | N/A | N/A | Both Entities | Both Entities |
| 2 Modification of outlet works at Ute Dam | Office of the State Engineer/US Army Corp | Office of the State Engineer | Modification of outlet works at Ute Dam | 5/15/1997 thru completion | \$927,280 | COMPLETE | Both Entities | Both Entities |
| 3 Silvery Minnow facility | Interstate Stream Commission/City of Albuquerque | Interstate Stream Commission | Design, construct, operate and maintain a nature rearing and breeding facility for the Silvery Minnow | 10/5/2001 thru 10/5/2011 | \$1,905,000 | COMPLETE | Both entities | Both Entities |
| 4 Water litigation with the State of Texas | Interstate Stream Commission/ Office of the Attorney General of New Mexico | Interstate Stream Commission | Prepare for anticipated water litigation with the State of Texas | 3/11/2002 thru completion | \$3,669,000 | \$1,424,000.00 | Both Entities | Both Entities |
| 5 Operation, maintenance and development of a park and recreation area for Eagle Nest Lake | Office of the State Engineer, Interstate Stream Commission, Energy Minerals and Natural Resources and Game and Fish Dept. | Interstate Stream Commission | Operation, maintenance and development of a park and recreation area for Eagle Nest Lake | 10/25/2005 thru 6/30/2027 | As Budgeted per each Department | As Budgeted per each Department | All Entities | Both Entities |
| 6 Construct pipelines for the agricultural community for the Hope Community Ditch Association | Office of the State Engineer, Interstate Stream Commission, Department of Finance, Local Government | Interstate Stream Commission | Construct pipelines for the agricultural community for the Hope Community Ditch Association | 7/27/2004 thru 6/30/2009 | \$280,000 | N/A | DFA | Both Entities |
| 7 Administer the water rights in the district | Office of the State Engineer, Interstate Stream Commission/San Miguel County | Interstate Stream Commission | Administer the water rights in the district | 11/16/2004 thru Indefinite | \$11,200 (amount to be provided by San Miguel for water master expenses | N/A | ISC | Both Entities |
| 8 Technical services in support of water quality sampling on the Canadian River | Office of the State Engineer, Interstate Stream Commission, NM Environment Dept | Interstate Stream Commission | Technical services in support of water quality sampling on the Canadian River | 4/20/2006 thru Indefinite | \$45,000 | NONE | Both Entities | Both Entities |

| Agreement | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed current fiscal year | Audit Responsibility | Fiscal agent and responsible reporting entity |
|--|---|--|--|-----------------------------------|---|---|---------------------------------------|--|
| 9 Technical services in support of water quality sampling on the Gila Water Shed | Office of the State Engineer, Interstate Stream Commission, NM Environment Dept | Interstate Stream Commission | Technical services in support of water quality sampling on the Gila Water Shed | 4/20/2006 thru Indefinite | \$45,000 | NONE | Both Entities | Both Entities |
| 10 Maintain areas of phreatophytes | Interstate Stram Commission/Bureau of Reclamation | Interstate Stream Commission | Maintain area of phreatophytes against regrowth | 1/14/2008 thru 6/30/2012 | \$150,000.00 per fiscal year | \$150,000.00 | Both Entities | Both Entities |
| 11 Coordinate activities for Tamarisk Management in the Colorado River Basin | Central Arizona, Southern Nevada, Colorado Water, Utah Division, Wyoming State Engineers, ISC | All listed | Coordinate activities for Tamarisk Management in the Colorado River Basin | 4/25/2008 thru Indefinite | As Budgeted per each Department | As Budgeted per each Department | All Entities | All Entities |
| 12 Acquisition of water/ water rights | NM Environment/ Interstate Stream Commission | Interstate Stream Commission | Acquisition of water/ water rights | 4/8/2008 thru 6/30/2010 | \$4,280.00 | \$0.00 | Both Entities | Both Entities |
| 13 Planning for interstate water settlements | NM Environment/ Interstate Stream Commission | Interstate Stream Commission | Planning for interstate water settlements | 10/12/2008 thru 6/30/2010 | \$1,000,000.00 | \$0.00 | Both Entities | Both Entities |
| 14 Continued Development of the Upper Rio Grande Water Operations Model | US Army Corp, US Bureau of Reclamation, Interstate Stream Commission | US Army Corp, US Bureau of Reclamation, Interstate Stream Commission | Continued Development of the Upper Rio Grande Water Operatate Model | 10/12/2007 thru 10/12/2012 | \$50,000.00 annually | NONE | US Army Corp/US Bureau of Reclamaiton | Both Entities |
| 15 Constructing Ecosystem Revitalization Route 66 | US Army Corp/ Interstate Stream Commission | US Army Corp/ Interstate Stream Commission | Constructing Ecosystem Revitalization Route 66 | 6/12/2008 thru 6/12/2018 | \$100.00 acre foot | N/A | Both Entities | Both Entities |
| 16 Investigating the connection between the spring recharge to the Rio Grande | Interstate Stream Commission/NM Institute of Mining | Both Entities | Investigating the connection between the spring recharge to the Rio Grande | 9/20/2007 thru 4/15/2009 | \$49,709.00 | \$11,765.88 | Both Entities | Both Entities |
| 17 Pipeline extension in the Bluewater Village | Office of the State Engineer/ Bluewater-Toltec Irrigation | OSE | Pipeline extension in the Bluewater Village | 1/29/2009 thru 6/30/2011 | \$38,000.00 | NONE | Both Entities | Both Entities |
| 18 Water Conservation Measurers | Interstate Stream Commission Bureau of Reclamation | ISC | Water Conservation Measurers | 6/13/2008 thru 9/30/2009 | \$2,380,000.00 | \$900,000.00 | Both Entities | Both Entities |
| 19 Vegetation Management | Interstate Stream Commission Bureau of Reclamation | ISC | Vegetation Management | 12/16/2008 thru 9/30/2009 | \$75,000.00 | \$75,000.00 | Both Entities | Both Entities |
| 20 Collaborative work habitat development | Interstate Stream Commission City of Albuquerque | ISC | Collaborative work habitat development | 3/19/2009 thru 6/30/2010 | \$145,000.00 | \$145,000.00 | Both Entities | Both Entities |

| Agreement | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed current fiscal year | Audit Responsibility | Fiscal agent and responsible reporting entity | |
|------------------|---|---|----------------------|---|---|---|-----------------------------|--|---------------|
| 21 | Quantifying Leaks with Acoustic Loggers | Office of the State Engineer Department of Finance | OSE | Quantifying Leaks with Acoustic Loggers | 2/4/2009 6/30/2010 | \$345,000.00 | N/A | Both Entities | Both Entities |
| 22 | Assessment, maintenance reparis 66 wells | Interstate Stream Commission Elephant Butte Irrigation | ISC | Assessment, maintenance reparis 66 wells | 12/30/2008 6/30/2009 | \$100,000.00 | \$100,000.00 | Both Entities | Both Entities |
| 23 | Burros Project Documentation of Avian Use | Interstate Stream Commission Grant County Soil | ISC | Burros Project Documentation of Avian Use | 11/25/2008 6/30/2009 | \$29,765.00 | \$29,765.00 | Both Entities | Both Entities |
| 24 | Rehabilitation of Gila River ditch diversions | Interstate Stream Commission Grant County Soil | ISC | Rehabilitation of Gila River ditch diversions | 11/25/2008 6/30/2009 | \$220,000.00 | \$220,000.00 | Both Entities | Both Entities |
| 25 | Model Hydrologic response to various vegetation in Gila Mountains | Interstate Stream Commission Grant County Soil | ISC | Model Hydrologic response to various vegetation in Gila Mountains | 11/25/2008 6/30/2009 | \$29,144.00 | \$29,144.00 | Both Entities | Both Entities |
| 26 | Meter wells located in Virden Valley | Office of the State Engineer Hidalgo County Soil | OSE | Meter wells located in Virden Valley | 11/25/2008 6/30/2010 | \$65,696.00 | \$65,696.00 | Both Entities | Both Entities |
| 27 | Los Lunas Silvery Minnow Refugium facility operates | Interstate Stream Commission New Mexico State University | ISC | Los Lunas Silvery Minnow Refugium facility operates | 5/21/2009 6/30/2009 | \$50,000.00 | \$50,000.00 | Both Entities | Both Entities |
| 28 | Decision Mkers Field Conference | Interstate Stream Commission NM Bureau of Geology | ISC | Decision Mkers Field Conference | 12/4/2008 6/30/2009 | \$20,000.00 | \$20,000.00 | Both Entities | Both Entities |
| 29 | Acquire rights of way and constuct pipeline Navajo Nation | Office of the State Engineer NM Environment Dept. | NM Environment Dept. | Acquire rights of way and constuct pipeline Navajo Nation | 3/17/2009 6/30/2012 | \$1,250,000.00 | None | Both Entities | Both Entities |
| 30 | Construct diversion point Bloomfield | Office of the State Engineer NM Environment Dept. | NM Environment Dept. | Construct diversion point Bloomfield | 3/17/2009 6/30/2011 | \$500,000.00 | None | Both Entities | Both Entities |
| 31 | Field data collection in Gallinas River and Acequias in Las Vegas, NM | Office of the State Engineer New Mexico Highlands | OSE | Field data collection in Gallinas River and Acequias in Las Vegas, NM | 8/4/2008 10/31/2008 | \$7,126.85 | \$7,126.85 | Both Entities | Both Entities |
| 32 | Gila planning process | Interstate Stream Commission New Mexico Highlands | ISC | Gila planning process | 12/30/2008 6/30/2009 | \$258,750.00 | \$134,000.00 | Both Entities | Both Entities |
| 33 | Salinity to the Rio Grande | Interstate Stream Commission NM Institute of Mining | ISC | Salinity to the Rio Grande | 10/8/2008 6/30/2009 | \$13,498.00 | \$13,498.00 | Both Entities | Both Entities |
| 34 | Mult-day conference for livestock and agricultural producers | Interstate Stream Commission New Mexico State University | ISC | Mult-day conference for livestock and agricultural producers | 12/19/2008 6/30/2009 | \$5,000.00 | \$5,000.00 | Both Entities | Both Entities |
| 35 | Sacramento Mountain Watershed | Interstate Stream Commission NM Institute of Mining | ISC | Sacramento Mountain Watershed | 8/20/2008 6/30/2009 | \$58,413.36 | \$58,413.36 | Both Entities | Both Entities |

| Agreement | Participants | Responsible Party | Description | Beginning and Ending Dates | Total estimated project amount and amount applicable to Agency | Amount contributed current fiscal year | Audit Responsibility | Fiscal agent and responsible reporting entity |
|-------------------------------------|---|--------------------------|----------------------------------|-----------------------------------|---|---|-----------------------------|--|
| 36 Gila Planning Process | Interstate Stream Commission New Mexico State University | ISC | Gila Planning Process | 12/30/2008 6/30/2009 | \$258,750.00 | \$258,750.00 | Both Entities | Both Entities |
| 37 Oasis Well RA-59-2 PVACD | Interstate Stream Commission Pecos Valley Artesian | ISC | Oasis Well RA-59-2 PVACD | 9/3/2008 6/30/2009 | \$20,738.40 | \$20,738.40 | Both Entities | Both Entities |
| 38 Investigation of Water Resources | Interstate Stream Commission US Department of Interior | ISC | Investigation of Water Resources | 11/5/2008 6/30/2009 | \$9,458.00 | \$9,458.00 | Both Entities | Both Entities |
| 39 Investigation of Water Resources | Interstate Stream Commission US Department of Interior | ISC | Investigation of Water Resources | 7/1/2008 6/30/2009 | \$23,100.00 | \$23,100.00 | Both Entities | Both Entities |
| 40 Investigation of Water Resources | Interstate Stream Commission US Department of Interior | ISC | Investigation of Water Resources | 7/1/2008 6/30/2009 | \$462,122.00 | \$462,122.00 | Both Entities | Both Entities |
| 41 Investigation of Water Resources | Interstate Stream Commission US Department of Interior | ISC | Investigation of Water Resources | 2/15/2009 6/30/2009 | \$99,626.00 | \$99,626.00 | Both Entities | Both Entities |
| 42 Investigation of Water Resources | Office of the State Engineer US Department of Interior | OSE | Investigation of Water Resources | 7/1/2008 6/30/2009 | \$6,072.00 | \$6,072.00 | Both Entities | Both Entities |
| 43 Investigation of Water Resources | Office of the State Engineer US Department of Interior | OSE | Investigation of Water Resources | 7/1/2008 6/30/2009 | \$163,089.00 | \$163,089.00 | Both Entities | Both Entities |

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER
SCHEDULE OF SPECIAL, DEFICIENCY, SPECIFIC AND CAPITAL OUTLAY APPROPRIATIONS
For The Year Ended June 30, 2009

| Description | SHARE Identifier # | Original Appropriation | Appropriation Period | Expend- itures To Date | Out- standing Encumb- rances | Unencumb- ered Balances | Notes: |
|--|--------------------------|---------------------------|-------------------------|------------------------------|---------------------------------------|-------------------------------|--------|
| Fund 267 | | | | | | | |
| Special, Deficiency, Specific and Capital Outlay Appropriations | | | | | | | |
| Laws of 2007, Chapter 341, Section 268 | A020069 | \$ 80,000 | 07/01/2002-06/30/2011 | - | - | 80,000.00 | 1 |
| Laws of 2007, Chapter 341, Section 337 | A021410 | 5,000,000 | 07/01/2002-06/30/2011 | 1,164,361 | 2,297,982.42 | 1,537,656.87 | 1 |
| Laws of 2007, Chapter 341, Section 264 | A021448 | 40,000 | 07/01/2002-06/30/2011 | - | 40,000.00 | - | 1 |
| Laws of 2007, Chapter 341, Section 282 | A021695 | 501,000 | 07/01/2002-06/30/2010 | 500,830 | - | 169.89 | 1 |
| Laws of 2007, Chapter 341, Section 309 | A021696 | 1,040,000 | 07/01/2002-06/30/2010 | 428,886 | 535,755.35 | 75,358.48 | 1 |
| Laws of 2008, Chapter 83, Section 407 | A030287 | 200,000 | 07/01/2003-06/30/2010 | 199,033 | 967.17 | - | 1 |
| Laws of 2007, Chapter 341, Section 247 | A030289 | 50,000 | 07/01/2003-06/30/2011 | - | 50,000.00 | - | 1 |
| Laws of 2007, Chapter 341, Section 249 | A030294 | 100,000 | 07/01/2003-06/30/2011 | - | 10,757.00 | 89,243.00 | 1 |
| Laws of 2008, Chapter 83, Section 307 | A030297 | 25,000 | 07/01/2003-06/30/2010 | - | - | 25,000.00 | 1 |
| Laws of 2008, Chapter 83, Section 320 | A030298 | 10,000 | 07/01/2003-06/30/2010 | - | - | 10,000.00 | 1 |
| Laws of 2008, Chapter 83, Section 416 | A030305 | 10,000 | 07/01/2003-06/30/2010 | - | 10,000.00 | - | 1 |
| Laws of 2009, Chapter 128, Section 501 | A030306 | 25,000 | 07/01/2003-06/30/2010 | - | - | 25,000.00 | 1 |
| Laws of 2004, Chapter 8 | A040185 | 100,000 | 07/01/2004-06/30/2009 | 100,000 | - | - | |
| Laws of 2004, Chapter 126, Section 26, Subsection 1 | A040541 | 10,500 | 07/01/2004-06/30/2009 | - | - | 10,500.00 | |
| Laws of 2009, Chapter 128, Section 173 | A040543 | 10,000 | 07/01/2004-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2009, Chapter 128, Section 174 | A040544 | 10,000 | 07/01/2004-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2009, Chapter 128, Section 252 | A040546 | 90,000 | 07/01/2004-06/30/2011 | 17,846 | - | 72,153.69 | |
| Laws of 2004, Chapter 126, Section 27, Subsection 5 | A040553 | 15,000 | 07/01/2004-06/30/2009 | 15,000 | - | - | |
| Laws of 2004, Chapter 126, Section 27, Subsection 9 | A040557 | 40,000 | 07/01/2004-06/30/2009 | 37,977 | 2,022.60 | - | |
| Laws of 2004, Chapter 126, Section 29, Subsection 88 | A040647 | 100,000 | 07/01/2004-06/30/2009 | 95,159 | - | 4,841.41 | |
| Laws of 2008, Chapter 83, Section 417 | A041418 | 10,000 | 07/01/2006-06/30/2009 | 10,000 | - | - | |
| Laws of 2004, Chapter 126, Section 111, Subsection 3 | A041524 | 125,000 | 07/01/2004-06/30/2009 | 125,000 | - | - | |
| Laws of 2004, Chapter 126, Section 129, Subsection 7 | A042066 | 125,000 | 07/01/2004-06/30/2009 | 125,000 | - | - | |
| Laws of 2004, Chapter 126, Section 133, Subsection 5 | A042159 | 10,000 | 07/01/2004-06/30/2009 | 9,998 | 2.46 | - | |
| Laws of 2004, Chapter 126, Section 133, Subsection 7 | A042161 | 50,000 | 07/01/2004-06/30/2009 | 50,000 | - | - | |
| Laws of 2008, Chapter 83, Section 434 | A042626 | 20,000 | 07/01/2006-06/30/2009 | 20,000 | - | - | |
| Laws of 2005, Chapter 347, Section 9, Subsection 1 | A050048 | 50,000 | 07/01/2005-06/30/2010 | - | - | 50,000.00 | 1 |
| Laws of 2005, Chapter 347, Section 9, Subsection 2 | A050049 | 25,000 | 07/01/2005-06/30/2010 | 25,000 | - | - | |
| Laws of 2005, Chapter 347, Section 9, Subsection 3 | A050050 | 60,000 | 07/01/2005-06/30/2010 | 60,000 | - | - | |
| Laws of 2005, Chapter 347, Section 9, Subsection 4 | A050051 | 45,000 | 07/01/2005-06/30/2010 | - | 45,000.00 | - | 1 |
| Laws of 2005, Chapter 347, Section 9, Subsection 5 | A050052 | 30,000 | 07/01/2005-06/30/2010 | - | - | 30,000.00 | 1 |
| Laws of 2005, Chapter 347, Section 9, Subsection 6 | A050053 | 2,800,000 | 07/01/2005-06/30/2010 | 2,191,208 | - | 608,791.62 | 1 |
| Laws of 2007, Chapter 341, Section 115 | A050056 | 50,000 | 07/01/2005-06/30/2010 | - | 50,000.00 | - | 1 |
| Laws of 2005, Chapter 347, Section 9, Subsection 10 | A050057 | 50,000 | 07/01/2005-06/30/2010 | - | 50,000.00 | - | 1 |
| Laws of 2005, Chapter 347, Section 9, Subsection 11 | A050058 | 50,000 | 07/01/2005-06/30/2010 | 12,102 | 37,898.00 | - | 1 |
| Laws of 2005, Chapter 347, Section 10, Subsection 1 | A050059 | 10,000,000 | 07/01/2005-06/30/2010 | 9,999,366 | 633.80 | - | 1 |

| Description | SHARE Identifier # | Original Appropriation | Appropriation Period | Expenditures To Date | Out-standing Encumbrances | Unencumbered Balances | Notes: |
|--|---------------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------------|------------------------------|---------------|
| Laws of 2005, Chapter 347, Section 10, Subsection 2 | A050060 | 50,000 | 07/01/2005-06/30/2010 | 49,889 | 111.13 | - | 1 |
| Laws of 2005, Chapter 347, Section 10, Subsection 3 | A050061 | 50,000 | 07/01/2005-06/30/2010 | 22,779 | 27,220.56 | - | 1 |
| Laws of 2007, Chapter 341, Section 348 | A050278 | 38,000 | 07/01/2007-06/30/2011 | - | 38,000.00 | - | 1 |
| Laws of 2005, Chapter 347, Section 34, Subsection 1 | A051052 | 350,000 | 07/01/2005-06/30/2010 | 10,078 | 339,921.87 | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 2 | A051053 | 75,000 | 07/01/2005-06/30/2010 | - | 75,000.00 | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 3 | A051054 | 60,000 | 07/01/2005-06/30/2010 | - | 60,000.00 | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 4 | A051055 | 90,000 | 07/01/2005-06/30/2010 | - | - | 90,000.00 | |
| Laws of 2008, Chapter 83, Section 224 | A051056 | 10,000 | 07/01/2005-06/30/2010 | - | 10,000.00 | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 6 | A051057 | 1,000,000 | 07/01/2005-06/30/2010 | 393,667 | 174,420.75 | 431,912.71 | |
| Laws of 2005, Chapter 347, Section 34, Subsection 7 | A051058 | 17,000 | 07/01/2005-06/30/2010 | 17,000 | - | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 9 | A051060 | 100,000 | 07/01/2005-06/30/2010 | 100,000 | - | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 14 | A051065 | 25,000 | 07/01/2005-06/30/2010 | - | - | 25,000.00 | |
| Laws of 2005, Chapter 347, Section 34, Subsection 15 | A051066 | 25,000 | 07/01/2005-06/30/2010 | 25,000 | - | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 16 | A051067 | 50,000 | 07/01/2005-06/30/2010 | - | 50,000.00 | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 17 | A051068 | 20,000 | 07/01/2005-06/30/2010 | 20,000 | - | - | |
| Laws of 2005, Chapter 347, Section 34, Subsection 18 | A051069 | 45,000 | 07/01/2005-06/30/2010 | - | 41,889.70 | 3,110.30 | |
| Laws of 2005, Chapter 347, Section 35, Subsection 3 | A051072 | 15,000 | 07/01/2005-06/30/2010 | 14,464 | 536.00 | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 4 | A051073 | 20,000 | 07/01/2005-06/30/2010 | 20,000 | - | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 5 | A051074 | 5,000 | 07/01/2005-06/30/2010 | 4,095 | - | 905.12 | |
| Laws of 2005, Chapter 347, Section 35, Subsection 6 | A051075 | 15,000 | 07/01/2005-06/30/2010 | - | 15,000.00 | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 7 | A051076 | 75,000 | 07/01/2005-06/30/2010 | 75,000 | - | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 9 | A051078 | 40,000 | 07/01/2005-06/30/2010 | - | - | 40,000.00 | |
| Laws of 2005, Chapter 347, Section 35, Subsection 10 | A051079 | 25,000 | 07/01/2005-06/30/2010 | 21,490 | 3,509.87 | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 11 | A051080 | 5,000 | 07/01/2005-06/30/2010 | 4,053 | 947.30 | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 13 | A051082 | 25,000 | 07/01/2005-06/30/2010 | 20,643 | 4,357.46 | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 16 | A051085 | 45,000 | 07/01/2005-06/30/2010 | 45,000 | - | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 17 | A051086 | 45,000 | 07/01/2005-06/30/2010 | 45,000 | - | - | |
| Laws of 2005, Chapter 347, Section 35, Subsection 19 | A051088 | 10,000 | 07/01/2005-06/30/2010 | 10,000 | - | - | |
| Laws of 2009, Chapter 128, Section 418 | A051090 | 10,000 | 07/01/2005-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2009, Chapter 128, Section 322 | A051091 | 10,000 | 07/01/2005-06/30/2011 | 4,870 | 5,130.35 | - | |
| Laws of 2007, Chapter 341, Section 349 | A051406 | 30,000 | 07/01/2007-06/30/2010 | - | 30,000.00 | - | |
| Laws of 2006, Chapter 111, Section 11, Subsection 1 | A060134 | 100,000 | 07/01/2006-06/30/2010 | - | - | 100,000.00 | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 2 | A060135 | 200,000 | 07/01/2006-06/30/2010 | - | - | 200,000.00 | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 3 | A060136 | 250,000 | 07/01/2006-06/30/2010 | - | 122,117.14 | 127,882.86 | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 4 | A060137 | 150,000 | 07/01/2006-06/30/2010 | 147,226 | 2,773.96 | - | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 5 | A060138 | 100,000 | 07/01/2006-06/30/2010 | 48,792 | 51,208.13 | - | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 6 | A060139 | 400,000 | 07/01/2006-06/30/2010 | - | - | 400,000.00 | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 7 | A060140 | 200,000 | 07/01/2006-06/30/2010 | 169,666 | 30,334.20 | - | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 8 | A060141 | 9,000,000 | 07/01/2006-06/30/2010 | 8,962,461 | 19,357.29 | 18,182.08 | 1 |
| Laws of 2006, Chapter 111, Section 11, Subsection 9 | A060142 | 500,000 | 07/01/2006-06/30/2010 | - | - | 500,000.00 | 1 |
| Laws of 2006, Chapter 111, Section 12, Subsection 2 | A060144 | 50,000 | 07/01/2006-06/30/2010 | 50,000 | - | - | 1 |
| Laws of 2006, Chapter 111, Section 12, Subsection 3 | A060145 | 75,000 | 07/01/2006-06/30/2010 | - | 75,000.00 | - | 1 |
| Laws of 2006, Chapter 111, Section 12, Subsection 4 | A060146 | 50,000 | 07/01/2006-06/30/2010 | 40,598 | 9,402.02 | - | 1 |

| <u>Description</u> | <u>SHARE Identifier #</u> | <u>Original Appropriation</u> | <u>Appropriation Period</u> | <u>Expenditures To Date</u> | <u>Out-standing Encumbrances</u> | <u>Unencumbered Balances</u> | <u>Notes:</u> |
|--|---------------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------------|------------------------------|---------------|
| Laws of 2006, Chapter 111, Section 12, Subsection 5 | A060147 | 200,000 | 07/01/2006-06/30/2010 | 114,994 | 85,006.20 | - | 1 |
| Laws of 2006, Chapter 111, Section 12, Subsection 6 | A060148 | 150,000 | 07/01/2006-06/30/2010 | 125,443 | 24,556.71 | - | 1 |
| Laws of 2006, Chapter 111, Section 12, Subsection 7 | A060149 | 70,000 | 07/01/2006-06/30/2010 | 70,000 | - | - | 1 |
| Laws of 2006, Chapter 111, Section 42, Subsection 2 | A061013 | 25,000 | 07/01/2006-06/30/2010 | - | - | 25,000.00 | |
| Laws of 2006, Chapter 111, Section 42, Subsection 3 | A061014 | 114,000 | 07/01/2006-06/30/2010 | 104,000 | 10,000.00 | - | |
| Laws of 2006, Chapter 111, Section 42, Subsection 4 | A061015 | 60,000 | 07/01/2006-06/30/2010 | - | - | 60,000.00 | |
| Laws of 2006, Chapter 111, Section 42, Subsection 5 | A061016 | 200,000 | 07/01/2006-06/30/2010 | 171,539 | 28,461.26 | - | |
| Laws of 2006, Chapter 111, Section 42, Subsection 6 | A061017 | 50,000 | 07/01/2006-06/30/2010 | - | - | 50,000.00 | |
| Laws of 2006, Chapter 111, Section 42, Subsection 9 | A061020 | 60,000 | 07/01/2006-06/30/2010 | 47,612 | 12,388.21 | - | |
| Laws of 2008, Chapter 83, Section 346 | A061023 | 20,000 | 07/01/2006-06/30/2010 | 14,459 | 5,541.06 | - | |
| Laws of 2006, Chapter 111, Section 42, Subsection 15 | A061025 | 1,500,000 | 07/01/2006-06/30/2010 | 1,500,000 | - | - | |
| Laws of 2006, Chapter 111, Section 42, Subsection 17 | A061026 | 300,000 | 07/01/2006-06/30/2010 | 211,012 | 39,695.93 | 49,292.05 | |
| Laws of 2006, Chapter 111, Section 42, Subsection 18 | A061027 | 2,000,000 | 07/01/2006-06/30/2010 | 1,065,438 | 172,546.77 | 762,015.06 | |
| Laws of 2006, Chapter 111, Section 42, Subsection 20 | A061029 | 800,000 | 07/01/2006-06/30/2010 | 143,131 | 50,428.87 | 606,440.00 | |
| Laws of 2006, Chapter 111, Section 42, Subsection 21 | A061030 | 70,000 | 07/01/2006-06/30/2010 | - | - | 70,000.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 1 | A061031 | 31,250 | 07/01/2006-06/30/2010 | - | - | 31,250.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 5 | A061033 | 30,000 | 07/01/2006-06/30/2010 | 2,492 | 27,507.51 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 6 | A061034 | 50,000 | 07/01/2006-06/30/2010 | 50,000 | - | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 8 | A061036 | 80,000 | 07/01/2006-06/30/2010 | - | 80,000.00 | - | |
| Laws of 2009, Chapter 128, Section 421 | A061037 | 60,000 | 07/01/2006-06/30/2011 | - | - | 60,000.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 10 | A061038 | 40,000 | 07/01/2006-06/30/2010 | 34,379 | 5,621.29 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 11 | A061039 | 50,000 | 07/01/2006-06/30/2010 | 34,101 | 15,898.94 | - | |
| Laws of 2009, Chapter 128, Section 400 | A061040 | 38,000 | 07/01/2006-06/30/2011 | - | - | 38,000.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 13 | A061041 | 25,000 | 07/01/2006-06/30/2010 | 24,316 | 684.37 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 14 | A061042 | 15,000 | 07/01/2006-06/30/2010 | 14,969 | - | 30.75 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 15 | A061043 | 30,000 | 07/01/2006-06/30/2010 | 18,000 | 12,000.28 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 16 | A061044 | 25,000 | 07/01/2006-06/30/2010 | - | 25,000.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 18 | A061045 | 60,000 | 07/01/2006-06/30/2010 | - | 60,000.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 20 | A061047 | 25,000 | 07/01/2006-06/30/2010 | - | 25,000.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 21 | A061048 | 15,000 | 07/01/2006-06/30/2010 | 14,460 | 540.23 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 23 | A061050 | 7,000 | 07/01/2006-06/30/2010 | 7,000 | - | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 24 | A061051 | 28,000 | 07/01/2006-06/30/2010 | - | - | 28,000.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 26 | A061052 | 100,000 | 07/01/2006-06/30/2010 | 60,592 | 39,407.61 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 27 | A061053 | 25,000 | 07/01/2006-06/30/2010 | 13,163 | 11,837.50 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 28 | A061054 | 10,000 | 07/01/2006-06/30/2010 | 10,000 | - | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 29 | A061055 | 150,000 | 07/01/2006-06/30/2010 | - | 150,000.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 30 | A061056 | 25,000 | 07/01/2006-06/30/2010 | 25,000 | - | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 32 | A061057 | 8,000 | 07/01/2006-06/30/2010 | - | - | 8,000.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 33 | A061058 | 10,000 | 07/01/2006-06/30/2010 | - | 10,000.00 | - | |
| Laws of 2009, Chapter 128, Section 401 | A061059 | 35,000 | 07/01/2006-06/30/2011 | - | - | 35,000.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 38 | A061061 | 40,000 | 07/01/2006-06/30/2010 | - | - | 40,000.00 | |
| Laws of 2006, Chapter 111, Section 43, Subsection 39 | A061062 | 10,000 | 07/01/2006-06/30/2010 | 9,999 | 1.50 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 40 | A061063 | 10,000 | 07/01/2006-06/30/2010 | - | 10,000.00 | - | |

| Description | SHARE Identifier # | Original Appropriation | Appropriation Period | Expenditures To Date | Out-standing Encumbrances | Unencumbered Balances | Notes: |
|---|---------------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------------|------------------------------|---------------|
| Laws of 2006, Chapter 111, Section 43, Subsection 41 | A061064 | 50,000 | 07/01/2006-06/30/2010 | - | 50,000.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 42 | A061065 | 10,000 | 07/01/2006-06/30/2010 | 4,098 | 5,901.89 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 43 | A061066 | 50,000 | 07/01/2006-06/30/2010 | 2,315 | 47,685.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 44 | A061067 | 25,000 | 07/01/2006-06/30/2010 | 25,000 | 0.24 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 48 | A061071 | 30,000 | 07/01/2006-06/30/2010 | - | 30,000.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 49 | A061072 | 30,000 | 07/01/2006-06/30/2010 | 27,712 | 2,288.14 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 53 | A061076 | 40,000 | 07/01/2006-06/30/2010 | 22,422 | 17,578.17 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 54 | A061077 | 125,000 | 07/01/2006-06/30/2010 | 125,000 | - | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 55 | A061078 | 50,000 | 07/01/2006-06/30/2010 | - | 50,000.00 | - | |
| Laws of 2006, Chapter 111, Section 43, Subsection 56 | A061079 | 100,000 | 07/01/2006-06/30/2010 | 100,000 | - | - | |
| Laws of 2006, Chapter 111, Section 45, Subsection 52 | A061127 | 400,000 | 07/01/2006-06/30/2010 | 89,002 | 287,155.43 | 23,842.77 | |
| Laws of 2006, Chapter 111, Section 45, Subsection 100 | A061173 | 200,000 | 07/01/2006-06/30/2010 | 10,150 | 1,197.13 | 188,652.87 | |
| Laws of 2006, Chapter 111, Section 45, Subsection 177 | A061247 | 75,000 | 07/01/2006-06/30/2010 | 62,887 | - | 12,113.17 | |
| Laws of 2009, Chapter 128, Section 498 | A062271 | 9,000,000 | 07/01/2006-06/30/2011 | 8,726,238 | 95,137.54 | 178,624.09 | |
| Laws of 2007, Chapter 2, Section 20, Subsection 1 | A073216 | 250,100 | 07/01/2007-06/30/2011 | 250,100 | - | - | |
| Laws of 2007, Chapter 2, Section 20, Subsection 2 | A073217 | 51,900 | 07/01/2007-06/30/2011 | 51,900 | - | - | |
| Laws of 2007, Chapter 2, Section 20, Subsection 3 | A073218 | 48,000 | 07/01/2007-06/30/2011 | - | 48,000.00 | - | |
| Laws of 2007, Chapter 2, Section 20, Subsection 4 | A073219 | 25,000 | 07/01/2007-06/30/2011 | - | - | 25,000.00 | |
| Laws of 2007, Chapter 2, Section 20, Subsection 5 | A073220 | 1,000,000 | 07/01/2007-06/30/2011 | - | - | 1,000,000.00 | |
| Laws of 2007, Chapter 2, Section 20, Subsection 6 | A073221 | 500,000 | 07/01/2007-06/30/2011 | - | 17,250.00 | 482,750.00 | |
| Laws of 2007, Chapter 2, Section 20, Subsection 7 | A073222 | 10,000 | 07/01/2007-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2007, Chapter 2, Section 21, Subsection 14 | A073236 | 1,000,000 | 07/01/2007-06/30/2011 | 519,497 | 480,503.14 | - | |
| Laws of 2009, Chapter 128, Section 115 | A073265 | 75,000 | 07/01/2007-06/30/2011 | - | - | 75,000.00 | |
| Laws of 2007, Chapter 2, Section 25, Subsection 2 | A073266 | 48,000 | 07/01/2007-06/30/2011 | 48,000 | - | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 3 | A073267 | 20,000 | 07/01/2007-06/30/2011 | - | - | 20,000.00 | |
| Laws of 2007, Chapter 2, Section 25, Subsection 4 | A073268 | 28,000 | 07/01/2007-06/30/2011 | - | 28,000.00 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 5 | A073269 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 6 | A073270 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 7 | A073271 | 25,000 | 07/01/2007-06/30/2011 | 17,389 | 7,611.10 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 8 | A073272 | 66,000 | 07/01/2007-06/30/2011 | - | 66,000.00 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 9 | A073273 | 15,000 | 07/01/2007-06/30/2011 | - | 15,000.00 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 10 | A073274 | 20,000 | 07/01/2007-06/30/2011 | 11,658 | 8,341.73 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 11 | A073275 | 15,000 | 07/01/2007-06/30/2011 | - | 15,000.00 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 12 | A073276 | 50,000 | 07/01/2007-06/30/2011 | 49,726 | 273.73 | 0.00 | |
| Laws of 2007, Chapter 2, Section 25, Subsection 13 | A073277 | 20,000 | 07/01/2007-06/30/2011 | 6,283 | 13,716.54 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 14 | A073278 | 20,000 | 07/01/2007-06/30/2011 | 6,462 | 13,537.94 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 15 | A073279 | 23,800 | 07/01/2007-06/30/2011 | - | - | 23,800.00 | |
| Laws of 2007, Chapter 2, Section 25, Subsection 18 | A073282 | 25,000 | 07/01/2007-06/30/2011 | 25,000 | - | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 19 | A073283 | 30,000 | 07/01/2007-06/30/2011 | 16,097 | 13,902.69 | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 20 | A073284 | 10,000 | 07/01/2007-06/30/2011 | 10,000 | - | - | |
| Laws of 2007, Chapter 2, Section 25, Subsection 21 | A073285 | 50,000 | 07/01/2007-06/30/2011 | 50,000 | - | 0.00 | |
| Laws of 2007, Chapter 2, Section 25, Subsection 22 | A073286 | 23,800 | 07/01/2007-06/30/2011 | - | - | 23,800.00 | |
| Laws of 2007, Chapter 2, Section 25, Subsection 23 | A073287 | 23,000 | 07/01/2007-06/30/2011 | - | - | 23,000.00 | |

| Description | SHARE Identifier # | Original Appropriation | Appropriation Period | Expenditures To Date | Out-standing Encumbrances | Unencumbered Balances | Notes: |
|---|---------------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------------|------------------------------|---------------|
| Laws of 2007, Chapter 2, Section 25, Subsection 24 | A073288 | 25,000 | 07/01/2007-06/30/2011 | - | - | 25,000.00 | |
| Laws of 2007, Chapter 42, Section 15, Subsection 1 | A073717 | 250,000 | 07/01/2007-06/30/2011 | 76,034 | 24,103.03 | 149,862.59 | 1 |
| Laws of 2007, Chapter 42, Section 15, Subsection 2 | A073718 | 250,000 | 07/01/2007-06/30/2011 | - | - | 250,000.00 | 1 |
| Laws of 2007, Chapter 42, Section 58, Subsection 1 | A074397 | 145,000 | 07/01/2007-06/30/2011 | - | 145,000.00 | - | |
| Laws of 2007, Chapter 42, Section 58, Subsection 2 | A074398 | 100,000 | 07/01/2007-06/30/2011 | - | - | 100,000.00 | |
| Laws of 2007, Chapter 42, Section 58, Subsection 3 | A074399 | 91,900 | 07/01/2007-06/30/2011 | - | - | 91,900.00 | |
| Laws of 2007, Chapter 42, Section 58, Subsection 4 | A074400 | 50,000 | 07/01/2007-06/30/2011 | 6,922 | 43,078.10 | - | |
| Laws of 2007, Chapter 42, Section 58, Subsection 5 | A074401 | 500,000 | 07/01/2007-06/30/2011 | - | - | 500,000.00 | |
| Laws of 2007, Chapter 42, Section 58, Subsection 6 | A074402 | 750,000 | 07/01/2007-06/30/2011 | - | 750,000.00 | - | |
| Laws of 2007, Chapter 42, Section 58, Subsection 7 | A074403 | 145,000 | 07/01/2007-06/30/2011 | 145,000 | - | - | |
| Laws of 2007, Chapter 42, Section 58, Subsection 8 | A074404 | 1,500,000 | 07/01/2007-06/30/2011 | 77,000 | 423,000.00 | 1,000,000.00 | |
| Laws of 2007, Chapter 42, Section 58, Subsection 9 | A074405 | 1,000,000 | 07/01/2007-06/30/2011 | - | - | 1,000,000.00 | |
| Laws of 2007, Chapter 42, Section 58, Subsection 10 | A074406 | 500,000 | 07/01/2007-06/30/2011 | - | - | 500,000.00 | |
| Laws of 2007, Chapter 42, Section 58, Subsection 11 | A074407 | 1,000,000 | 07/01/2007-06/30/2011 | 162,218 | 308,442.02 | 529,339.95 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 1 | A074779 | 10,000 | 07/01/2007-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 2 | A074780 | 10,000 | 07/01/2007-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 3 | A074781 | 55,000 | 07/01/2007-06/30/2011 | - | - | 55,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 4 | A074782 | 10,000 | 07/01/2007-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 5 | A074783 | 20,000 | 07/01/2007-06/30/2011 | - | - | 20,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 6 | A074784 | 40,000 | 07/01/2007-06/30/2011 | - | - | 40,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 7 | A074785 | 48,000 | 07/01/2007-06/30/2011 | - | - | 48,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 8 | A074786 | 75,000 | 07/01/2007-06/30/2011 | - | 75,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 9 | A074787 | 70,000 | 07/01/2007-06/30/2011 | 25,330 | 44,670.44 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 11 | A074789 | 50,000 | 07/01/2007-06/30/2011 | 23,885 | 26,114.84 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 12 | A074790 | 100,000 | 07/01/2007-06/30/2011 | 35,169 | 64,831.10 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 13 | A074791 | 10,000 | 07/01/2007-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 14 | A074792 | 20,000 | 07/01/2007-06/30/2011 | 19,826 | 174.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 15 | A074793 | 35,000 | 07/01/2007-06/30/2011 | - | 35,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 16 | A074794 | 40,000 | 07/01/2007-06/30/2011 | - | 40,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 17 | A074795 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 18 | A074796 | 30,000 | 07/01/2007-06/30/2011 | - | - | 30,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 19 | A074797 | 10,000 | 07/01/2007-06/30/2011 | 8,860 | 1,140.21 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 20 | A074798 | 20,000 | 07/01/2007-06/30/2011 | - | 20,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 21 | A074799 | 30,000 | 07/01/2007-06/30/2011 | - | 30,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 22 | A074800 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 23 | A074801 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 24 | A074802 | 65,000 | 07/01/2007-06/30/2011 | 7,241 | 57,758.98 | - | |
| Laws of 2008, Chapter 83, Section 360 | A074803 | 25,000 | 07/01/2007-06/30/2011 | 25,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 26 | A074804 | 25,000 | 07/01/2007-06/30/2011 | 1,657 | 23,342.98 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 27 | A074805 | 200,000 | 07/01/2007-06/30/2011 | - | - | 200,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 28 | A074806 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 29 | A074807 | 50,000 | 07/01/2007-06/30/2011 | - | - | 50,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 30 | A074808 | 15,000 | 07/01/2007-06/30/2011 | 11,828 | 3,172.28 | - | |

| <u>Description</u> | <u>SHARE Identifier #</u> | <u>Original Appropriation</u> | <u>Appropriation Period</u> | <u>Expenditures To Date</u> | <u>Out-standing Encumbrances</u> | <u>Unencumbered Balances</u> | <u>Notes:</u> |
|---|---------------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------------|------------------------------|---------------|
| Laws of 2007, Chapter 42, Section 67, Subsection 31 | A074809 | 200,000 | 07/01/2007-06/30/2011 | 46,551 | 153,449.02 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 32 | A074810 | 90,000 | 07/01/2007-06/30/2011 | - | - | 90,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 33 | A074811 | 30,000 | 07/01/2007-06/30/2011 | - | - | 30,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 34 | A074812 | 100,000 | 07/01/2007-06/30/2011 | 8,484 | 91,516.50 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 35 | A074813 | 20,000 | 07/01/2007-06/30/2011 | 3,320 | 16,680.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 36 | A074814 | 30,000 | 07/01/2007-06/30/2011 | 19,000 | 11,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 37 | A074815 | 15,000 | 07/01/2007-06/30/2011 | 10,683 | 4,316.98 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 38 | A074816 | 100,000 | 07/01/2007-06/30/2011 | - | 100,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 39 | A074817 | 10,000 | 07/01/2007-06/30/2011 | 10,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 40 | A074818 | 30,000 | 07/01/2007-06/30/2011 | - | - | 30,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 41 | A074819 | 80,000 | 07/01/2007-06/30/2011 | 22,999 | 57,001.44 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 42 | A074820 | 400,000 | 07/01/2007-06/30/2011 | - | - | 400,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 43 | A074821 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 44 | A074822 | 40,000 | 07/01/2007-06/30/2011 | - | - | 40,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 45 | A074823 | 50,000 | 07/01/2007-06/30/2011 | - | - | 50,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 46 | A074824 | 10,000 | 07/01/2007-06/30/2011 | - | 10,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 47 | A074825 | 10,000 | 07/01/2007-06/30/2011 | 9,999 | 1.00 | - | |
| Laws of 2009, Chapter 128, Section 419 | A074826 | 20,000 | 07/01/2007-06/30/2011 | - | - | 20,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 49 | A074827 | 40,000 | 07/01/2007-06/30/2011 | 11,132 | 28,867.64 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 50 | A074828 | 10,000 | 07/01/2007-06/30/2011 | - | - | 10,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 51 | A074829 | 35,000 | 07/01/2007-06/30/2011 | 19,715 | 15,284.94 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 52 | A074830 | 60,000 | 07/01/2007-06/30/2011 | 44,100 | 15,900.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 53 | A074831 | 80,000 | 07/01/2007-06/30/2011 | - | 80,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 54 | A074832 | 40,000 | 07/01/2007-06/30/2011 | - | 40,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 55 | A074833 | 40,000 | 07/01/2007-06/30/2011 | 39,980 | 20.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 56 | A074834 | 60,000 | 07/01/2007-06/30/2011 | 38,431 | 21,568.96 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 57 | A074835 | 20,000 | 07/01/2007-06/30/2011 | 9,970 | 10,029.83 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 58 | A074836 | 5,000 | 07/01/2007-06/30/2011 | - | 5,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 59 | A074837 | 25,000 | 07/01/2007-06/30/2011 | - | - | 25,000.00 | |
| Laws of 2008, Chapter 83, Section 355 | A074838 | 100,000 | 07/01/2007-06/30/2011 | - | 100,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 61 | A074839 | 116,000 | 07/01/2007-06/30/2011 | 26,104 | 89,896.18 | - | |
| Laws of 2008, Chapter 83, Section 356 | A074840 | 116,000 | 07/01/2007-06/30/2011 | - | 116,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 63 | A074841 | 25,000 | 07/01/2007-06/30/2011 | - | - | 25,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 64 | A074842 | 75,000 | 07/01/2007-06/30/2011 | 23,070 | 51,930.12 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 65 | A074843 | 100,000 | 07/01/2007-06/30/2011 | 100,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 66 | A074844 | 20,000 | 07/01/2007-06/30/2011 | 20,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 67 | A074845 | 40,000 | 07/01/2007-06/30/2011 | 17,002 | 22,997.73 | - | |
| Laws of 2009, Chapter 128, Section 502 | A074846 | 20,000 | 07/01/2007-06/30/2011 | - | 20,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 69 | A074847 | 75,000 | 07/01/2007-06/30/2011 | 49,393 | 25,606.58 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 70 | A074848 | 75,000 | 07/01/2007-06/30/2011 | - | 75,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 71 | A074849 | 10,000 | 07/01/2007-06/30/2011 | 9,953 | 47.27 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 73 | A074851 | 75,000 | 07/01/2007-06/30/2011 | 75,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 75 | A074853 | 65,000 | 07/01/2007-06/30/2011 | 1,383 | 63,617.15 | - | |

| <u>Description</u> | <u>SHARE Identifier #</u> | <u>Original Appropriation</u> | <u>Appropriation Period</u> | <u>Expenditures To Date</u> | <u>Out-standing Encumbrances</u> | <u>Unencumbered Balances</u> | <u>Notes:</u> |
|---|---------------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------------|------------------------------|---------------|
| Laws of 2007, Chapter 42, Section 67, Subsection 76 | A074854 | 25,000 | 07/01/2007-06/30/2011 | - | 25,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 77 | A074855 | 10,000 | 07/01/2007-06/30/2011 | 10,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 78 | A074856 | 86,500 | 07/01/2007-06/30/2011 | 45,256 | 41,243.70 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 79 | A074857 | 15,000 | 07/01/2007-06/30/2011 | - | 15,000.00 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 80 | A074858 | 30,000 | 07/01/2007-06/30/2011 | 4,857 | 25,142.81 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 81 | A074859 | 25,000 | 07/01/2007-06/30/2011 | 24,725 | 275.37 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 82 | A074860 | 2,000 | 07/01/2007-06/30/2011 | - | - | 2,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 83 | A074861 | 60,000 | 07/01/2007-06/30/2011 | 60,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 84 | A074862 | 65,000 | 07/01/2007-06/30/2011 | 9,444 | 55,555.70 | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 85 | A074863 | 60,000 | 07/01/2007-06/30/2011 | - | 60,000.00 | - | |
| Laws of 2009, Chapter 128, Section 340 | A074864 | 35,000 | 07/01/2007-06/30/2011 | - | 35,000.00 | - | |
| Laws of 2009, Chapter 128, Section 511 | A074865 | 25,000 | 07/01/2007-06/30/2011 | - | - | 25,000.00 | |
| Laws of 2007, Chapter 42, Section 67, Subsection 88 | A074866 | 150,000 | 07/01/2007-06/30/2011 | 150,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 89 | A074867 | 100,000 | 07/01/2007-06/30/2011 | 100,000 | - | - | |
| Laws of 2007, Chapter 42, Section 67, Subsection 91 | A074869 | 50,000 | 07/01/2007-06/30/2011 | - | 50,000.00 | - | |
| Laws of 2008, Chapter 92, Section 14, Subsection 1 | A083072 | 1,250,000 | 07/01/2008-06/30/2012 | - | - | 1,250,000.00 | 1 |
| Laws of 2008, Chapter 92, Section 14, Subsection 2 | A083073 | 450,000 | 07/01/2008-06/30/2012 | - | 450,000.00 | - | 1 |
| Laws of 2008, Chapter 92, Section 14, Subsection 3 | A083074 | 230,000 | 07/01/2008-06/30/2012 | - | 230,000.00 | - | 1 |
| Laws of 2008, Chapter 92, Section 14, Subsection 4 | A083075 | 400,000 | 07/01/2008-06/30/2012 | - | - | 400,000.00 | 1 |
| Laws of 2008, Chapter 92, Section 14, Subsection 5 | A083076 | 500,000 | 07/01/2008-06/30/2012 | - | - | 500,000.00 | 1 |
| Laws of 2008, Chapter 92, Section 14, Subsection 6 | A083077 | 1,000,000 | 07/01/2008-06/30/2012 | 979,125 | 20,137.82 | 736.86 | 1 |
| Laws of 2008, Chapter 92, Section 14, Subsection 8 | A083079 | 400,000 | 07/01/2008-06/30/2012 | 65,000 | - | 335,000.00 | 1 |
| Laws of 2008, Chapter 92, Section 14, Subsection 9 | A083080 | 1,800,000 | 07/01/2008-06/30/2012 | 134,656 | 287,640.00 | 1,377,703.82 | 1 |
| Laws of 2008, Chapter 92, Section 47, Subsection 2 | A083805 | 135,000 | 07/01/2008-06/30/2012 | - | 135,000.00 | - | |
| Laws of 2008, Chapter 92, Section 47, Subsection 3 | A083806 | 85,000 | 07/01/2008-06/30/2012 | - | 85,000.00 | - | |
| Laws of 2008, Chapter 92, Section 47, Subsection 4 | A083807 | 165,000 | 07/01/2008-06/30/2012 | - | 165,000.00 | - | |
| Laws of 2008, Chapter 92, Section 47, Subsection 5 | A083808 | 20,000 | 07/01/2008-06/30/2012 | - | 20,000.00 | - | |
| Laws of 2008, Chapter 92, Section 47, Subsection 7 | A083809 | 25,000 | 07/01/2008-06/30/2012 | - | 25,000.00 | - | |
| Laws of 2008, Chapter 92, Section 47, Subsection 8 | A083810 | 67,000 | 07/01/2008-06/30/2012 | - | 67,000.00 | - | |
| Laws of 2008, Chapter 92, Section 47, Subsection 9 | A083811 | 100,000 | 07/01/2008-06/30/2012 | - | - | 100,000.00 | |
| Laws of 2008, Chapter 92, Section 47, Subsection 11 | A083812 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 47, Subsection 13 | A083813 | 50,000 | 07/01/2008-06/30/2012 | - | - | 50,000.00 | |
| Laws of 2008, Chapter 92, Section 47, Subsection 14 | A083814 | 34,000 | 07/01/2008-06/30/2012 | - | 34,000.00 | - | |
| Laws of 2008, Chapter 92, Section 47, Subsection 16 | A083816 | 50,000 | 07/01/2008-06/30/2012 | - | 50,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 1 | A084046 | 28,500 | 07/01/2008-06/30/2012 | 28,500 | - | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 2 | A084047 | 70,000 | 07/01/2008-06/30/2012 | - | 70,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 3 | A084048 | 40,000 | 07/01/2008-06/30/2012 | - | - | 40,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 4 | A084049 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 5 | A084050 | 78,000 | 07/01/2008-06/30/2012 | - | 78,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 6 | A084051 | 25,000 | 07/01/2008-06/30/2012 | - | 25,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 7 | A084052 | 15,000 | 07/01/2008-06/30/2012 | 7,499 | 7,501.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 10 | A084053 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 12 | A084054 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |

| <u>Description</u> | <u>SHARE Identifier #</u> | <u>Original Appropriation</u> | <u>Appropriation Period</u> | <u>Expenditures To Date</u> | <u>Out-standing Encumbrances</u> | <u>Unencumbered Balances</u> | <u>Notes:</u> |
|---|---------------------------|-------------------------------|-----------------------------|-----------------------------|----------------------------------|------------------------------|---------------|
| Laws of 2008, Chapter 92, Section 57, Subsection 14 | A084055 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 15 | A084056 | 20,000 | 07/01/2008-06/30/2012 | - | 20,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 16 | A084057 | 75,000 | 07/01/2008-06/30/2012 | 74,952 | 48.16 | 0.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 17 | A084058 | 10,000 | 07/01/2008-06/30/2012 | - | 10,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 18 | A084059 | 20,000 | 07/01/2008-06/30/2012 | - | 20,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 19 | A084060 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 20 | A084061 | 25,000 | 07/01/2008-06/30/2012 | - | 25,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 22 | A084062 | 15,000 | 07/01/2008-06/30/2012 | - | 15,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 23 | A084063 | 25,000 | 07/01/2008-06/30/2012 | - | 25,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 24 | A084064 | 11,000 | 07/01/2008-06/30/2012 | - | 11,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 25 | A084065 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 27 | A084066 | 40,000 | 07/01/2008-06/30/2012 | - | 40,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 28 | A084067 | 40,000 | 07/01/2008-06/30/2012 | 40,000 | - | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 31 | A084068 | 30,000 | 07/01/2008-06/30/2012 | - | 30,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 32 | A084069 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 33 | A084070 | 10,000 | 07/01/2008-06/30/2012 | - | 10,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 34 | A084071 | 50,000 | 07/01/2008-06/30/2012 | - | - | 50,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 35 | A084072 | 15,000 | 07/01/2008-06/30/2012 | - | - | 15,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 36 | A084073 | 20,000 | 07/01/2008-06/30/2012 | 13,483 | 6,517.47 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 37 | A084074 | 50,000 | 07/01/2008-06/30/2012 | 17,104 | 32,895.74 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 38 | A084075 | 25,000 | 07/01/2008-06/30/2012 | - | - | 25,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 39 | A084076 | 15,000 | 07/01/2008-06/30/2012 | - | 15,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 41 | A084077 | 35,000 | 07/01/2008-06/30/2012 | 33,231 | 1,768.53 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 42 | A084078 | 20,000 | 07/01/2008-06/30/2012 | 15,631 | 4,368.85 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 43 | A084079 | 25,000 | 07/01/2008-06/30/2012 | - | 25,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 44 | A084080 | 10,000 | 07/01/2008-06/30/2012 | 8,829 | 1,170.87 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 45 | A084081 | 35,000 | 07/01/2008-06/30/2012 | 26,438 | 8,562.01 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 46 | A084082 | 25,000 | 07/01/2008-06/30/2012 | - | 25,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 47 | A084083 | 35,000 | 07/01/2008-06/30/2012 | 12,589 | 22,410.52 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 50 | A084084 | 10,000 | 07/01/2008-06/30/2012 | - | 10,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 51 | A084085 | 20,000 | 07/01/2008-06/30/2012 | 19,975 | 25.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 52 | A084086 | 10,000 | 07/01/2008-06/30/2012 | - | 10,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 55 | A084087 | 20,000 | 07/01/2008-06/30/2012 | - | - | 20,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 56 | A084088 | 45,000 | 07/01/2008-06/30/2012 | - | 45,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 57 | A084089 | 10,000 | 07/01/2008-06/30/2012 | - | - | 10,000.00 | |
| Laws of 2008, Chapter 92, Section 57, Subsection 58 | A084090 | 10,000 | 07/01/2008-06/30/2012 | - | 10,000.00 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 59 | A084091 | 25,000 | 07/01/2008-06/30/2012 | 22,095 | 2,904.87 | - | |
| Laws of 2008, Chapter 92, Section 57, Subsection 60 | A084092 | 50,000 | 07/01/2008-06/30/2012 | - | 50,000.00 | - | |
| Laws of 2009, Chapter 19 | A093112 | 1,500,000 | 07/01/2009-06/30/2013 | - | - | 1,500,000.00 | 1 |
| Total Capital Outlay Appropriations | | \$ 74,939,250 | | 42,797,199 | 12,477,188.92 | 19,664,862.01 | |
| Total Unexpended Balance Per Schedule | | | | | | \$ 32,142,050.93 | |

| Description | SHARE Identifier # | Original Appropriation | Appropriation Period | Expenditures To Date | Out-standing Encumbrances | Unencumbered Balances | Notes: |
|-------------|--------------------|------------------------|----------------------|----------------------|---------------------------|-----------------------|--------|
|-------------|--------------------|------------------------|----------------------|----------------------|---------------------------|-----------------------|--------|

Reconciliation of Total Unexpended Balance Per Schedule to 267 Fund Balance Per Financial Statements

| | | | | |
|--|---|----|--------------|--|
| | Total Unexpended Balance Per Schedule | \$ | 32,142,051 | |
| 1) Less: Severance tax bonds - not recorded as revenue until all eligibility requirements are met (Note 1) | | | (14,266,550) | |
| 2) Add: Strategic Water Reserve designated fund balance - not included in schedule because revenues were not a special, deficiency, specific or capital outlay appropriation | | | 58,362 | |
| | | | 17,933,863 | |
| | Total Fund Balance Per Financial Statements | | 17,904,742 | |
| | unexplained difference | \$ | 29,121 | |

Fund 214

Special, Deficiency, Specific and Capital Outlay Appropriations

| | | | | | | | | |
|--|--------|----|----------------|-----------------------|----------------|---|----------------|---|
| Laws 2008, Chapter 3, Section 5, Subsection 67 | Z80167 | \$ | 300,000 | 02/12/2008-06/30/2009 | 267,402 | - | 32,598 | |
| Laws 2008, Chapter 3, Section 5, Subsection 68 | Z80168 | | 75,000 | 02/12/2008-06/30/2009 | 75,000 | - | - | |
| Laws 2008, Chapter 3, Section 7, Subsection 23 | Z80723 | | 200,000 | 02/12/2008-06/30/2010 | 4,057 | - | 195,944 | 3 |
| Laws 2009, Chapter 124, Section 9, Subsection 31 | Z80126 | | 394,000 | 07/01/2008-07/01/2010 | 233,303 | - | 160,697 | 3 |
| Total Capital Outlay Appropriations | | \$ | 969,000 | | 579,762 | - | 389,238 | |

Notes:

(3) Reserved for subsequent expenditure by law

Reconciliation of Total Unexpended Balance Per Schedule to 214 Fund Balance Per Financial Statements

| | | | | |
|---|---|----|----------|--|
| | Total Unexpended Balance Per Schedule | \$ | 389,238 | |
| 1) Less: Amounts included in current year reversions to State General Fund | | | (32,598) | |
| 2) Add: Designated fund balance amounts - not included in schedule because revenues were not a special, deficiency, specific or capital outlay appropriation: | | | 621,381 | |
| | Total Fund Balance Per Financial Statements | \$ | 978,022 | |

Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Albuquerque, NM 87102
(505) 883-8788 * FAX (505) 883-8797

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

Mr. Jim Dunlap, Chairman
John R. D'Antonio, Jr., P.E., State Engineer
Office of the State Engineer/Interstate Stream Commission
Santa Fe, New Mexico
and
Mr. Hector H. Balderas, State Auditor,

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, the fiduciary funds, and the combining and individual funds and budgetary comparisons presented as supplemental information of the Office of the State Engineer/Interstate Stream Commission (Agency) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control

We consider the deficiency described in the accompanying schedule of findings and questioned costs and responses to be a significant deficiency in internal control over financial reporting: 07-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant weaknesses described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of management, others within the agency, the audit committee, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, flowing script.

Hinkle & Landers, P.C.
December 14, 2009

Hinkle & Landers, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Jim Dunlap, Chairman
John R. D'Antonio, Jr., P.E., State Engineer
Office of the State Engineer/Interstate Stream Commission
Santa Fe, New Mexico
and
Mr. Hector H. Balderas, State Auditor,

Compliance

We have audited the compliance of the Office of the State Engineer/Interstate Stream Commission (Agency) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Agency's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 07-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Agency's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the agency, the audit committee, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Hinkle & Landers, P.C.
December 14, 2009

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal Control over financial reporting:

Material weaknesses identified? ___ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses? X Yes ___ No

Non-compliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal Control

Material weaknesses identified? ___ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses? X Yes ___ No

Type of auditors' report issued on major programs Unqualified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of Circular A-133? X Yes ___ No

| CFDA Numbers Funding Source | Name of Federal Programs | Funding Source |
|--|--|---|
| 15.000 | Phase I: Isleta Reach Riverline & Habitat Improvement | U.S. Department of Interior/Bureau of Reclamation |
| 15.000 | Pecos Land & Water Rights Acquisition | U.S. Department of Interior/Bureau of Reclamation |

Dollar threshold used to distinguish between
A and B programs: \$300,000

Auditee qualified as low-risk auditee? ___ Yes X No

**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

SECTION II AND III- FINANCIAL STATEMENT FINDINGS

| Finding | Status of Current and Prior Year Findings | Financial Statement Finding | Federal Awards Finding | State Auditor Finding |
|---|--|--|---------------------------------------|--------------------------------------|
| 07-02 Controls Over Maintaining the General Ledger | Repeated | yes | no | no |
| 07-05 Controls Over the Capitalization of Capital Assets | Resolved | yes | no | no |
| 07-06 Controls Related to Procurement | Resolved | yes | no | yes |
| 08-01 Failure to Follow the New Mexico Per Diem and Mileage Act | Resolved | yes | no | yes |
| 08-02 Strengthen Controls Over Per Diem Reimbursements | Resolved | yes | no | yes |
| 08-03 Strengthen Controls Over Procurement of Attorney Services | Resolved | yes | no | yes |
| 08-04 Irregularities in Documentation Provided to Auditor | Resolved | yes | no | yes |

07-02—CONTROLS OVER MAINTAINING THE GENERAL LEDGER – Repeated & Modified

Statement of Condition

During the audit, material adjustments were made to the Agency’s general ledger. According to Statement on Auditing Standards 112 (SAS 112), material adjustments are a reportable finding.

A summary of the material adjustments made during the FY09 audit include:

- 1) Distributions from the State Land Grant Permanent Fund and recorded as interest revenue in Funds 326 and 328 included revenue for only 11 months, resulting in an adjustment of \$502,277 for Fund 326 and \$121,565 for Fund 238.
- 2) Water Trust Board grants awarded to the Agency are disbursed directly to the Agency’s vendors. The amounts disbursed by the Water Trust Board on behalf of the Agency were not included as grant revenue, nor expense, in the general ledger. The total revenue for Water Trust Board grants and expense for FY09 was \$734,089.
- 3) A prior period adjustment was recorded in Fund 214 for \$804,364 due to invalid liabilities.

Criteria

Statement on Auditing Standards (SAS) 112 was implemented as of December 15, 2006. Some of the key underlying concepts of this standard include:

- The auditor cannot be part of a client’s internal control because becoming part of a client’s internal control impairs the auditors independence;
- The auditor’s work is independent of the client’s internal control over financial reporting, and the auditor cannot be a compensating control for the client; and
- A system of internal control over the financial reporting does not stop at the general ledger – it includes controls over the presentation of the financial statements.

Recording material adjustments is considered a significant process of internal control and should be performed by the Agency.

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

Effect

An internal control weakness in maintaining the general ledger accurately exists because adjustments were made by the auditor, not by the Agency. The Agency's general ledger did not have accurate balances when provided to the auditor.

Cause

- 1) Interests revenue from the Permanent Land Grant Fund has been recorded on a cash basis. The Agency must record an accrual at year-end.
- 2) Because the Water Trust Board makes payments directly to the Agency's vendors, the process has been administered outside of the Agency's customary disbursement transaction cycle. Program managers have requested vendor payments, rather than financial personnel. Therefore, the expense and grant revenue were not recorded in the general ledger.
- 3) The Agency did not remove the liability for a fiscal year 2007 reversion when the cash was transferred during fiscal year 2008.

Recommendation

- 1) The Agency should make the necessary adjustments to convert the cash-basis reports to modified accrual at year-end.
- 2) The Agency should consider establishing a process whereby all draw-downs of grant awards are approved by certain financial staff prior to submission. This would help to ensure that all applicable internal controls are operating properly.
- 3) The Agency should ensure that reversions are properly recorded in the general ledger, including the removal of liabilities that result from the audit adjusting entries.

Management Response

OSE has strengthened its controls over the general ledger as evidenced by the significant reduction of adjustments identified from the FY08 audit, from six to three. Management has begun a formalized process to identify all possible future adjustments in an effort to properly account for them prior to the start of the next audit. This includes the establishment of an ongoing document for staff to identify potential issues related to the general ledger, as well as holding periodic meetings throughout the year to discuss resolution of these issues.

With respect to the specific adjustments identified in this finding, OSE will do the following to prevent them from recurring in the future:

- 1) Revenue tracking reports will be maintained on the modified accrual basis to ensure that all revenues accruing to the Irrigation Works Construction Fund and the Improvement to the Rio Grande Income Fund are properly accounted for;
- 2) All draws against Water Trust Board grants will be strictly tracked and the associated revenue and expenditures will be adjusted accordingly against the general ledger; and
- 3) Outstanding balances in all liability accounts will be analyzed to ensure that they are valid and that all payments related to these accounts are properly charged against the appropriate account.

STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER/INTERSTATE STREAM COMMISSION
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2009

An exit conference was held on December 14, 2009. Present at the exit conference were:

| | |
|------------------------|--|
| Curtis, Eckhart | Acting Director, Program Support Chief, Budget Bureau |
| Dinah Sanchez | Chief, Finance Bureau |
| Monica Trujillo | Chief Financial Officer |
| Gina Garcia | Accounts Payable / Receivable Supervisor |
| Farley Vener, CPA, CFE | Independent auditor, Hinkle & Landers, P.C. |
| Shannon Gilliland, CPA | Independent auditor, Hinkle & Landers, P.C. |

PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements of the Agency have been prepared by Hinkle & Landers, P.C., the organization's independent public auditors, however, the financial statements are the responsibility of management.