

STATE OF NEW MEXICO  
ENVIRONMENT DEPARTMENT  
Santa Fe, New Mexico

FINANCIAL STATEMENTS  
June 30, 2011

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**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
OFFICIAL ROSTER  
June 30, 2011**

**Office of the Secretary**

David Martin, Cabinet Secretary

Raj Solomon, P.E., Deputy Cabinet Secretary

**Division Directors**

Vacant, Administrative Services Division

Vacant, Information Technology Division

Jim Davis, Water and Waste Management Division

Butch Tongate, Environment Protection Division

Vacant, Environmental Health Division

Vacant, Water and Wastewater Infrastructure Development Division

## Independent Auditor's Report

Mr. David Martin  
State of New Mexico Environment Department and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and other major special revenue funds of the State of New Mexico Environment Department (the Department) as of and for the year ended June 30, 2011, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's non-major governmental and fiduciary funds, the budgetary comparisons for the major capital project funds and major enterprise funds, and all non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Department'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 1 to the financial statements, the financial statements of the Department are intended to present the respective financial position of the governmental activities, business-type activities, each major fund, the budgetary comparisons for the general fund and other major special revenue funds and the aggregate remaining fund information of the Department as of June 30, 2011, and the changes in financial position and cash flows, where applicable, of those activities and funds. They do not purport to, and do not, present fairly the financial position of the entire State of New Mexico as of June 30, 2011, or the respective changes in the financial position and cash flows, where applicable, thereof, in accordance 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable,

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 non-major governmental and fiduciary fund of the Department as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for all major capital project, non-major governmental and major enterprise funds and all non-major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 14 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 the 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 basic financial statements. The additional schedules listed as supplemental schedules in the table of contents (Schedules 1 through 6) are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements taken as a whole.

*Clifton Gunderson LLP*

Albuquerque, New Mexico  
December 8, 2011

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Executive Summary**

The management of State of New Mexico Environment Department (the Department) is proud to present this *Management's Discussion and Analysis (MD&A)* of its financial statements for the fiscal year ending June 30, 2011. This overview and analysis summarizes the Department's financial activities and operations for the state fiscal year 2011, which is the period between July 1, 2010 and June 30, 2011 (*FY11*). This report is targeted at consumers of financial information including state legislators, citizens, federal entities and the public. It contains a synopsis of operational highlights for the five budgetary programs within the Department in accordance with the laws it is charged to administer and enforce.

We encourage readers to consider this *MD&A* information in conjunction with the financial statements.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements, which includes five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) other supplemental information and schedules, and 5) single audit of federal programs.

<b>MD&amp;A</b>	<b>Management's Discussion and Analysis</b>
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<b>Basic Financial Statements</b>	<b>Government-wide Financial Statements</b>
	<b>Fund Financial Statements</b>

<b>Notes</b>	<b>Notes to the Financial Statements</b>
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<b>Other Supplemental Information</b>	<b>Supplemental Fund Information</b>
	<b>Supplemental Schedules</b>

<b>Single Audit</b>	<b>Single Audit of Federal Programs</b>
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**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Government-wide Financial Statements.** The government-wide financial statements are designed to be corporate-like in that governmental and business-type activities are consolidated into columns that add to a total for the primary government and consist of a Statement of Net Assets and a Statement of Activities. These statements should report all of the assets, liabilities, revenues, expenses, and gains and losses of the government. Both statements distinguish between the governmental and business-type activities of the primary government. Fiduciary activities whose resources are not available to finance the government's programs are excluded from the government-wide statements.

The government-wide financial statements of the Department are divided into two categories:

**Governmental Activities.** Most of the Department's basic services are included in the governmental activities. State appropriations, federal grants and special revenue fund appropriations finance the Department's activities. The funds included in Governmental Activities for the Department are the General Operating Fund, various special revenue and capital project funds and various federal grant activities. The Department has classified five funds as major funds: the General Fund, the Corrective Action Fund, one Capital Project Fund and the ARRA Fund.

**Business-type Activities.** The Department's Wastewater Facility Construction Loan Fund, the Clean Water Administrative Fund and the Rural Infrastructure Revolving Loan Fund comprise the Department's business activities. The Wastewater Facility Construction Loan Fund and the Rural Infrastructure Revolving Loan Fund provide low interest rate loans to communities throughout the state for water and wastewater treatment facilities and for rural infrastructure projects. The Clean Water Administrative Fund is used to administer the Wastewater Facility Construction Loan Fund.

**Fund Financial Statements.** Fund financial statements consist of a series of statements that focus on information about the major governmental and enterprise funds. Fund financial statements also report information about a government's fiduciary funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary fund financial statements (enterprise funds) and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The Department has three types of funds: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Most of the Department's services are included in governmental funds, which focus on (a) how cash and other financial assets, that can be readily converted to cash, flow in and out, and (b) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view and help the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities.

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Proprietary Funds. The Clean Water State Revolving Loan Fund and the Rural Infrastructure Fund have been classified as proprietary funds. The funds provide low interest loans to communities throughout the State for water and wastewater treatment facilities and for rural infrastructure projects. Proprietary funds, like the government-wide statements, provide both long and short-term information.

Fiduciary Fund. The fiduciary fund is used to report assets held in trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. With the implementation of Governmental Accounting Standards Board (GASB) Number 34, agency funds are not included with the governmental-type funds since these funds are not available to support the Department's programs. The Department's fiduciary fund is used to account for revenue collected and is subsequently reverted to the State's general fund.

**Notes to the Financial Statements:** The notes to the financial statements consist of notes that provide information that is essential to a user's understanding of the basic financial statements.

As required by the Office of the State Auditor under 2 NMAC 2.2, the Statements of Revenues and Expenditures, Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

### **Statewide Highlights**

Fiscal Year 2011 represents the fifth year of the implementation of the Statewide Human Resources, Accounting, and Management Reporting (*SHARE*) system. The *SHARE* system combined the State's accounting, human resource, payroll, and purchasing functions into an integrated statewide system and became the State's official financial "book of records". It transferred financial controls from the agencies to the oversight agencies like the Department of Finance and Administration and State Treasurer's Office.

The Department has accepted the *SHARE* system processes and continues to modify its business processes accordingly to comply with *SHARE*. During FY11, the Department experienced some timing issues when reconciling transactions between *SHARE* and its ancillary systems. However, the Department is responsible for the management of its operational activities including expenditures and the efficient use of its revenue sources, namely General Funds, Federal Funds, Capital Project Funds and Special Revenue Funds.

### **Department Highlights**

The Department's mission is to provide the highest quality of life throughout the state by promoting a safe, clean and productive environment. We are committed to providing clear articulation of our goals, standards and expectations in a professional manner so that the citizens of New Mexico can make informed decisions about the environment and their community. The Governor's Fiscal Year 2010 Executive Budget Recommendation declared:

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*“The New Mexico Environment Department has one of the broadest missions in the state government. In order to protect the health of New Mexicans and their environment, NMED administers key programs that protect the state’s limited water resources, improves air quality, decreases the incidence of consuming contaminated food, ensure safe and health working conditions for workers, and safeguards drinking water supplies for present and future generations”.*

During fiscal year 2011, the Department operated with six divisions but five budgetary programs. Through these programs, which include *Program Support, Water Quality, Environmental Health, Environmental Protection, and Water and Wastewater Infrastructure Development*, the Department was able to administer and enforce the state and federal laws with which it is charged. In addition, the Department operated at a reduced capacity during FY11 from the hiring freeze in effect due to economic challenges facing the state of New Mexico.

Following is a summation of the five budgetary programs and their purposes within the Department:

**I. Program Support Program (P567):**

***This program is comprised of the Office of the Secretary; Office of the General Counsel; Administrative Services Division, that includes the Budget, Financial Services, Human Resources and Purchasing Bureaus; and Information Technology Division, that includes the Application Services and Technology Services Bureaus.***

Program Support provides administrative, legal and information management support to the Department staff, the public and oversight and regulatory bodies. This support enables the Department in the most knowledgeable, efficient and cost effective manner so the public can receive the information it needs to hold the Department accountable.

**Accomplishments**

Accomplishments include making the Department more transparent to regulated industries, legislators, and the public and achieving the best financial management in the department’s history. Priorities were set to draft and propose dairy regulations and an Outstanding Natural Resource Waters protection initiative to the Water Quality Control Commission. Both of these priorities were met. In addition, the Resource Management Program sought to improve the Department’s efficiency in the permitting process. The Department collected \$4,790,763.15 in civil penalties and fines in FY11--\$25,587,800.95 since 2003--that has been deposited into the State’s General Fund. In addition, we provided services and loan funding – including \$26.1 million in contracts from American Recovery and Reinvestment Act funding – to New Mexico’s municipalities, while continuing to serve as a tough but fair regulator.

Last year the Information Technology Division continued its efforts to consolidate and standardize application runtime platforms, application development processes and tools and desktop platforms and tools. Progress was made by eliminating several outdated server platforms and desktop refreshes were conducted as budgets allowed. In house

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

development of applications was favored over out sourced custom software development and large systems integration projects. The Environment Department developed its own Secure Extranet Portal to manage user access to NMED applications. Several grant projects that involved application development (Air Emission Inventory Reporting and New Mexico Environmental Data Analysis System) and application upgrades (Safe Drinking Water Information System) were completed.

**II. Water Quality Program (P568):**

***This program is comprised of the Hazardous Waste, Groundwater Quality, Surface Water Quality and DOE Oversight Bureaus.***

The Water Quality Program protects the quality of New Mexico's ground and surface water resources by way of special programs such as: community drinking water and wastewater construction financing; the Clean Water Act; watershed protection; river restoration; and responsible-party remediation. The Program ensures that clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities; healthy habitats are sustained for fish, plants and wildlife; and hazardous waste generation, storage, treatment and disposal are conducted in a manner protective of public health and environmental quality.

**Accomplishments**

The Ground Water Quality Bureau (GWQB) facilitated a settlement agreement between NMED and Freeport-McMoRan (FMI) on the Tyrone Mine appeal which was signed in December of 2010. FMI appealed NMED's discharge permit which placed conditions on FMI for closure of the Tyrone copper mine. The settlement agreement ends nearly 10 years of administrative and judicial proceedings' under the Water Quality Act. The Surface Water Quality Bureau (SWQB) along with its partners efforts were recognized by the United States Environmental Protection Agency for the conversion of the lower Santa Fe River from a mostly barren impaired stream to a thriving riparian corridor. The restoration is the result of several of Santa Fe's waste treatment plant projects.

SWQB is spearheading the Healthy Rivers New Mexico initiative, a community-based approach to restore river ecosystems to improve water quality, improve habitat, and mitigate the effects of catastrophic weather events common to the high desert climate of New Mexico, such as drought, wildfires and flashfloods. Capital outlay and other funding mechanisms must be put in play to support the initiative and to leverage federal and other sources of funding.

The Hazardous Waste Bureau (HWB) issued final site-wide hazardous waste management permits for Kirtland Airforce Base, White Sands Missile Range, White Sands Test facility (NASA) and for post-closure activities at Sandia former Chemical Waste Landfill. HWB issued draft site-wide hazardous waste management permits for Los Alamos National Laboratories and the Waste Isolation Pilot Plant with milestone, including water quality protection and ground water cleanup requirements.

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**III. Environmental Health Program (P569):**

***This program is comprised of the Radiation Control, Environmental Health Bureaus and five statewide District Offices.***

The Environmental Health Program protects, promotes and enhances the public health and the environment by providing regulatory oversight of: food service and food processing facilities; septic tanks and other on-site wastewater treatment and disposal systems; public swimming pools, spas, and baths; medical and industrial radiation; and radiological technologist certifications. The program also oversees the Waste Isolation Pilot Plant transportation as well as provides education and public outreach about radon in homes and public places.

**Accomplishments**

The Food Program offered statewide English and Spanish food safety trainings to the food industry and public; tracked the number of high risk violations (HRV) noted during inspections and the subsequent correction of those HRV's by the food establishment, which provides information on the risk factors that the food program should emphasize while conducting the food safety inspections; investigated and mitigated approximately 15 food recalls last year (including a cheese recall that caused illnesses in NM). The Liquid Waste Program administered, in conjunction with funding from the Office of Natural Resources Trustee (ONRT), an indigent liquid waste program for Sandoval, Socorro and Valencia Counties (in FY11 illegal cesspools or other substandard liquid waste systems were replaced with modern septic systems for 14 indigent households).

The Swimming Pool Program ensured that several pools and spas were hyper-chlorinated, per the Center for Disease Control (CDC) guidelines, to prevent recreational water illness outbreaks; offered statewide pool operator certification trainings to operators and staff ensuring the safe and sanitary operation of public pools and baths; implemented and continues to refine a new swimming pool data base. In FY11, RCB received satisfactory evaluation for its Mammography facility inspection program, completed under contract to the Food and Drug Administration. In FY11, RCB radioactive materials licensing and inspection program exceeded all performance measure goals as required by the Nuclear Regulatory Commission.

**IV. Environmental Protection Program (P570):**

***This program is comprised of the Solid Waste, Air Quality, Occupational Health and Safety, and Petroleum Storage Tank Bureaus.***

The Environmental Protection Program monitors, regulates and remediates harmful impacts to the state's soil, ground water and air. The Program includes the Petroleum Storage Tank Bureau to detect, prevent and mitigate the release of petroleum products.

The Solid Waste Management Bureau ensures solid waste is handled and disposed of without harming natural resources. The Occupational Safety and Health Administration Bureau inspects for workplace safety and healthy working conditions for New Mexico's workers.

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**Accomplishments**

In FY11, New Mexico OHSB received the Overall Performance and Data Quality awards for its work in the 2010 Log Data Collection Initiative (DATCO). The consultation program has maintained six companies in the Oil & Gas Safe Site program and 33 members in the Construction Agreement for Residential Safety program. These programs work cooperatively with OHSB to improve their employee safety and health programs. In FY11, 941 air quality permit applications were processed and 176 air quality construction permits were issued, with 98.9% of the permits issued within the statutory deadline. In 2010, the Air Quality Bureau, with USEPA assistance, initiated a project to upgrade the NMED ambient air monitoring network. The upgrade will improve data capture and data transmission. It is expected to be a three year project. Nearly \$6 million in penalties, including supplemental environmental projects, were received in the 2011 fiscal year.

In FY11, Solid Waste Bureau's accomplishments include final closure of four unlined landfills, gating of four old landfills and approval of three closure plans. Approval of the final cap and mitigation hot-spots of the STP Tire Fire site; approval of plans and start of mitigation significant methane problem at the old Silver City landfill; installation of new composite liner systems at seven landfills, and issuance of the first Research and Development Permit at a landfill for beneficial use of waste liquids from industry, issuance of four landfill permit modifications after hearings; performance of at least 60 inspections of permitted facilities or registered operations; and issued of 43 Notices of Violation to permitted or registered facilities or operations (excluding all other letters, approvals and Notices of Inspection).

**V. Water and Wastewater Infrastructure Development (P774)**

***This program is comprised of the Construction Program and Drinking Water Bureaus. While this program was created by executive order in FY08 and the Department took immediate steps to comply, it did not receive legislative approval and funding until FY09.***

The purpose of the water and wastewater infrastructure development program is to protect public drinking water through the implementation and enforcement of state and federal drinking water regulations and oversee state and federal grant and loan funds for water, wastewater, and solid waste projects. Additionally, the program was created to streamline the funding process for water and wastewater infrastructure projects and ensure the effective and efficient use of all available public funds for sustainable water and wastewater infrastructure development throughout New Mexico.

**Accomplishments**

The Construction Programs Bureau community services staff provided direct assistance to New Mexico communities to develop sustainable solutions for their infrastructure needs along with administering the integrated project interest portal known as SWIM. In FY2011, CPB received proposed community water and wastewater infrastructure projects in excess of \$1.6 billion through the SWIM portal. The significant workload experienced by the new Community Services Section may require consideration of

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

additional staff in the future to provide appropriate service to over 600 community water and wastewater systems seeking critical infrastructure development funding.

The Drinking Water Bureau obtained State primacy approval from US Environmental Protection Agency (EPA) for several new federal regulations including Stage 2 Disinfectants/Disinfection By-Products Rule, Long Term 2 Enhanced Surface Water Treatment Rule and the Groundwater Rule; received EPA approval for revisions to the Drinking Water Laboratory Certification Program, Quality Management Plan, Quality Assurance Project Plan for Sanitary Survey and Quality Assurance Project Plan for Drinking Water Samples; and made revisions to the Drinking Water Bureau Public Water System Enforcement and Penalty Policy. A major issue which continues to impact the DWB and its ability to ensure that PWSs provide safe and reliable drinking water is the limited capital outlay funding for water system infrastructure improvements and the unwillingness of many PWSs to take on a project improvement loan offered by various funding agencies in order for the system to come into regulatory compliance.

**Financial Highlights**

The Department's FY11 financial portfolio included thirty-nine (39) funds comprised of Governmental, Proprietary and Fiduciary funds. The Governmental Funds included four major funds: the General Fund (06400), the Special Appropriation Fund (22100), the ARRA Fund (89000) and the Corrective Action Fund (99000). The Proprietary Funds included three major funds: the Wastewater Facility Construction Loan Fund (12100), the Clean Water Administrative Fund (32700) and the Rural Infrastructure Revolving Loan Fund (33700 and 61900). The Special Revenue and Capital Project Funds and the Fiduciary Fund (65200) made up the remainder of the Department financial portfolio for the year.

During FY11, the Department recorded total net assets of \$218,886,156, which represents an increase of \$1,467,811 or .7% from FY10. The Department's governmental net assets decreased by \$5,598,187, along with its business-type net assets, which increased by \$7,065,998 from FY10.

The business-type activities operating revenues for FY11 was \$4,365,605 and the non-operating income was \$17,915,276. The total cost of all Department programs decreased by \$86,009,571 or 43.8% versus the previous fiscal year, decreasing from \$196,328,487 to \$110,318,916 during FY11.

**Analysis of Individual Balances and Transactions**

Governmental funds experienced an increase in revenue due to a large reduction in net transfers. While the Business-Type revenue increased due to additional ARRA funds made available to CPB – Clean Water State Revolving Fund. The continued reductions in General Fund appropriations increase the reliance on special revenue funds, resulting in the depletion of these fund balances. The Department also experienced a decrease in federal revenue, which exerted additional pressure on the special funds.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Financial Analysis of the Department as a Whole**

**Net Assets.** Table A-1 summarizes the Department net assets for the fiscal year ending June 30, 2011. Net assets for the Governmental Activities and Business-type Activities were \$(54,425,532) and \$273,311,688, respectively. The total Department net assets for fiscal year 2011 are \$218,886,156 which is a slight increase over the previous fiscal year. In addition, the Department expended approximately \$6.1 million on projects from special appropriations and reverted approximately \$748,000 from capital project funds, which were reconciled to fund balance.

**Table A-1  
The Department's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Assets:						
Current and						
other assets	\$ 48,922,145	\$ 49,684,617	\$ 104,720,103	\$ 95,388,958	\$ 153,642,248	\$ 145,073,575
Capital and non-						
current assets	<u>1,026,554</u>	<u>863,737</u>	<u>168,651,896</u>	<u>171,580,777</u>	<u>169,678,450</u>	<u>172,444,514</u>
<b>Total assets</b>	<b><u>\$ 49,948,699</u></b>	<b><u>\$ 50,548,354</u></b>	<b><u>\$ 273,371,999</u></b>	<b><u>\$ 266,969,735</u></b>	<b><u>\$ 323,320,698</u></b>	<b><u>\$ 317,518,089</u></b>
Liabilities:						
Current liabilities	\$ 21,119,365	\$ 16,648,150	\$ 60,311	\$ 724,045	\$ 21,179,676	\$ 17,372,195
Long-term liabilities	<u>83,254,866</u>	<u>82,727,549</u>	<u>-</u>	<u>-</u>	<u>83,254,866</u>	<u>82,727,549</u>
<b>Total liabilities</b>	<b>104,374,231</b>	<b>99,375,699</b>	<b>60,311</b>	<b>724,045</b>	<b>104,434,542</b>	<b>100,099,744</b>
Net assets:						
Invested in capital						
assets, net of						
related debt	1,026,554	863,737	-	-	1,026,554	863,737
Restricted	35,890,327	40,957,808	273,311,688	266,245,690	309,202,015	307,203,498
Unrestricted	<u>(91,342,413)</u>	<u>(90,648,890)</u>	<u>-</u>	<u>-</u>	<u>(91,342,413)</u>	<u>(90,648,890)</u>
<b>Total net assets</b>	<b><u>(54,425,532)</u></b>	<b><u>(48,827,345)</u></b>	<b><u>273,311,688</u></b>	<b><u>266,245,690</u></b>	<b><u>218,886,156</u></b>	<b><u>217,418,345</u></b>
<b>Total liabilities</b>						
<b>and net assets</b>	<b><u>\$ 49,948,699</u></b>	<b><u>\$ 50,548,354</u></b>	<b><u>\$ 273,371,999</u></b>	<b><u>\$ 266,969,735</u></b>	<b><u>\$ 323,320,698</u></b>	<b><u>\$ 317,518,089</u></b>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Changes in Net Assets.** Table A-2 summarizes the Department change in net assets for the fiscal year ending June 30, 2011. The Department's change in net assets for fiscal year 2011 was an increase in net assets of \$1,467,811. Program revenues for governmental activities decreased by \$870,121 when compared to fiscal year 2010 and Program revenues for business-type activities increased approximately \$9.5 million. Total revenues increased approximately \$24.2 million due to the following reasons: a decrease of approximately \$25.4 million in reversions; and a decrease of approximately \$1.2 million in bond proceeds. Total expenses decreased approximately \$86.0 million due to a decrease of approximately \$92.8 million of governmental activities expenditures and an increase of approximately \$6.8 million in the business-type activities expenditures.

**Table A-2  
Changes in the Department's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Revenues:						
Program revenues:						
Charges for services	\$ 18,836,301	\$ 21,927,561	\$ 4,214,781	\$ 4,393,125	\$ 23,051,082	\$ 26,320,686
Operating grants & contributions	40,228,123	38,006,984	17,255,276	7,606,038	57,483,399	45,613,022
General revenues:						
Transfers, net	(367,105)	(25,581,877)	(307,124)	(477,129)	(674,229)	(26,059,006)
Bond proceeds/ appropriations	31,112,087	33,000,135	660,000	-	31,772,087	33,000,135
Investment income	3,564	2,986	150,824	118,194	154,388	121,180
<b>Total revenues</b>	<b>89,812,970</b>	<b>67,355,789</b>	<b>21,973,757</b>	<b>11,640,228</b>	<b>111,786,727</b>	<b>78,996,017</b>
Expenses:						
Governmental	<u>95,411,157</u>	<u>188,196,271</u>	<u>14,907,759</u>	<u>8,132,216</u>	<u>110,318,916</u>	<u>196,328,487</u>
<b>Total expenses</b>	<b><u>95,411,157</u></b>	<b><u>188,196,271</u></b>	<b><u>14,907,759</u></b>	<b><u>8,132,216</u></b>	<b><u>110,318,916</u></b>	<b><u>196,328,487</u></b>
Changes in net assets	(5,598,187)	(120,840,482)	7,065,998	3,508,012	1,467,811	(117,332,470)
Beginning net assets	<u>(48,827,345)</u>	<u>72,013,137</u>	<u>266,245,690</u>	<u>262,737,678</u>	<u>217,418,345</u>	<u>334,750,815</u>
Ending net assets	<u><b>\$ (54,425,532)</b></u>	<u><b>\$ (48,827,345)</b></u>	<u><b>\$ 273,311,688</b></u>	<u><b>\$ 266,245,690</b></u>	<u><b>\$ 218,886,156</b></u>	<u><b>\$ 217,418,345</b></u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Budgetary Highlights**

The Department's general fund appropriations were reduced by approximately \$912,100, or 6.0%, during the 2011 legislative session. In addition, the Department took actions to comply with the Governor's "*Executive Plan to Reduce State Spending*" and the hiring freeze implemented during the year, which restricted general fund expenditures including recruitment. The general fund reduction affected the Department's ability to complete approved projects, hire staff to oversee its statutory responsibilities and limited its efforts to leverage federal revenue that require matching funds.

**Capital Assets and Debt Administration**

As of June 30, 2011, the Department's net capital assets were \$1,026,554. This amount represents a net increase of \$162,817 (including additions, deletions, and depreciation) compared to fiscal year 2010.

As of June 30, 2011, the Department's total compensated absence liability was approximately \$1.98 million; this is a \$199,608 decrease compared to fiscal year 2010. This amount is expected to be paid from the general fund and is expected to be paid within one year.

As of June 30, 2011, the Department's total pollution remediation liability was approximately \$86.7 million; this is an approximately \$451,726 increase compared to fiscal year 2010.

**Economic Factors and Next Year's Budget - Outlook**

Those items to be included as economic indicators that will have Departmental impact include Government Gross Receipts Tax Rates, Severance Tax Rates, Petroleum Loading Fees, and Federal Grants and State Appropriations. The budget authority became effective in FY09. The State Legislature appropriates revenue annually for the operations of the Department. As these rates, fees and appropriations increase or decrease, the Department's budget will subsequently be affected. In addition, Federal Reserve Interest Rate will directly affect the amount of interest earned in the Business-type activities. The interest earnings will correlate to the rise and fall of those interest rates. In addition, reductions in revenue to the state general fund necessitate the reliance on special revenue funds, resulting in a depletion of these fund balances. Likewise, the decrease in the Department's federal revenue will exert additional pressure on these special funds.

**Contacting the Department's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors and creditors with a general overview of the Department finances and to demonstrate the Department's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

New Mexico Environment Department  
Administrative Services Division  
P.O. Box 5469,  
1190 St. Francis Drive,  
Santa Fe, NM New Mexico 87502

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 360,919	\$ -	\$ 360,919
Investment in state general fund investment pool	36,087,444	89,845,154	125,932,598
Due from federal government	4,537,873	9,494	4,547,367
Due from other state agencies	7,177,815	7,837	7,185,652
Due from enterprise funds	44,984	-	44,984
Due from governmental funds	-	248,018	248,018
Loans for completed projects, current	-	12,583,506	12,583,506
Interest on loans	-	2,026,094	2,026,094
Other receivables	712,634	-	712,634
Prepaid expenses	476	-	476
	<u>48,922,145</u>	<u>104,720,103</u>	<u>153,642,248</u>
Total current assets			
<b>NON-CURRENT ASSETS</b>			
Projects in progress, non-current	-	5,013,179	5,013,179
Loans for completed projects, non-current, net	-	163,638,717	163,638,717
Capital assets	6,397,833	-	6,397,833
Less: accumulated depreciation	<u>(5,371,279)</u>	<u>-</u>	<u>(5,371,279)</u>
	<u>1,026,554</u>	<u>168,651,896</u>	<u>169,678,450</u>
Total non-current assets			
<b>TOTAL ASSETS</b>	<u>\$ 49,948,699</u>	<u>\$ 273,371,999</u>	<u>\$ 323,320,698</u>

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Investment in state general fund			
investment pool overdraft	\$ 95,531	\$ -	\$ 95,531
Accounts payable and accrued liabilities	14,324,446	15,327	14,339,773
Due to other state agencies	244,124	-	244,124
Due to state general fund	740,629	-	740,629
Due to enterprise funds	248,018	-	248,018
Due to governmental funds	-	44,984	44,984
Pollution remediation liability -			
due within one year	3,485,754	-	3,485,754
Compensated absences -			
due within one year	<u>1,980,863</u>	<u>-</u>	<u>1,980,863</u>
Total current liabilities	21,119,365	60,311	21,179,676
<b>NON-CURRENT LIABILITIES</b>			
Pollution remediation liability -			
due in more than one year	<u>83,254,866</u>	<u>-</u>	<u>83,254,866</u>
Total liabilities	104,374,231	60,311	104,434,542
<b>NET ASSETS</b>			
Invested in capital assets	1,026,554	-	1,026,554
Restricted	35,890,327	273,311,688	309,202,015
Unrestricted	<u>(91,342,413)</u>	<u>-</u>	<u>(91,342,413)</u>
Total net assets	<u>(54,425,532)</u>	<u>273,311,688</u>	<u>218,886,156</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 49,948,699</u>	<u>\$ 273,371,999</u>	<u>\$ 323,320,698</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>PRIMARY GOVERNMENT</b>		
<b>GOVERNMENTAL ACTIVITIES</b>		
Program support	\$ 6,694,482	\$ 1,321,641
Water quality	25,715,908	5,076,897
Environmental health	8,807,645	1,738,827
Environmental protection	32,027,990	6,323,043
Water and wastewater infrastructure development	7,851,064	1,549,976
Other environmental initiatives	<u>14,314,068</u>	<u>2,825,918</u>
Total governmental activities	<u>95,411,157</u>	<u>18,836,301</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
12100/32700 - Clean Water State Revolving Fund	14,498,678	3,757,847
33700/61900 - Rural Infrastructure Revolving Fund	<u>409,081</u>	<u>456,934</u>
Total business-type activities	<u>14,907,759</u>	<u>4,214,781</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 110,318,916</u>	<u>\$ 23,051,082</u>

<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
		<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 2,822,589	\$ -	\$ (2,550,253)	\$ -	\$ (2,550,253)
10,842,576	-	(9,796,435)	-	(9,796,435)
3,713,560	-	(3,355,259)	-	(3,355,259)
13,503,934	-	(12,201,013)	-	(12,201,013)
3,310,237	-	(2,990,851)	-	(2,990,851)
<u>6,035,228</u>	<u>-</u>	<u>(5,452,922)</u>	<u>-</u>	<u>(5,452,922)</u>
40,228,123	-	(36,346,733)	-	(36,346,733)
17,255,276	-	-	6,514,445	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>47,853</u>	<u>-</u>
17,255,276	-	-	6,562,298	6,562,298
<u>\$ 57,483,399</u>	<u>\$ -</u>	<u>(36,346,733)</u>	<u>6,562,298</u>	<u>(29,784,435)</u>
General revenues and transfers:				
General fund appropriations		14,248,200	-	14,248,200
Severance tax bonds		16,863,887	660,000	17,523,887
Investment earnings		3,564	150,824	154,388
Transfers:				
Transfers in		430,457	-	430,457
Transfers out		(49,159)	(307,124)	(356,283)
Reversions FY11		<u>(748,403)</u>	<u>-</u>	<u>(748,403)</u>
Total general revenues and transfers		<u>30,748,546</u>	<u>503,700</u>	<u>31,252,246</u>
Change in net assets		(5,598,187)	7,065,998	1,467,811
Net assets, beginning of year		<u>(48,827,345)</u>	<u>266,245,690</u>	<u>217,418,345</u>
Net assets, end of year		<u>\$ (54,425,532)</u>	<u>\$ 273,311,688</u>	<u>\$ 218,886,156</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2011**

	<b>(06400)</b>	<b>Major (22100)</b>
	<b>General Fund</b>	<b>Special Appropriations 2007</b>
<b>ASSETS</b>		
Cash	\$ 4,810	\$ -
Investment in state general fund investment pool	712,239	2,339,441
Due from other governmental funds	663,946	-
Due from enterprise funds	44,984	-
Due from federal government	4,226,441	-
Due from other state agencies	133,089	6,398,346
Other receivables	13,325	-
Prepaid expenses	476	-
<b>TOTAL ASSETS</b>	<b>\$ 5,799,310</b>	<b>\$ 8,737,787</b>
<b>LIABILITIES</b>		
Investment in state general fund investment pool overdraft	\$ -	\$ -
Accounts payable	2,578,956	7,579,081
Due to other governmental funds	4,146,969	-
Due to other enterprise funds	248,018	-
Due to other state agencies	-	-
Due to state general fund	97,397	591,071
Accrued payroll liabilities	1,348,900	-
Total liabilities	8,420,240	8,170,152
<b>FUND BALANCES</b>		
Restricted	-	567,635
Assigned	636,532	-
Unassigned	(3,257,462)	-
Total fund balances	(2,620,930)	567,635
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,799,310</b>	<b>\$ 8,737,787</b>

<b>Funds</b>			
<b>(89000)</b>	<b>(99000)</b>	<b>Other</b>	<b>Total</b>
<b>ARRA</b>	<b>Corrective</b>	<b>Governmental</b>	<b>Governmental</b>
<b>Fund</b>	<b>Action</b>	<b>Funds</b>	<b>Funds</b>
<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
\$ -	\$ -	\$ 356,109	\$ 360,919
29,132	13,361,020	19,645,612	36,087,444
20,359	498,119	3,675,934	4,858,358
-	-	-	44,984
311,432	-	-	4,537,873
3,140	-	643,240	7,177,815
7,549	-	691,760	712,634
-	-	-	476
<u>\$ 371,612</u>	<u>\$ 13,859,139</u>	<u>\$ 25,012,655</u>	<u>\$ 53,780,503</u>
\$ -	\$ -	\$ 95,531	\$ 95,531
181,222	1,401,068	1,219,417	12,959,744
174,588	-	536,801	4,858,358
-	-	-	248,018
-	-	244,124	244,124
-	-	52,161	740,629
15,802	-	-	1,364,702
<u>371,612</u>	<u>1,401,068</u>	<u>2,148,034</u>	<u>20,511,106</u>
-	12,458,071	22,864,621	35,890,327
-	-	-	636,532
-	-	-	(3,257,462)
<u>-</u>	<u>12,458,071</u>	<u>22,864,621</u>	<u>33,269,397</u>
<u>\$ 371,612</u>	<u>\$ 13,859,139</u>	<u>\$ 25,012,655</u>	<u>\$ 53,780,503</u>

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



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

**June 30, 2011**

<b>Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)</b>	<b>\$ 33,269,397</b>
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

The cost of capital assets is	6,397,833
Accumulated depreciation is	<u>(5,371,279)</u>

Total capital assets	1,026,554
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Long-term and certain other liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Pollution remediation obligations	(86,740,620)
Compensated absences payable	<u>(1,980,863)</u>

Total long-term and other liabilities	<u>(88,721,483)</u>
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<b>Net assets of governmental activities (Statement of Net Assets)</b>	<b>\$ <u>(54,425,532)</u></b>
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The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2011**

	<u>Major Funds</u>	
	(06400)	(22100)
	General Fund	Special Appropriations 2007
	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>		
Sales and miscellaneous taxes	\$ -	\$ -
Federal grant revenue	17,195,765	-
Investment earnings	-	-
Miscellaneous	67,344	-
	<u>                    </u>	<u>                    </u>
Total revenues	<u>17,263,109</u>	<u>-</u>
<b>EXPENDITURES</b>		
Current:		
Program support	6,821,071	-
Water quality	17,202,730	-
Environmental health	8,758,954	-
Environmental protection	15,160,847	-
Water and wastewater infrastructure development	6,945,199	-
Other environmental initiatives	885,001	12,494,899
Capital outlay	497,301	-
	<u>                    </u>	<u>                    </u>
Total expenditures	<u>56,271,103</u>	<u>12,494,899</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(39,007,994)	(12,494,899)
<b>OTHER FINANCING SOURCES (USES)</b>		
General fund appropriation	14,248,200	-
Severance tax bonds	479,542	8,100,260
Transfers in:		
Interfund	23,165,424	-
Other	317,124	-
Transfers out:		
Interfund	-	-
Other	(49,159)	-
Reversions-FY11	(97,397)	(598,835)
	<u>                    </u>	<u>                    </u>
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>38,063,734</u>	<u>7,501,425</u>
<b>NET CHANGE IN FUND BALANCES</b>	(944,260)	(4,993,474)
<b>FUND BALANCES, BEGINNING</b>	<u>(1,676,670)</u>	<u>5,561,109</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ (2,620,930)</u>	<u>\$ 567,635</u>

<b>(89000)</b>	<b>(99000)</b>	<b>Other</b>	<b>Total</b>
<b>ARRA</b>	<b>Corrective</b>	<b>Governmental</b>	<b>Governmental</b>
<b>Fund</b>	<b>Action</b>	<b>Funds</b>	<b>Funds</b>
<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
\$ -	\$ 18,936,207	\$ 18,768,957	\$ 37,705,164
4,096,151	-	-	21,291,916
-	-	3,564	3,564
-	-	-	67,344
<u>4,096,151</u>	<u>18,936,207</u>	<u>18,772,521</u>	<u>59,067,988</u>
-	-	-	6,821,071
327,909	-	-	17,530,639
-	-	-	8,758,954
2,884,282	10,976,658	10,548,877	39,570,664
883,960	-	-	7,829,159
-	-	934,168	14,314,068
-	-	-	497,301
<u>4,096,151</u>	<u>10,976,658</u>	<u>11,483,045</u>	<u>95,321,856</u>
-	7,959,549	7,289,476	(36,253,868)
-	-	-	14,248,200
-	-	8,284,085	16,863,887
-	-	-	23,165,424
-	-	113,333	430,457
-	(7,165,947)	(15,999,477)	(23,165,424)
-	-	-	(49,159)
-	-	(52,171)	(748,403)
<u>-</u>	<u>(7,165,947)</u>	<u>(7,654,230)</u>	<u>30,744,982</u>
-	793,602	(364,754)	(5,508,886)
<u>-</u>	<u>11,664,469</u>	<u>23,229,375</u>	<u>38,778,283</u>
<u>\$ -</u>	<u>\$ 12,458,071</u>	<u>\$ 22,864,621</u>	<u>\$ 33,269,397</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011**

<b>Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)</b>	<b>\$ (5,508,886)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid).

The decrease in compensated absences for the fiscal year was:	199,608
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The increase in pollution remediation liability (Note 11) for the fiscal year was:	(451,726)
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts were:

Capital outlay	497,301
Depreciation expense	<u>(325,635)</u>

Excess of depreciation expense over capital outlay	171,666
--	---------

Loss/Adjustments on disposal of assets	<u>(8,849)</u>
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<b>Change in net assets of governmental activities (Statement of Activities)</b>	<b><u><u>\$ (5,598,187)</u></u></b>
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The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	<b>GENERAL FUND - TOTAL</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance From</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Federal funds	\$ 20,143,900	\$ 20,418,550	\$ 17,195,765	\$ (3,222,785)
General fund	14,246,200	14,246,200	14,248,200	2,000
Other state funds	-	-	67,344	67,344
Inter-agency transfers	35,191,700	35,348,100	23,962,090	(11,386,010)
Budgeted fund balance	<u>502,855</u>	<u>502,855</u>	<u>405,458</u>	<u>(97,397)</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 70,084,655</u></b>	<b><u>\$ 70,515,705</u></b>	<b><u>\$ 55,878,857</u></b>	<b><u>\$ (14,636,848)</u></b>
<b>P-567 EXPENDITURES</b>				
Personal services and employee benefits	\$ 6,578,200	\$ 6,504,500	\$ 5,618,970	\$ 885,530
Contractual services	786,300	906,300	641,064	265,236
Other	<u>1,129,500</u>	<u>1,016,800</u>	<u>694,331</u>	<u>322,469</u>
<b>TOTAL P-567 EXPENDITURES</b>	<b><u>\$ 8,494,000</u></b>	<b><u>\$ 8,427,600</u></b>	<b><u>\$ 6,954,365</u></b>	<b><u>\$ 1,473,235</u></b>
<b>P-568 EXPENDITURES</b>				
Personal services and employee benefits	\$ 13,857,900	\$ 13,777,900	\$ 12,175,243	\$ 1,602,657
Contractual services	5,377,000	5,324,724	3,370,399	1,954,325
Other	2,152,600	2,290,000	1,671,775	618,225
Other financing uses	<u>-</u>	<u>52,276</u>	<u>49,159</u>	<u>3,117</u>
<b>TOTAL P-568 EXPENDITURES</b>	<b><u>\$ 21,387,500</u></b>	<b><u>\$ 21,444,900</u></b>	<b><u>\$ 17,266,576</u></b>	<b><u>\$ 4,178,324</u></b>
<b>P-569 EXPENDITURES</b>				
Personal services and employee benefits	\$ 8,168,700	\$ 8,165,800	\$ 7,163,493	\$ 1,002,307
Contractual services	172,900	112,900	58,173	54,727
Other	<u>1,747,600</u>	<u>1,804,900</u>	<u>1,537,288</u>	<u>267,612</u>
<b>TOTAL P-569 EXPENDITURES</b>	<b><u>\$ 10,089,200</u></b>	<b><u>\$ 10,083,600</u></b>	<b><u>\$ 8,758,954</u></b>	<b><u>\$ 1,324,646</u></b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)(CONTINUED)  
Year Ended June 30, 2011**

	<b>GENERAL FUND - TOTAL (CONTINUED)</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance From</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>P-570 EXPENDITURES</b>				
Personal services and employee benefits	\$ 13,881,200	\$ 13,048,800	\$ 11,787,994	\$ 1,260,806
Contractual services	892,800	1,049,800	773,702	276,098
Other	3,012,600	4,022,950	3,065,218	957,732
<b>TOTAL P-570 EXPENDITURES</b>	<b>\$ 17,786,600</b>	<b>\$ 18,121,550</b>	<b>\$ 15,626,914</b>	<b>\$ 2,494,636</b>
<b>P-774 EXPENDITURES</b>				
Personal services and employee benefits	\$ 6,416,500	\$ 6,507,200	\$ 4,309,231	\$ 2,197,969
Contractual services	2,821,800	2,856,800	1,959,608	897,192
Other	1,086,200	1,071,200	690,529	380,671
<b>TOTAL P-774 EXPENDITURES</b>	<b>\$ 10,324,500</b>	<b>\$ 10,435,200</b>	<b>\$ 6,959,368</b>	<b>\$ 3,475,832</b>
<b>CAPITAL PROJECT EXPENDITURES</b>				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	2,002,855	2,002,855	885,000	1,117,855
Other	-	-	-	-
<b>TOTAL SPECIAL APPROPRIATIONS EXPENDITURES</b>	<b>\$ 2,002,855</b>	<b>\$ 2,002,855</b>	<b>\$ 885,000</b>	<b>\$ 1,117,855</b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)(CONTINUED)  
Year Ended June 30, 2011**

	<b>GENERAL FUND - TOTAL (CONTINUED)</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance From</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>ALL EXPENDITURES</b>				
Personal services and employee benefits	\$ 48,902,500	\$ 48,004,200	\$ 41,054,931	\$ 6,949,269
Contractual services	12,053,655	12,253,379	7,687,946	4,565,433
Other	9,128,500	10,205,850	7,659,141	2,546,709
Other financing uses	-	52,276	49,159	3,117
<b>TOTAL ALL EXPENDITURES</b>	<b>\$ 70,084,655</b>	<b>\$ 70,515,705</b>	56,451,177	<b>\$ 14,064,528</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			(572,320)	
<b>ADMINISTRATIVE EXPENSES (CAP GRANT) BUDGETED IN FUND 06400, EXPENSED IN ENTERPRISE FUND 12100</b>			130,915	
<b>BUDGETED FUND BALANCE</b>			(405,458)	
<b>REVERSIONS TO STATE GENERAL FUND (NOT BUDGETED)</b>			(97,397)	
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ (944,260)</b>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)(CONTINUED)  
Year Ended June 30, 2011**

	<b>AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (89000)</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance From Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Federal funds	\$ 1,555,296	\$ 3,212,896	3,581,087	\$ 368,191
General fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers *	2,450,000	2,995,830	515,064	(2,480,766)
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<b><u>\$ 4,005,296</u></b>	<b><u>\$ 6,208,726</u></b>	<b><u>\$ 4,096,151</u></b>	<b><u>\$ (2,112,575)</u></b>
<b>EXPENDITURES</b>				
Personal services and employee benefits	\$ 1,326,626	\$ 1,270,995	1,154,362	\$ 116,633
Contractual services	915,322	955,976	778,913	177,063
Other	1,763,348	3,981,755	2,162,876	1,818,879
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 4,005,296</u></b>	<b><u>\$ 6,208,726</u></b>	<b><u>4,096,151</u></b>	<b><u>\$ 2,112,575</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<b><u>\$ -</u></b>	

\* Inter-agency transfers consist of federal funds passed through from another state agency



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)(CONTINUED)  
Year Ended June 30, 2011**

	<b>CORRECTIVE ACTION FUND (99000)</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance From</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General fund	-	-	-	-
Other state funds	16,021,300	16,021,300	18,936,207	2,914,907
Inter-agency transfers	-	-	-	-
Budgeted fund balance	<u>1,339,500</u>	<u>4,339,500</u>	-	<u>(4,339,500)</u>
<b>TOTAL REVENUES</b>	<u>\$ 17,360,800</u>	<u>\$ 20,360,800</u>	<u>\$ 18,936,207</u>	<u>\$ (1,424,593)</u>
<b>EXPENDITURES</b>				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	3,000,000	4,400,000	3,759,081	640,919
Other	6,000,000	7,600,000	7,217,577	382,423
Other financing uses	<u>8,360,800</u>	<u>8,360,800</u>	<u>7,165,947</u>	<u>1,194,853</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 17,360,800</u>	<u>\$ 20,360,800</u>	18,142,605	<u>\$ 2,218,195</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			793,602	
<b>BUDGETED FUND BALANCE</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 793,602</u>	

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**June 30, 2011**

	<b>ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>(12100) Wastewater Facility Construction Loan Fund</b>	<b>(32700) Clean Water Administrative Fund</b>	<b>(33700/61900) Rural Infrastructure Revolving Loan Fund</b>	
<b>ASSETS</b>				
Current assets:				
Investments in State General Fund Investment Pool	\$ 71,559,605	\$ 332,902	\$ 17,952,647	\$ 89,845,154
Accounts receivable:				
Loans for completed projects, current	10,684,292	-	1,899,214	12,583,506
Due from other governmental funds	-	220,676	27,342	248,018
Due from federal government	9,494	-	-	9,494
Interest on loans	1,745,406	-	280,688	2,026,094
Due from other state agencies	6,220	28	1,589	7,837
Total current assets	<u>84,005,017</u>	<u>553,606</u>	<u>20,161,480</u>	<u>104,720,103</u>
Non-current assets:				
Projects in progress, non-current	4,098,415	-	914,764	5,013,179
Loans for completed projects, non-current	151,347,049	-	12,669,899	164,016,948
Allowance for uncollectible accounts	-	-	(378,231)	(378,231)
Total non-current assets	<u>155,445,464</u>	<u>-</u>	<u>13,206,432</u>	<u>168,651,896</u>
<b>TOTAL ASSETS</b>	<u>\$ 239,450,481</u>	<u>\$ 553,606</u>	<u>\$ 33,367,912</u>	<u>\$ 273,371,999</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and other accrued liabilities	\$ 5,384	\$ -	\$ 9,943	\$ 15,327
Due to other governmental funds	44,984	-	-	44,984
Total liabilities	<u>50,368</u>	<u>-</u>	<u>9,943</u>	<u>60,311</u>
<b>NET ASSETS</b>				
Restricted	239,400,113	553,606	33,357,969	273,311,688
Unrestricted	-	-	-	-
Total net assets	<u>239,400,113</u>	<u>553,606</u>	<u>33,357,969</u>	<u>273,311,688</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 239,450,481</u>	<u>\$ 553,606</u>	<u>\$ 33,367,912</u>	<u>\$ 273,371,999</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUS, EXPENSES AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
Year Ended June 30, 2011**

	<b>ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>(12100) Wastewater Facility Construction Loan Fund</b>	<b>(32700) Clean Water Administrative Fund</b>	<b>(33700/61900) Rural Infrastructure Revolving Loan Fund</b>	
<b>OPERATING REVENUES</b>				
Interest and investment revenue	\$ 3,680,047	\$ 1,459	489,061	\$ 4,170,567
Debt service fees	-	195,038	-	195,038
<b>Total operating revenues</b>	<u>3,680,047</u>	<u>196,497</u>	<u>489,061</u>	<u>4,365,605</u>
<b>OPERATING EXPENSES</b>				
Transfers (06400) Admin expenses	-	307,124	-	307,124
Administrative expenses	441,218	-	409,081	850,299
<b>Total operating expenses</b>	<u>441,218</u>	<u>307,124</u>	<u>409,081</u>	<u>1,157,423</u>
<b>OPERATING INCOME (LOSS)</b>	3,238,829	(110,627)	79,980	3,208,182
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grants and contributions	17,255,276	-	-	17,255,276
Bond proceeds	660,000	-	-	660,000
Grants to other organizations	(14,057,460)	-	-	(14,057,460)
<b>Total non-operating revenues (expenses)</b>	<u>3,857,816</u>	<u>-</u>	<u>-</u>	<u>3,857,816</u>
<b>CHANGE IN NET ASSETS</b>	7,096,645	(110,627)	79,980	7,065,998
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>232,303,468</u>	<u>664,233</u>	<u>33,277,989</u>	<u>266,245,690</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$239,400,113</u>	<u>\$ 553,606</u>	<u>\$ 33,357,969</u>	<u>\$273,311,688</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
Year Ended June 30, 2011**

	<b>ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>(12100)</b>	<b>(32700)</b>	<b>(33700/61900)</b>	
	<b>Wastewater Facility Construction Loan Fund</b>	<b>Clean Water Administrative Fund</b>	<b>Rural Infrastructure Revolving Loan Fund</b>	
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES:</b>				
Cash received on repayment of loan principal	\$ 6,812,855	\$ -	\$ 2,242,067	\$ 9,054,922
Cash received on interest from loans	3,201,223	-	460,976	3,662,199
Interest payments received from banks/STO	119,832	1,637	33,082	154,551
Cash received for debt service fees	-	195,038	-	195,038
Cash payments for administrative expenses	(412,794)	(854,748)	-	(1,267,542)
Cash payments to suppliers of goods/services	-	-	(414,044)	(414,044)
Cash payments made to borrowers	(5,074,384)	-	(1,632,821)	(6,707,205)
	<u>4,646,732</u>	<u>(658,073)</u>	<u>689,260</u>	<u>4,677,919</u>
Net cash provided by (used in) operating activities				
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>CAPITAL AND RELATED ACTIVITIES</b>				
Grant proceeds - EPA	18,146,522	-	-	18,146,522
Grants to other organizations	(14,417,707)	-	-	(14,417,707)
Bond proceeds	660,000	-	-	660,000
	<u>4,388,815</u>	<u>-</u>	<u>-</u>	<u>4,388,815</u>
Net cash provided by (used in) capital and related activities				
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>NON-CAPITAL FINANCING ACTIVITIES</b>	<u>1,411,395</u>	<u>(1,411,395)</u>	<u>(27,342)</u>	<u>(27,342)</u>
Net cash provided by (used in) non-capital financing activities				
	<u>1,411,395</u>	<u>(1,411,395)</u>	<u>(27,342)</u>	<u>(27,342)</u>
<b>NET INCREASE IN CASH</b>	10,446,942	(2,069,468)	661,918	9,039,392
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL, BEGINNING OF YEAR</b>	<u>61,112,663</u>	<u>2,402,370</u>	<u>17,290,729</u>	<u>80,805,762</u>
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL, END OF YEAR</b>	<u>\$ 71,559,605</u>	<u>\$ 332,902</u>	<u>\$ 17,952,647</u>	<u>\$ 89,845,154</u>

	<b>ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>(12100)</b>	<b>(32700)</b>	<b>(33700/61900)</b>	
	<b>Wastewater Facility Construction Loan Fund</b>	<b>Clean Water Administrative Fund</b>	<b>Rural Infrastructure Revolving Loan Fund</b>	
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 3,238,829	\$ (110,627)	\$ 79,980	\$ 3,208,182
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Loans receivable	294,679	-	542,379	837,058
Loan interest receivable	1,082,205	-	70,906	1,153,111
Interest on investments receivable	2,595	178	958	3,731
Due to other governmental funds	41,584	(326,948)	-	(285,364)
Due from other governmental funds	-	(220,676)	-	(220,676)
Accounts payable and accrued liabilities	(13,160)	-	(4,963)	(18,123)
Total reconciling adjustments	<u>1,407,903</u>	<u>(547,446)</u>	<u>609,280</u>	<u>1,469,737</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 4,646,732</u>	<u>\$ (658,073)</u>	<u>\$ 689,260</u>	<u>\$ 4,677,919</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUND  
June 30, 2011**

	<b>(65200) Agency Fund</b>
<b>ASSETS</b>	
Investment in state general fund investment pool	<u>\$ 407,488</u>
<b>LIABILITIES</b>	
Funds held for others	<u>\$ 407,488</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

The State of New Mexico Environment Department (the Department) was created on July 1, 1991, under the Department of Environment Act Laws of 1991, Chapter 25, Section 9-7A-1. The Department is a cabinet department of the executive branch of government. The chief executive of the Department is the Secretary, who is appointed by the Governor with the consent of the senate and serves in the Governor's executive cabinet. These financial statements include all funds and activities over which the Department Secretary has oversight responsibility. The Department was formed for the purpose of preserving, protecting and perpetuating the State of New Mexico's water, air and land. The Department also protects the safety and health of the State's people by regulating, monitoring and inspecting public facilities and establishments.

The functions of the Department are administered through the following programs:

Program Support (P-567) – The purpose of Program Support is to provide leadership, administrative, legal and information management support to all Department staff, the public and oversight and regulatory bodies to allow programs to operate in the most knowledgeable, efficient and cost effective manner so that the public can receive the information it needs to hold the Department accountable.

Water Quality Program (P-568) – The purpose of the Water Quality Program is to monitor and regulate impacts to New Mexico's ground and surface water for all users to ensure public and watershed health.

Environmental Health Program (P-569) – The purpose of the Environmental Health Program is to ensure the highest possible level of public, community and workplace safety and health for communities, residents, workers and business.

Environmental Protection Program (P-570) – The purpose of the Environment Protection Program is to monitor, regulate and remediate the impacts made upon New Mexico's groundwater and air quality by local businesses and industries to protect public and environmental health, as well as to protect public lands and wildlife.

Water and Wastewater Infrastructure Development Program (P-774) – The purpose of the Water and Wastewater Infrastructure Development Program is to provide leadership for an interagency effort to develop a water and wastewater infrastructure evaluation plan, a uniform applications implementation plan and recommendations for efficient and effective use of water and wastewater loan funds; and to ensure compliance with the Safe Drinking Water Act.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates in Preparing Financial Statements**

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.

**Financial Reporting Entity**

The financial statements for the Department have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB No. 20. 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. The more significant of these accounting policies are described below.

In June 1999, the GASB unanimously approved GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This statement provides for the most significant change in financial reporting in over 20 years and is scheduled for a phased implementation based on size of government. The Department has implemented the provisions of GASB No. 34. As a part of this statement, there is a reporting requirement regarding the Department's infrastructure (roads, bridges, etc.) The Department does not own any infrastructure assets and, therefore, is unaffected by this requirement.

**New Pronouncements**

Effective for fiscal years beginning after June 15, 2010, GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will provide modifications to, and additional types of, fund balance classifications. This statement will enhance the usefulness of fund balance information to provide more consistency among the classifications and will establish reporting standards for all governments that report governmental funds. The Department implemented GASB 54 during FY11.

**Financial Reporting Entity**

The Statement of Activities demonstrates the degree to which the direct expenditures of a function are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific Department's function. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by the Department, such as permit fees and remediation monitoring. Program revenues also



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Indirect expenditures are allocated based on a prorated measure of direct expenditures.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. It is the Department's policy to apply disbursements first to restricted assets and then to non-restricted. Restricted assets arising from enabling legislation means the restrictions are legally enforceable. Legally enforceable means a government can be compelled by an external party to use resources only for purposes specified by legislation.

The net cost (by function) is normally covered by general revenues (intergovernmental revenues, interest income, etc). Historically, the previous model did not summarize or present net cost by function or activity. The Department does not currently employ indirect cost allocation systems.

This government-wide focus is more on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major fund in the governmental category.

The governmental fund statements are presented on a current financial resource and 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 Department 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' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column on the government-wide presentation.

The Department's fiduciary fund (agency fund) is presented in the fund financial statements. 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 government, these funds are not incorporated in the government-wide statements.

The Department is a "department" of the State of New Mexico and will be included in any statewide Comprehensive Annual Financial Report. In accordance with the criteria set forth in GASB No. 14 (as amended by GASB No. 39) for determining component units, the Department does not have any component units.

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation - Fund Accounting**

The accounts of the Department are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The various funds are summarized by type in the accompanying financial statements. The following fund types and account groups are used by the Department:

**Governmental Fund Types**

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

The Department reports the following major governmental funds:

General Fund (06400) - The General Fund is the operating fund of the Department. It is used to account for all operating activities of the Department, except those requiring other governmental fund types. The General Fund is a reverting fund. Source of funding: General fund appropriation.

The Department currently has a negative Fund Balance in the General Fund of approximately \$2.6 million. The Department is determining the best resolution to eliminate the deficit and will use a possible combination of budget reductions and Special Revenue Fund Balances to eliminate the negative Fund Balance in the General Fund.

Special Appropriations Fund - 2007 (22100) - Created by the Laws of 2007, Chapters 429 and 4. This Capital Project fund was established to account for the sale of severance tax bonds, capital project appropriations and general fund appropriations in order to provide funds for various waste handling projects. This fund is a reverting fund.

ARRA Fund (89000) – The Department ARRA Special Revenue Fund was administratively created by NM Department of Finance and Administration and is used to account for the activity related to the funding provided by the federal government under the American Recovery and Reinvestment Act. The fund is a non-reverting fund. All activity is segregated to ensure:

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Funds are awarded and distributed in a prompt, fair and reasonable manner;
- The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately and in a timely manner;
- Funds are used for authorized purposes and instances of fraud, waste, error and abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

Corrective Action Fund (99000) - Created by State Statute 74-6B-7. This Special Revenue fund is intended to provide for financial assurance coverage requirements by federal law and shall be used by the division to take corrective action in response to a release, to pay for the costs of a minimum site assessment in excess of ten thousand dollars, to pay the state's share of federal leaking underground storage tank trust fund cleanup costs as required by the Federal Resource Conservation and Recovery Act and to make payments to or on behalf of owners and operators in accordance with Section 74-6B-13. This fund is reverting.

**Special Revenue Funds.** The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

**Capital Projects Funds.** The Capital Projects Funds are used to account for the appropriations and expenditures relating to capital construction and improvement projects appropriated by the Legislature for various water, wastewater and solid waste projects.

**Proprietary Fund Types**

The focus of Proprietary Fund measurement is based upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector.

**Enterprise Funds.** Enterprise Funds are required to account for operations for which a fee is charged to external users for goods and services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues; (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or (c) has pricing policy designed for the fees and charges to recover similar costs.

These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The funds apply all applicable Financial Accounting Standard Board (FASB) pronouncements issued prior to November 30, 1989 for accounting and reporting of its operations in accordance with GASB 20.

Proprietary funds distinguish operating revenues and expenditures from non-operating items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the funds are interest on loans made to municipalities for water

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

projects and other projects. Operating expenditures include administrative expenditures required to manage and operate the fund. All revenues and expenditures not meeting this definition are reported as non-operating revenues and expenditures.

The Department reports the following major proprietary funds:

Wastewater Facility Construction Loan Fund (12100) – Created by State Statute 74-6A-4. The fund is a revolving loan fund used to provide low-cost financial assistance to local authorities to construct or modify wastewater facilities. This fund is non-reverting.

Clean Water Administrative Fund (32700) – Created by State Statute 75-6A-4.1. The Clean Water Administrative Fund is a dedicated fund, and all money in the Clean Water Administrative Fund is appropriated to the Department to be used solely to administer the Wastewater Facility Construction Loan Fund. The fund is non-reverting.

Rural Infrastructure Revolving Loan Fund (33700 and 61900) - Created by State Statute 75-1-3. The fund is a revolving loan fund used to make loans and grants to local authorities, individually or jointly, for water supply facilities. This fund is non-reverting.

**Fiduciary Fund Types**

Fiduciary funds are used to report assets held in trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is upon changes in assets and liabilities and employs accounting principles similar to proprietary funds.

**Agency Funds.** Agency Funds are used to account for assets held by the Department in the capacity of trustee or agent. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The basis for accounting is accrual.

Fund 65200 - Fund 65200 is an Agency Fund used to account for settlements, penalties, fees and reimbursements. All settlements, penalties, fees and reimbursements are reverted back to the State General Fund. The Fund is custodial in nature and does not involve measurement of results of operations.

**Basis of Accounting**

**Government-wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Governmental Fund Financial Statements.** The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2011 has been reported only in the government-wide financial statements.

The financial activities of the Department are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Department uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Federal funds are recorded as revenues when expenditures have been incurred on behalf of one or more of the Department's federal award programs and when all eligibility requirements have been met. Special appropriations are recorded as revenues when they are available. Major revenue sources susceptible to accrual include: gasoline loading tax, permit fees for air emission discharge, underground storage tank fees, hazardous waste permits and generator fees. These sources are recorded when available and when revenues are determinable. Bond proceeds are recognized when all eligibility requirements have been met.

**Budgets and Budgetary Accounting**

The state Legislature makes annual appropriations to the Department. Annual appropriations lapse at fiscal year end unless otherwise specified in the legislation. Legal compliance is monitored through the establishment of a budget (modified accrual) and a financial control system that permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the category level. Budgeted category amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration (DFA) within the limitations as specified in the General Appropriations Act.

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the Department of Finance and Administration." The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control is at the appropriation unit level.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Transactions**

Transfers which, because of budgetary or legal restrictions, must be expended by funds other than the fund initially receiving the revenue are recorded as operating transfers in (out) under the other financing sources (uses) category. A summary of these transactions is outlined at Note 8.

**Modified Accrual**

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33), 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.

**Receivables**

Accrued Interest Receivable - Accrued interest receivable represents amounts due from other State Agencies for monies invested in the State General Fund Investment Pool and interest receivable on construction loans in the proprietary funds.

Petroleum Storage Tank Bureau - The Petroleum Storage Tank Bureau has a database of receivable balances from various prior periods which are deemed uncollectible due to their age.

However, the Department has an ongoing project to investigate and resolve all outstanding balances. As of the end of the 2011 fiscal year, 371 cases have been deemed resolved. Collection efforts have been successful in some of the resolved cases. In other cases, the Bureau determined that the balances were uncollectible. This effort is still ongoing and will take three to five years before completion.

**Capital Assets**

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays exceeding \$5,000 that significantly extend the useful life of an asset are capitalized per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives in years:

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reportable IT maintenance	5
Reportable IT services	5
Furniture and fixtures	7
Data processing equipment	5
Machinery and equipment	5
Library and museum	7
Automotive	5
Buildings and structures	27 ½

The Department capitalizes computer software, whether purchased or developed internally, in accordance with guidelines provided by the GSD Rule NMAC Chapter 20, Part 1, Sections 2.20.1.9C(5) and 2.20.1.10C, and FASB 86 accounting principles. Museum acquisitions are considered inexhaustible assets and therefore are not deferred.

**Compensated Absences**

Accrued vacation up to 240 hours is recorded in the Statement of Net Assets at 100% of the employee's hourly wage. In addition, accrued sick leave over 600 and up to 720 hours less the amount classified as current is recorded in the Statement of Net Assets at 50% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual for compensated absences is calculated at pay rates in effect at June 30, 2011, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

**Net Assets**

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

**Invested in capital assets (net of any related debt)** – reflects the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Department has no debt related to capital assets.

**Restricted** – Restricted assets are liquid assets generated from revenues but not bond proceeds which have third-party (statutory, bond covenant or granting agency) limitations on their use. Of the reported restricted net assets on the government-wide statement of net assets all are restricted by enabling legislation. Specific purposes of restrictions are for statutory requirements, loans on water & wastewater projects and special revenue funds. According to underground storage tank regulation section 1507(A), "the Department shall maintain a reserve of one million dollars (\$1,000,000) in the fund for the costs of taking first and second priority emergency corrective action."

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unrestricted** – Represents assets that do not have third-party limitations on their use. The Department has an unrestricted deficit as of June 30, 2011 as a result of long-term liabilities that are to be funded as they become due rather than when they are incurred.

**Fund Balances**

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature’s and Executive Branch’s intent to be used for specific purposes or, in some cases, by legislation. See additional information about fund balances below.

**Restricted – Government Fund Financial Statements**

The following table identifies the funds that are affected by enabling legislation and the respective balances:

**RESTRICTED – MAJOR FUNDS**

<b>Fund</b>	<b>Description</b>	<b>Enabling Legislation</b>	<b>Restricted Fund Balance</b>
22100	Special Appropriation	Laws 2007, Chapters 2, 42, 334	\$ 567,635
99000	Corrective Action Fund	NM 7-13A-1	<u>12,458,071</u>
		Subtotal – Restricted - Major Funds	13,025,706



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**RESTRICTED – OTHER GOVERNMENTAL FUNDS**

Fund	Description	Enabling Legislation	Restricted Fund Balance
02600	Tire Recycling Fund	Tire Recycling Act	583,100
06600	Voluntary Remediation Fund	NM 74-4G-11	67,019
09200	Air Quality Title V Fund	NM 74-2-15	3,363,733
10980	Nuclear Workers Assistance Fund	Laws 2010, Chapter 50 (HB101)	6,538
11900	Brownfield Cleanup Revolving Loan Fund	NM 74-4G-11.1	729,544
24800	Responsible Party Reimb. Fund	Chapter 74, Art. 6, Water Quality Act	463,375
33900	Hazardous Waste Fund	NM 74-4-4.5	3,261,125
34000	Liquid Waste	Laws 2000, Chapter 96, Sect. 3	239,604
34100	Water Quality Mgt. Fund	NM 74-6-5.2	694,636
40000	Water Recreation Facilities Fund	NM 74-1-16	233,266
56700	Water Conservation Fund	NM 74-1-13	2,902,647
58400	Operator Certification Fund	Administratively Established	109,208
59200	Radiation Protection Fund	Laws 2000, Chapter 86, Section 6	959,505
63100	Air Quality Fund	NM 74-2-15	1,813,710
63200	Solid Waste Facility Grant Fund	NM 74-10-2	868,517
78300	Solid Waste Permit Fees	NM 74-9-1	182,235
95700	Emergency Hazardous Fund	NM 74-4-8	3,036,785
98700	Radiologic Technology Fund	Laws 1983, Chapter 317	299,755
98900	Underground Storage Tank Fund	NM 74-4-4.8	530,858
99100	Food Service Sanitation Fund	NM 25-1-5.1	1,067,926
69400	Capital Projects Appropriation	Laws 2006, Chapter 11	200,000
10350	Special Appropriations Fund	Laws 2008, Chapter 92	<u>1,251,535</u>
		Subtotal – Restricted - Other	<u>22,864,621</u>
		Total – All Governmental Funds	<u>\$ 35,890,327</u>

In addition, the Department had an assigned fund balance in the general fund (06400) in the amount of \$636,532 for WIPP oversight. This has been assigned by the Department.

**Short-Term Debt**

The Department did not have any short-term debt activity during the year.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**June 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Eliminations**

The columns on the combined financial statements are captioned "Total Governmental Funds" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial positions, results of operations or changes in financial position of the Department as a whole in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of the governmental fund financial statements. Interfund transfers and due to/due from amounts shown in the governmental financial statements are eliminated in the government-wide statement of net assets and statement of activities.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments within a maturity of three months or less when purchased to be cash equivalents.

**Risk Management**

The Department, as a "State Agency" defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. The Department pays annual premiums to the Risk Management Division for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico.
- Coverage to protect the State of New Mexico's property and assets.
- Fringe benefit coverage for State of New Mexico employees.

**Subsequent Events**

At June 30, 2011, the Department had no claims that the Risk Management Division has returned as not covered that would become the responsibility of the Department.

Management evaluated subsequent events through December 8, 2011, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2011, but prior to December 8, 2011, that provided additional evidence about conditions that existed at June 30, 2011 have been recognized in the financial statements for the year ended June 30, 2011. Events or transactions that provided evidence about conditions that did not exist at June 30, 2011, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2011.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 3 - CASH DEPOSIT ACCOUNTS AND INVESTMENTS**

Cash, other than petty cash, is deposited by the Department into its accounts at the State's fiscal agent bank and is pooled and invested by the State Treasurer. The State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits, the categories of risk involved and the market value of purchased investments, which may differ from the cash deposited by the Department. The New Mexico State General Fund Investment Pool does not have a credit risk rating. For additional GASB 40 disclosure information related to the above investment pool, the reader should refer to the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2011.

Other bank accounts are used by the Department to deposit revenue from its various locations in order to transfer the funds into its accounts with the State Treasurer. The Department's investments are held by agents of the Department in the Department's name. All funds deposited at financial institutions were fully insured by the Federal Deposit Insurance Corporation up to \$250,000 at June 30, 2011. Amounts over \$250,000 must be secured in accordance with 6-10-17 NMSA 1978, which requires that banks pledge collateral valued at 50% of the uninsured amount deposited.

The Department has one investment not held in the State General Fund Investment Pool during the year ended June 30, 2011. The mutual fund is held at the Bank of New York Mellon, recorded in the Department's fund 63200 in the amount of \$356,109.

At June 30, 2011 there are no differences between bank and book balances for the Bank of New York Mellon account. The mutual fund is held by the American Performance U.S. Treasury Fund and is invested in short-term U.S. treasury bills, notes and other U.S. government-backed obligations.

Accordingly, collateral is not required on this fund. Book value is equal to fair market value and is redeemable on demand. There is no investment policy concerning this investment as a means of managing investment or interest rate risk due to the low level of investment. Because the investments are in U.S. government obligations, they are not considered to have credit risk and are not exposed to custodial credit risk. An investment is exposed to custodial credit risk if it is not covered by depository insurance and is either uncollateralized, collateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name.

**NOTE 4 - OTHER RECEIVABLES**

Other receivables:

Brownfield Cleanup Revolving Loan Fund (11900)	\$ 385,126
Hazardous Waste Fund (33900)	280,486
Air Quality Title V Operating Permit Fees (09200)	21,648
ARRA Fund (89000)	7,549
General Fund (06400)	13,325
Underground Storage Tank Fund (98900)	<u>4,500</u>

**Total other receivables, net** **\$ 712,634**

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 4 - OTHER RECEIVABLES (CONTINUED)**

The Brownfield Cleanup Revolving Loan Fund provides loans from federal grant proceeds to various parties to carry out cleanup activities at Brownfield sites. At June 30, 2011, the fund consisted of three loans with various private parties with terms ranging from three to five years, with monthly payments ranging from approximately \$1,500 to \$14,000 per month. These receivables are considered fully collectible.

The Air Quality Title V Operating Permit Fee is a fee charged on approximately 140 source companies within the State of New Mexico based on an air emission discharge fee of \$25 per ton of allowable pollutants per year. For the fiscal year ending June 30, 2011, each owner or operator's annual payment fee was due June 1, 2011.

The Underground Storage Tank Permit Fee is a \$100 annual fee charged on each underground storage tank. The tank fees are invoiced May 1 and are due July 1 for the next fiscal year. A past-due notice is sent in October and a late fee of 25% of the unpaid amount is charged. The Hazardous Waste revenues are composed of various permits and fee charges including hazardous waste permits, annual unit audits, annual generator fees and WIPP permits.

The other receivable amounts in the General Fund and the ARRA Fund represent contract billings with NMFA for the DWSRF program.

**NOTE 5 - CONSTRUCTION AND MORTGAGE LOANS**

Construction and mortgage loans represent interest-bearing funds advanced to various municipalities and water control districts within the state to construct or modify wastewater or water supply facilities. Construction loans represent those projects still under construction. Interest is accrued on loans in the construction phase. Upon completion, accrued interest is either paid or added to the principal balance of the mortgage loan. The mortgage loans represent completed projects and the Department is receiving payments of principal and interest.

The allowance for uncollectible accounts is based on estimated collectible balances using an analysis of an aging of outstanding accounts and historical collection experience. For Fund 12100, no provision for uncollectible accounts has been made as all loans are current, and management believes that all loans will be repaid according to the loan terms. The Department may not forgive a loan without Legislative approval. Construction and mortgage loans as of June 30, 2011 consist of the following:

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**NOTE 5 - CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)**

	<b>(12100)</b> <b>Wastewater Facility Construction Loan Fund</b>	<b>(33700/61900)</b> <b>Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
Construction loans in progress	\$ 4,098,415	\$ 914,764	\$ 5,013,179
Mortgage loans on completed projects, non-current and current	162,031,341	14,569,113	176,600,454
Accrued interest	1,745,406	280,688	2,026,094
Allowance for uncollectible accounts	<u>-</u>	<u>(378,231)</u>	<u>(378,231)</u>
<b>Construction and mortgage loans, net</b>	<b><u>\$ 167,875,162</u></b>	<b><u>\$ 15,386,334</u></b>	<b><u>\$ 183,261,496</u></b>

The above loans are secured by pledged revenues of the borrower's water and sewer systems and bear interest at rates ranging from zero to seven percent per annum. Construction loans in process are transferred to mortgage loans upon completion of the project.

Mortgage loans are paid in annual installments, including interest, ranging from \$2,500 to \$1,921,489 through April 25, 2031 in the Wastewater Construction Loan Fund and \$318 to \$77,914 through June 5, 2031 in the Rural Infrastructure Loan Fund.

The following is a schedule of future annual payments including principal, interest and administrative fee, as of June 30, 2011:

<b>Years Ending June 30</b>	<b>(12100)</b> <b>Wastewater Facility Construction Loan Fund</b>	<b>(33700/61900)</b> <b>Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
2012	\$ 14,452,115	\$ 1,899,215	\$ 16,351,330
2013	14,372,549	1,790,068	16,162,617
2014	12,776,672	1,679,801	14,456,473
2015	12,178,633	1,246,228	13,424,861
2016	12,115,624	1,209,844	13,325,468
2017	<u>130,372,987</u>	<u>10,244,775</u>	<u>140,617,762</u>
	196,268,580	18,069,931	214,338,511
Less interest and administrative	<u>(34,237,239)</u>	<u>(3,500,818)</u>	<u>(37,738,057)</u>
<b>Completed projects</b>	<b><u>\$ 162,031,341</u></b>	<b><u>\$ 14,569,113</u></b>	<b><u>\$ 176,600,454</u></b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 5 - CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)**

The following is a detailed summary of major borrowers and loan balances for construction and mortgage loans at June 30, 2011.

Construction loans in progress:

<u>Community</u>	<b>(12100)</b> <b>Wastewater Facility Construction Loan Fund</b>	<b>(33700/61900)</b> <b>Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
City of Carlsbad	\$ 2,505,297	\$ -	\$ 2,505,297
Town of Taos	1,000,000	52,250	1,052,250
Greentree	-	612,620	612,620
City of Rio Rancho	308,961	-	308,961
Village of Eagle Nest	191,655	-	191,655
La Jara	-	102,539	102,539
El Valle de los Ranchos	-	75,771	75,771
Navajo Dam	-	71,584	71,584
San Miguel County	62,502	-	62,502
Village of Questa	30,000	-	30,000
<b>Total</b>	<b>\$ 4,098,415</b>	<b>\$ 914,764</b>	<b>\$ 5,013,179</b>

Mortgage loans on completed projects:

<u>Community</u>	<b>(12100)</b> <b>Wastewater Facility Construction Loan Fund</b>	<b>(33700/61900)</b> <b>Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
Hobbs	\$ 31,419,101	\$ -	\$ 31,419,101
Los Lunas	23,192,258	41,015	23,233,273
Las Vegas	14,113,278	-	14,113,278
Los Alamos County	14,055,681	-	14,055,681
Farmington	11,376,818	-	11,376,818
Clovis	7,638,632	-	7,638,632
Albuquerque	7,310,192	-	7,310,192
Espanola	7,242,013	-	7,242,013
Rio Rancho	7,016,240	-	7,016,240
Lovington	5,574,682	-	5,574,682
Aztec	4,584,317	767,108	5,351,425
Dona Ana County	4,345,945	-	4,345,945
Belen	2,754,482	359,886	3,114,368
Albuquerque - Nitro	2,994,416	-	2,994,416
Bloomfield	2,256,137	619,864	2,876,001
Gallup	2,707,041	-	2,707,041

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 5 - CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)**

<u>Community</u>	<u>(12100) Wastewater Facility Construction Loan Fund</u>	<u>(33700/61900) Rural Infrastructure Revolving Loan Fund</u>	<u>Total</u>
Grants	2,644,973	-	2,644,973
Silver City	1,903,297	-	1,903,297
Other Communities	331,976	1,547,064	1,879,040
Bayard	1,205,822	639,603	1,845,425
Albuquerque - Compost	1,606,442	-	1,606,442
Elephant Butte	466,614	962,784	1,429,398
Taos Ski Valley	1,386,141	-	1,386,141
Paa-Ko CSA	-	1,325,065	1,325,065
Santa Fe Solid Waste Mgmt. Assoc.	-	1,171,444	1,171,444
Estancia Solid SWA	-	1,116,769	1,116,769
Portales	-	1,116,018	1,116,018
Ruidoso	1,050,173	-	1,050,173
City of Socorro	1,020,868	-	1,020,868
Sandoval	-	1,017,576	1,017,576
Truth or Consequences	-	526,530	526,530
Santa Rosa	500,000	-	500,000
Edgewood	-	403,610	403,610
Dona Ana MDWCA	-	401,208	401,208
Dona Ana	374,265	-	374,265
Logan	361,784	-	361,784
Tularosa	-	320,759	320,759
Red River	-	288,617	288,617
Upper La Plata	-	287,904	287,904
Texico	-	271,482	271,482
Estancia	180,000	84,084	264,084
Roosevelt Water Coop	-	219,834	219,834
Lordsburg	-	217,931	217,931
Garfield MDWCA	-	182,805	182,805
Twin Forks MDWCA	-	182,009	182,009
Gamerco WSD	-	132,746	132,746
Tucumcari	100,000	28,853	128,853
Canoncito	-	121,504	121,504
Raton	115,247	-	115,247
Ilfeld MDWCA	-	114,046	114,046
Wagon Mound	102,506	-	102,506
Cimarron	-	100,995	100,995
Ruidoso Downs	100,000	-	100,000
<b>Total</b>	<b><u>\$ 162,031,341</u></b>	<b><u>\$ 14,569,113</u></b>	<b><u>\$ 176,600,454</u></b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 6 - DUE FROM AND DUE TO OTHER FUNDS**

Due from/to other funds are amounts due from and to other funds within the Department. A significant portion of these balances represents the differences between the amounts transferred from the Special Revenue Funds and the Clean Water Admin Fund to the General Fund and the amounts expended in the General Fund on behalf of the Special Revenue Funds. In addition, the \$174,588 due from 89000 to 06400 and the \$44,984 due from 12100 to 06400 are a result of indirect expenditures allocated to funds 89000 and 12100. All interfund balances are expected to be paid within one year. Due from/to other Department funds as of June 30, 2011 are as follows:

<b>Amount Due From Other Funds</b>		
<b>Fund Name</b>	<b>Fund No.</b>	<b>Amount</b>
Governmental Funds:		
Tire Recycling Fund	02600	\$ 88,581
Air Quality - Title V	09200	177,722
Clean Water Administrative Fund	32700	220,676
Hazardous Waste Fund	33900	783,155
Liquid Waste Fund	34000	164,779
Water Quality Management Fund	34100	128,735
Water Recreation Facilities	40000	80,692
Water Conservation Fund	56700	861,255
Radiation Protection Fund	59200	350,971
Air Quality Permit Fund	63100	264,658
Other Revenue Fund	78300	28,446
Hazardous Waste Emergency Fund	95700	168,371
Radiologic Technology Fund	98700	29,957
Underground Storage Tank Fund	98900	118,886
Ground Water Corr. Action Fund	99100	498,119
Food Service Sanitation Fund	99100	382,283
General Fund	06400	441,234
General Fund	06400	48,124
ARRA Fund	89000	18,871
ARRA Fund	89000	1,488
Rural Infrastructure Fund	33700	27,342
Brownfield Cleanup Revolving Loan Fund	11900	15,489
General Fund	06400	44,984
Air Quality - Title V	09200	31,954
General Fund	06400	174,588
<b>TOTAL ALL FUNDS</b>		<b>\$ 5,151,360</b>
Governmental funds - Due from		\$ 4,903,342
Enterprise funds - Due from		248,018
<b>TOTAL ALL FUNDS</b>		<b>\$ 5,151,360</b>



**Amount Due To Other Funds**

Fund Name	Fund No.	Amount
Governmental Funds:		
General Fund	06400	\$ 88,581
General Fund	06400	177,722
General Fund	06400	220,676
General Fund	06400	783,155
General Fund	06400	164,779
General Fund	06400	128,735
General Fund	06400	80,692
General Fund	06400	861,255
General Fund	06400	350,971
General Fund	06400	264,658
General Fund	06400	28,446
General Fund	06400	168,371
General Fund	06400	29,957
General Fund	06400	118,886
General Fund	06400	498,119
General Fund	06400	382,283
Responsible Parties Prepayment	24800	441,234
Public Water Supply System OPF	58400	48,124
General Fund	06400	18,871
General Fund	06400	1,488
General Fund	06400	27,342
Voluntary Remediation Fund	06600	15,489
Clean Water State Revolving Fund	12100	44,984
Air Quality Permit Fund	63100	31,954
ARRA Fund	89000	174,588
<b>TOTAL ALL FUNDS</b>		<b>\$ 5,151,360</b>
Governmental funds - Due to		\$ 5,106,376
Enterprise funds - Due to		44,984
<b>TOTAL ALL FUNDS</b>		<b>\$ 5,151,360</b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 7 - DUE FROM AND DUE TO OTHER STATE AGENCIES**

Transactions that occur among state agencies legislative mandate, exchange transactions and other situations are accounted for in the financial statements which make up the due from and due to other state agencies. The due from and due to other agencies balances at June 30, 2011 consist of the following:

**Due From Other State Agencies**

NMED Fund	Agency	Other Agency's Fund	Amount
<b>Governmental Funds:</b>			
34000	State Treasurer's Office	80100	\$ 6
58400	State Treasurer's Office	80100	14
59200	State Treasurer's Office	80100	51
63200	State Treasurer's Office	80100	80
06400	Department of Finance & Administration	01000	1,539
06400	Department of Finance & Administration	01000	3,865
06400	Energy & Minerals – UIC	19902	51,970
06400	Department of Health	06100	10,000
29000	Energy & Minerals – ARRA	19900	3,140
89200	Energy & Minerals – STB Capital Outlay	19900	113,333
06400	DFA – Board of Finance	01900	65,715
10360	DFA – Board of Finance	01900	529,756
22100	DFA – Board of Finance	01900	<u>6,398,346</u>
	Total Governmental Funds		<u>7,177,815</u>
<b>Enterprise Funds:</b>			
12100	State Treasurer's Office	80100	6,220
32700	State Treasurer's Office	80100	28
33700	State Treasurer's Office	80100	<u>1,589</u>
	Total Enterprise Funds		<u>7,837</u>
	<b>Total All Funds</b>		<u>\$ 7,185,652</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 7 - DUE FROM AND DUE TO OTHER STATE AGENCIES (CONTINUED)**

**Due To Other State Agencies**

NMED Fund	Agency	Other Agency's Fund	Amount
<b>Governmental Funds:</b>			
34100	Energy, Minerals & Natural Resources	19900	<u>\$ 244,124</u>
<b>Total Governmental Funds</b>			<u><u>\$ 244,124</u></u>

**NOTE 8 - TRANSFERS**

Inter-fund transfers as of June 30, 2011 are as follows:

Fund	Transfers In	Transfers Out
<b>Governmental Funds Inter-fund Transfers:</b>		
General Fund – 06400	\$ 23,165,424	\$ -
Special Revenue Funds:		
02600	-	288,119
09200	-	3,617,404
33900	-	3,159,445
34000	-	260,055
34100	-	446,365
56700	-	2,478,545
59200	-	494,029
63100	-	2,307,692
78300	-	11,554
95700	-	525,029
98700	-	88,943
98900	-	572,114
99000	-	7,165,947
99100	-	1,076,017
40000	-	184,808
58400	-	48,124
24800	-	441,234
<b>Total Governmental Funds Inter-fund Transfers</b>	<u><u>\$ 23,165,424</u></u>	<u><u>\$ 23,165,424</u></u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 8 – TRANSFERS (CONTINUED)**

Fund	Transfers In	Transfers Out
<b>Other Inter-fund Transfers:</b>		
06400	\$ 307,124	\$ -
32700	<u>-</u>	<u>307,124</u>
<b>Total Other Inter-fund Transfers *</b>	<u><u>\$ 307,124</u></u>	<u><u>\$ 307,124</u></u>

Interfund transfers occur primarily from special revenue funds to the general operating fund since certain revenues are recorded in the special revenue funds but related expenditures are budgeted and incurred through the general operating fund. All transfers are routine and consistent with fund activity.

\* Other inter-fund transfers in are included with inter-agency transfers in on the statement of revenues, expenditures and changes in fund balance.

Inter-agency transfers as of June 30, 2011 are as follows:

**Inter-agency Transfers Out**

NMED Fund	Agency	Other Agency's Fund	Description	Amount
06400	Energy, Minerals & Natural Resources Dept.	51200	Transfer EMNRD portion from Water Quality Fund	<u>\$ 49,159</u>
<b>Total</b>				<u><u>\$ 49,159</u></u>

**Inter-agency Transfers In**

NMED Fund	Agency	Other Agency's Fund	Description	Amount
89200	Energy, Minerals & Nat. Resources Dept. – 52100	19900	MOU	\$ 113,333
06400	New Mexico Department of Health - 66500	06100	MOA	<u>10,000</u>
Total inter-agency transfers in				123,333
Total other interfund transfers in				<u>307,124</u>
<b>Total other transfers</b>				<u><u>\$ 430,457</u></u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 9 - CAPITAL ASSETS**

A summary of changes in capital assets follows:

<b>Governmental Type Activities</b>	<b>Balance June 30, 2010</b>	<b>Additions</b>	<b>Adjustments/ Deletions</b>	<b>Balance June 30, 2011</b>
Reportable IT maintenance	\$ 57,839	\$ -	\$ (5,364)	\$ 52,475
Reportable IT services	183,849	-	(25,151)	158,698
Furniture and fixtures	122,460	-	(2,751)	119,709
Data processing equipment	1,923,021	-	(131,377)	1,791,644
Machinery and equipment	3,138,318	483,132	(248,519)	3,372,931
Library and museum	37,890	-	-	37,890
Automotive	849,593	14,169	(16,085)	847,677
Buildings and structures	<u>16,809</u>	<u>-</u>	<u>-</u>	<u>16,809</u>
<b>Total</b>	<b>6,329,779</b>	<b>497,301</b>	<b>(429,247)</b>	<b>6,397,833</b>
Accumulated depreciation:				
Reportable IT	(39,287)	(11,568)	1,996	(48,859)
Reportable IT services	(95,840)	(30,352)	24,618	(101,574)
Furniture and fixtures	(73,089)	(16,938)	2,751	(87,276)
Data processing	(1,800,289)	(31,838)	131,377	(1,700,750)
Machinery and equipment	(2,978,918)	(91,279)	243,571	(2,826,626)
Library and museum	(33,310)	(4,581)	-	(37,891)
Automotive	(439,652)	(138,468)	16,085	(562,035)
Buildings and structures	<u>(5,657)</u>	<u>(611)</u>	<u>-</u>	<u>(6,268)</u>
<b>Total accumulated</b>	<b><u>(5,466,042)</u></b>	<b><u>(325,635)</u></b>	<b><u>420,398</u></b>	<b><u>(5,371,279)</u></b>
<b>Net capital assets</b>	<b><u>\$ 863,737</u></b>	<b><u>\$ 171,666</u></b>	<b><u>\$ (8,849)</u></b>	<b><u>\$ 1,026,554</u></b>

Depreciation expense for the year ended June 30, 2011 was allocated to the following activities in the Statement of Activities. All assets are held by the primary government. Depreciation was allocated based on the relative percentages to the total governmental expenses.

Program support	\$ 64,170
Water quality	22,492
Environmental health program	48,691
Environmental protection program	168,377
Water and wastewater infrastructure development	<u>21,905</u>
<b>Total depreciation expense</b>	<b><u>\$ 325,635</u></b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 10 - COMPENSATED ABSENCES**

The following is a summary of compensated absences of the Department for the year ended June 30, 2011:

	<b>Balance June 30, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2011</b>
Amount due within one year	\$2,180,471	\$1,892,555	\$(2,092,163)	\$1,980,863
Amount due in more than one year	-	-	-	-
Accrued compensated absence	<u>\$2,180,471</u>	<u>\$1,892,555</u>	<u>\$(2,092,163)</u>	<u>\$1,980,863</u>

Compensated absences have been and will continue to be liquidated by the general fund.

**NOTE 11 - POLLUTION REMEDIATION OBLIGATIONS**

Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), became effective in fiscal year 2009. GASB 49 provides guidance in estimating and reporting the potential costs of pollution remediation. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post closure care. While GASB 49 does not require the Department to search for pollution, it does require the Department to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the Department is compelled to take action,
- The Department is found in violation of a pollution related permit or license,
- The Department is named, or has evidence that it will be named as a responsible party by a regulator,
- The Department is named, or has evidence that it will be named in a lawsuit to enforce a cleanup, or
- The Department commences or legally obligates itself to conduct remediation activities.

For FY09, the initial implementation of GASB 49 for all contaminated sites, the Department used the expected cash flow technique using expected outlays from actual work plan obligations on active sites the Department is responsible for as of the end of the fiscal year. Since the initial implementation of GASB 49, the Department has gained additional experience and knowledge regarding the identification and estimation of contaminated sites and has changed the methodology in estimating pollution remediation liabilities for FY11 to provide the most reasonable estimate given the information available as of June 30, 2011.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 - POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)**

The nature of the identified sites, the methodology used in the estimate and the estimated liability is further explained below.

**Leaking Petroleum Storage Tanks (LPST)**

The Department oversees cleanups of LPST sites and reimburses eligible parties from the PST corrective action fund, which has paid for the vast majority of LPST cleanups. In addition, the Department takes the lead at high priority sites where owners and operators are unknown, unwilling or unable to take corrective action. The corrective action fund is funded by a per load fee collected at the loading dock from wholesale distributors of petroleum products.

The Department identified 868 responsible party and state lead active LPST sites as of June 30, 2011. To estimate the liability, the Department assessed each individual site and estimated the expected cash outlays based on knowledge of current site conditions and anticipated correction that will be required. The Department estimated the amount of direct salaries and benefits using the expected cash outlays over the average number of years expected to achieve cleanup standards at these sites. The Department reduces the estimated liability with expected recoveries through loading fees (Section 7-13A-1 NMSA 1978) not yet realized or realizable. The Department only recognizes the recoveries in its financial statements as they become probable. The amount of recoveries estimated to reduce the liability is based on a weighted average of the number of years estimated to clean up the different types of priority sites. As of June 30, 2011 the estimated pollution remediation liability for LPST sites is \$248,908,599, with expected recoveries of \$212,245,717, for a total liability of \$36,662,882. The estimate is subject to change due to price changes, technology changes, changes in applicable laws and regulation or other unforeseen conditions.

**Superfund**

The Superfund Oversight Section of the Department assists the United States Environmental Protection Agency (EPA) in characterization of inactive hazardous waste sites; identifies sites which warrant remedial or removal action under Superfund (CERCLA); and oversees remedial activities and provides management assistance to EPA at Superfund sites listed on the National Priorities List. There are currently 13 listed Superfund sites, 1 proposed site and 4 deleted sites in New Mexico which are in various stages of investigation and remediation

The primary objective of the Superfund Oversight Section is to address releases or threatened releases of hazardous substances that pose an imminent or substantial endangerment to public health and safety or the environment. The major functions of the Superfund Program are to investigate and evaluate the release or threatened release of hazardous substances, identify responsible parties and remediate sites on the National Priorities List to ensure protection of human health and the environment.

The pollution remediation liability for Superfund sites was calculated by estimating the remediation liabilities for active sites in New Mexico. Sites for which one or more Potentially Responsible Parties is performing or funding the investigation and cleanup were excluded from the estimate. In cases where a viable potential responsible party has not been identified,

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**June 30, 2011**

**NOTE 11 - POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)**

federal funds will cover 100 percent of the investigation costs and 90 percent of the cleanup costs for up to 10 years. The state must assure payment of 10 percent of the cleanup costs for the first 10 years and 100 percent of the costs for any cleanup actions required beyond 10 years. Although there is no cost share requirement for sites where removal actions are performed, the state is responsible for 100% of post removal operation and maintenance.

Site estimates were based on budget projections to cover necessary activities for the upcoming fiscal year, along with estimated costs for future years and phases, plus direct salaries and benefits. For sites or phases without budget projections, Superfund Program and Project Managers estimated costs for the Superfund phases of investigation and cleanup, based on experience with similar sites. Site estimates may change drastically from one year to another as the investigations continue or remediation progresses. The estimate is subject to change due to price changes, technology changes, changes in applicable laws and regulations, or other unforeseen conditions. The Department does not expect any recoveries from other responsible parties that would reduce this liability. As of June 30, 2011, the estimated pollution remediation liability for Superfund sites is \$50,077,738.

	<b>Balance, June 30, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2011</b>
Amount due within one year	\$ 3,561,345	\$ 719,509	\$ (795,100)	\$ 3,485,754
Amount due in more than one year	<u>82,727,549</u>	<u>7,762,729</u>	<u>(7,235,412)</u>	<u>83,254,866</u>
<b>Total Pollution Remediation Liabilities</b>	<b><u>\$86,288,894</u></b>	<b><u>\$8,482,238</u></b>	<b><u>\$(8,030,512)</u></b>	<b><u>\$86,740,620</u></b>

This liability is paid from the Department's special revenue funds and the general fund.

**NOTE 12 - REVERSIONS**

The following reversions are special appropriations accrued during fiscal year 2011:

Laws of 2006	\$ 25,000
Laws of 2007	696,232
Laws of 2008	<u>27,171</u>
<b>Total</b>	<b>748,403</b>
 Paid during FY2011	 <u>(7,774)</u>
<b>Total reversions – due to State General Fund</b>	<b><u>\$ 740,629</u></b>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 12 – REVERSIONS (CONTINUED)**

In accordance with statute Section 6-5-10(A) NMSA 1978, all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert. The Department did not have any additional reversions for FY11. A total of \$7,774 was paid to the State General Fund during the year. \$740,629 is payable at June 30, 2011 and due by September 30, 2011. This payable may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

**NOTE 13 – OTHER REVENUE**

The following is the summary of the gasoline loading fees received from the New Mexico Department of Taxation and Revenue, recorded in the Corrective Action Fund (99000).

Gasoline tax revenue	<u>\$ 18,936,207</u>
<b>Total other revenue</b>	<u><b>\$ 18,936,207</b></u>

**NOTE 14 - PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**Plan Description**

Substantially all of the Department's full-time employees participate in a public employee retirement 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 benefits, 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy**

Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$4,597,139, \$4,972,500 and \$5,782,281, respectively, which equal the amount of the required contributions for each fiscal year.

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**NOTE 15 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

**Plan Description**

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

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

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

**Funding Policy**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013, the contribution rates for employees and employers will rise as follows:

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**NOTE 15 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

For employees who are not members of an enhanced retirement plan, the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Department's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$504,716, \$421,844 and \$440,996, respectively, which equal the required contributions for each year.

**NOTE 16 - COMMITMENTS**

**Corrective Action Fund (99000)**

The Corrective Action Fund uses only single site contracts. Workplans are submitted and approved for all site work. The workplans will be paid for as contractors submit claims for work performed. The Department plans to pay for projects completed under the workplans from revenues received by the Corrective Action Fund from the New Mexico Department of Taxation and Revenue for gasoline loading fees.

**Loan Commitments**

Wastewater Loan Construction Fund - As of June 30, 2011, the Department has executed binding commitments to disburse \$41,957,398 for future loans.

Rural Infrastructure Loan Fund - As of June 30, 2011, the Department has executed binding commitments to disburse \$2,459,067 for loans and grants from the fund.

**Operating Leases**

The Department leases equipment under operating leases. Operating leases do not give rise to eventual property rights or lease obligations and, therefore, the effect of the lease obligations are not reflected in the Department's liabilities. Operating leases are subject to future appropriations and are cancelable by the Department at the end of each fiscal year. The Department has commitments for lease obligations for the following periods in the following amounts:

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**NOTE 16 – COMMITMENTS (CONTINUED)**

Years ending June 30:

2012	\$ 2,533,749
2013	1,874,949
2014	1,761,990
2015	1,472,067
2016	1,005,470
2017 and thereafter	<u>2,279,829</u>
<b>Total</b>	<b><u>\$ 10,928,054</u></b>

Rental expenditures for the fiscal year ended June 30, 2011 were approximately \$3,245,000.

**NOTE 17 – CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS)**

The Department, as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department of the State of New Mexico. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for State of New Mexico employees.

In the case of civil actions or claims against the Department for financial damages, the Department's certificate of insurance with Risk Management does not cover claims for back wages but does cover civil rights claims for other compensatory damages.

The Department is subject to various legal proceedings, claims and liabilities, including employee claims, which arise in the ordinary course of the Department's operations. In the opinion of the Department's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse impact on the financial position or results of operations of the Department.

**NOTE 18 – RISK MANAGEMENT**

The Department is exposed to various risks of loss for which the Department carries insurance with the State of New Mexico Risk Management Division (i.e., auto, employee fidelity bond, general liability, civil rights and foreign jurisdiction, money and securities, property and workers' compensation).

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**June 30, 2011**

**SPECIAL REVENUE FUNDS.** The purpose of the Special Revenue Funds is to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Tire Recycling Fund (02600) - Established by the Department to comply with the Tire Recycling Act, NMSA 1978, Section 74-1 1-1 through 74-1 1-1 7. The purpose of this fund is for abatement of tire dumps; reprocessing, transportation or recycling of scrap tires; providing annual retread rebates; and carrying out the provisions of the Tire Recycling Act. This fund is reverting.

Voluntary Remediation Fund (06600) - Created by State Statute NMSA 1978, Section 74-4G-11. The purpose of this fund is to account for fees and oversight payments collected pursuant to regulation adopted by the Secretary of the Environment Department pursuant to the provisions of the Voluntary Remediation Act. This fund is non-reverting.

Air Quality Title V Fund (09200) - Established by the Department to comply with the Air Quality Control Act, Chapter 74, Article 2. The purpose of the fund is to establish and administer an air quality permit program. This fund is reverting.

Nuclear Workers Assistance Fund (10980) – Created by the Laws of 2010, Chapter 50, HB101. This fund was established for the purpose of administration of a program to assist nuclear workers seeking claims under the federal Energy Employees Occupation Illness Compensation Program Act of 2000, 42 USC 7384 et seq. This fund is non-reverting.

Brownfield Cleanup Revolving Loan Fund (11900) - Created by State Statute NMSA 1978, Section 74-4G-11.1. The fund was established to account for the Brownsfield Clean-up Revolving Loan Fund. The funds are obtained through a grant from the Environmental Protection Agency. The funds are for the repayments of loans and interest. Income is accrued on the balance of the fund. This fund is non-reverting.

Responsible Party Reimbursement Fund (24800) - Created by State Statute NMSA 1978, Section 74-6B-7 for the purpose of removing leaking underground storage tanks. This fund is reverting.

Hazardous Waste Fund (33900) - Created by State Statute NMSA 1978, Section 74-4-4.5. The purpose of the fund is to meet necessary expenditures in the administration and operation of the hazardous waste program. This fund is reverting.

Liquid Waste (34000) - Created by State Statute NMSA 1978, Section 74-1-1 5. The fund was established for the administration of liquid waste regulations. Source of funding: Permits and fees. This fund is non-reverting. The Liquid Waste Program regulates septic tanks and other on-site wastewater treatment and disposal systems in accordance with Environmental Improvement Board Regulations and the Environmental Improvement Act. Septic systems have contaminated more water-supply wells and more acre-feet of ground water in the state than all other pollution sources combined. Several cases of infectious disease, and at least one case of the blue-baby syndrome, have been traced to water wells contaminated by septic effluent. In order to protect public health and prevent degradation of water quality, permits are required for the installation or modification of liquid waste systems. Approximately 7,600 new permits are

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SPECIAL REVENUE/CAPITAL PROJECT FUNDS –**  
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**June 30, 2011**

issued each year. Field office inspectors and administrative staff collect fees prior to the issuance of new Liquid Waste permits. Each permit fee ranges from \$50 to \$150. Certification fees are also collected from companies that design septic tanks for wholesale or retail. The fees, which are \$100 per each septic tank design, are billed in January by the Liquid Waste Bureau and due March 1 of every year. The companies must remain certified in order to continue septic tank sales.

Water Quality Management Fund (34100) - Created by State Statute NMSA 1978, Section 74-6-5.2. The fund was established for the purpose of administering the regulation adopted by the Water Quality Control Commission. This fund is non-reverting.

Water Recreation Facilities Fund (40000) - Created by State Statute NMSA 1978, Section 74-1-16. The fund was created to be used to administer and enforce rules pertaining to public swimming pools, public spas and other public water recreation facilities. Source of funding: Fees. This fund is reverting.

State statute specifies that the Environmental Improvement Board is responsible for the environmental management, consumer protection and rules promulgation for the sanitation of public swimming pools and public baths. The Swimming Pools program regulates approximately 700 public swimming pools, public spa pools and public baths throughout the state. The Program is also responsible for the engineering design reviews of all new construction projects and major renovations.

Water Conservation Fund (56700) - Created by State Statute NMSA 1978, Section 74-1-13. It was established for administration of a public water supply program to (1) test public water supplies, (2) perform vulnerability assessments, (3) implement new requirements of the Utility Operators Certification Act, and (4) provide training for all public water supply operators. This fund is non-reverting. Source of funding: Fees through New Mexico Taxation and Revenue Department.

Each person who operates a public water supply system is required to pay a water conservation fee of three cents (\$ .03) per thousand gallons of water produced. The fee is paid to the New Mexico Taxation and Revenue Department by each person in the manner required by the Department on or before the twenty-fifth of the month following the month in which the water is produced. All water conservation fees collected by the New Mexico Taxation and Revenue Department, less the administrative fee, are deposited into the Water Conservation Fund.

The Department utilizes these funds for the administration of the public water supply program that includes:

- Testing public water supplies for the contaminants required to be tested pursuant to the provisions of Section 1412 of the federal Safe Drinking Water Act, as finalized through July 1, 1992, and collecting chemical compliance samples as required by those provisions of the federal act;
- Performing vulnerability assessments which will be used to assess a public water supply's susceptibility to those contaminants; and
- Implementing new requirements of the Utility Operators Certification Act [Chapter 61, Article 33 NMSA 1978] and providing training for all public water supply operators.

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**NON-MAJOR GOVERNMENTAL FUNDS**  
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Colonias Wastewater Grants Fund (58200) - The fund was established in compliance with the Fiscal Year Appropriation Act P.L. 102-389 to provide financial assistance for the purpose of planning, designing and constructing adequate wastewater systems to serve unincorporated colonies consistent with implementation of the Integrated Border Environmental Plan for the U.S./Mexico border in New Mexico.

Public Water Supply System Operator and Public Wastewater Facility Operator Certification Fund (58400) - Created by State Statute NMSA 1978, Section 74-6A-4. The fund shall be used solely for the purpose of administering and enforcing the Utility Operators Certification Act. Fees collected shall be deposited with the state treasurer in the “public water supply system operator and public wastewater facility operator fund”, hereby created. The fund shall be administered by the Department. Money in the fund shall be retained by the Department for use, subject to appropriation by the legislature. Balances in the fund at the end of any fiscal year shall not revert to the General Fund, but shall accrue to the credit of the fund. Earning on the fund shall be credited to the fund. This fund is non-reverting.

Radiation Protection Fund (59200) - Created by State Statute NMSA 1978, Section 74-3-5.1. The fund was established to carry out provisions of the Radiation Protection Act. This fund is non-reverting. Source of funding: Fees and licenses.

In accordance with the agreement between New Mexico and the U.S. Nuclear Regulatory Commission (NRC), the Radiation Protection Program regulates the possession and use of certain radioactive materials. The Program regulates approximately 200 specific licenses for the possession and use of radioactive materials in medical and industrial areas. The Program also regulates the use of radiation-producing (X-ray) machines at more than 1,800 facilities.

Fees for radioactive material licenses are collected annually and are due on the anniversary date of the original license issue date. The Radiation Bureau issues invoices to each licensee at least 30 days prior to the fee due date. The fee schedule is based on the category of radioactive material licensed (license type). A licensee that has been classified as a small entity may qualify for a reduced annual fee.

Air Quality Fund (63100) - Created by State Statute NMSA 1978, Section 74-2-15. The fund is to be used for paying the reasonable costs of (1) reviewing and acting upon any application for a permit; (2) permits issued; (3) emissions and ambient monitoring; (4) preparing applicable regulations or guidance; (5) modeling, analysis and demonstrations; and (6) preparing inventories and tracking emissions. This fund is reverting.

Solid Waste Facility Grant Fund (63200) - Created by NMSA 1978, Section 74-10-2. The Solid Waste Facility Grant Fund was administratively established to administer grants to New Mexico counties and municipalities to construct solid waste facilities. This fund is reverting.

Other Revenue Fund – Solid Waste Permit Fees (78300) - Created by State Statute NMSA 1978, Section 74-9-1, the Solid Waste Act to Administer the Solid Waste Penalty Fees. The Statute established an applicant fee schedule for processing permit applications that is based on costs of application review incurred by the division. This fund is reverting.



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Emergency Hazardous Fund (95700) - Created by State Statute NMSA 1978, Section 74-4-8 Emergency Fund. This fund shall be used for cleanup of hazardous substance incidents, disposal of hazardous substance and necessary repairs to, or replacement of, state property and may be used for the state's share of any response action taken under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. This fund is non-reverting.

Radiologic Technology Fund (98700) - Created by State Statute NMSA 1978, Section 61-14E-10C. The purpose of the fund is to meet necessary expenditures incurred in the enforcement of the Medical Radiation Health and Safety Act. The Act established standards and requirements for the education and training of persons operating medical equipment emitting ionizing radiation. This fund is non-reverting. Source of funding: Fees. Radiologic Technologists' fees are collected upon the receipt of applications for new and certification renewals. The Radiation Bureau collects the fees and certification is renewed biannually. Certification is not approved until adequate documentation of the required continuing education credits and the applicable fee are submitted.

Underground Storage Tank Fund (98900) - Created by State Statute NMSA 1978, Section 74-4-4.8. The sole purpose of the fund is to meet necessary expenditures in the administration and operation of the underground storage tank program: specifically, to (1) review and act upon applications for the registration of underground storage tanks, (2) review and act upon applications for the certification of tank installers, and (3) implement and enforce any provision of the Hazardous Waste Act applicable to underground storage tanks and tank installers, including standards for the installation, operation and maintenance of underground storage tanks and for the certification of tank installers. This fund is non-reverting.

Food Service Sanitation Fund (99100) - Created by State Statute NMSA 1978, Section 25-1-5.1. The purpose of the fund is to pay the cost of administering regulations promulgated by the Environmental Improvement Board to carry out the provisions of the Food Service Sanitation Act. Source of funding: Fees.

The intent of the Food Program is to protect, promote and enhance public health as it relates to the safety of processing, preparation and service of foods and food products in New Mexico. Regulatory authority comes from The New Mexico Food Act and Flour and Bread Enrichment Act, The New Mexico Food Service Sanitation Act and the Food Service and Food Processing Regulations. The Program regulates approximately 6,700 permitted facilities each year and includes such facilities as restaurants, food processors and mobile food units. Staff investigates all complaints associated with food items and investigates the origins of food-borne illnesses to find the cause(s), limit the effects and prevent reoccurrence. The program provides crises management inspection of facilities after a catastrophe occurs, such as a fire, flood, power outage or water outage. Additional responsibilities include educating the public about reducing the major risk factors associated with food-borne illnesses and providing education on improving food safety implementation to facilities serving the public. This fund is reverting.

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**SPECIAL REVENUE/CAPITAL PROJECT FUNDS –**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2011**

**CAPITAL PROJECT FUNDS.** The Capital Project Funds are used to account for the appropriations and expenditures relating to capital construction and improvement projects appropriated by the Legislature for various water, wastewater and solid waste projects.

Special Appropriations 2000 (11700) - The Severance Bond Proceeds Match Fund was established to account for the sale of various severance tax bonds in order to provide grants and account for the related expenditures that must be matched by the State of New Mexico to construct waste handling facilities. This fund is reverting.

Special Appropriations 2007 (11800) – Created by Special Appropriation Laws of 2006, Chapter 115. This fund was established to administer capital outlay projects, including water, wastewater and solid waste facilities. This is a reverting fund. Source of funding: General Fund appropriation and severance tax bonds.

Special Appropriations 2004 (12000) - Created by the Laws of 2004, Chapters 429 and 4. This fund was established to account for the sale of severance tax bonds, a capital project appropriation and a general fund appropriation in order to provide funds for various waste handling projects. This fund is a reverting fund. Source of funding: General fund appropriation, severance tax bond and capital projects.

Special Appropriations – 2004 (65500) - Created by Laws of 2004, Chapter 126. This fund was established to utilize a fund already assigned to NMED for the 2004 Capital Projects appropriated by the 2006 Legislature. This fund is reverting. Source of funding: Capital projects and severance tax bonds.

Special Appropriations Fund - 2006 (69400) - The main purpose of this Capital Project fund is to utilize a fund already assigned to the Environment Department for Capital Projects appropriated by the 2006 Legislature. This fund is a reverting fund.

Special Appropriations – 2002 (70300) - Created by the Laws of 2002, Chapters 110 and 99. This fund was established to account for the sale of various severance tax bonds in order to provide grants and related expenditures for various waste handling projects. This is a reverting fund. Source of funding: General fund appropriation and severance tax bond.

Special Appropriations – STB 1998-1 (86700) - Created by the Laws of 1998, Chapter 118. This fund was established to design, construct and inspect the Abiquiu Mutual Domestic Water and Sewer Association's wastewater facility in Rio Arriba County. This is a reverting fund.

Special Appropriations – STB 1998-2 (86800) - Created by the Laws of 1998, Chapter 7. This fund was established to make improvements to the domestic water system, including the purchase and installation of replacement meters and related equipment, in Truchas in Rio Arriba County. This is a reverting fund.

Special Appropriations – STB 2000 (98800) - Created by the Laws of 2000, Chapter 23. This fund was established to account for the sale of various severance tax bonds in order to provide grants to New Mexico counties and municipalities for the construction of waste handling facilities. This is a reverting fund.

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**SPECIAL REVENUE/CAPITAL PROJECT FUNDS –**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2011**

Special Appropriations – 2008 (10350) – Created by the Laws of 2008, Chapter 92, Section 48. This fund was established to account for the sale of severance tax bonds, a capital project appropriation and a General Fund appropriation in order to provide funds for various waste handling projects. This fund is a reverting fund. Source of funding: General Fund appropriations.

Severance Tax Bonds 2008 (10360) - Created by the Laws of 2008. This fund was established to account for the sale of severance tax bonds to provide funds for various waste handling projects. This fund is a reverting fund. Source of funding: Severance tax bonds.

Special Appropriation Fund – STB 2009 (89200) – Created by the Laws of 2009. This fund was established to account for the sale of severance tax bonds to provide funds for various waste handling projects. The fund is a reverting fund. Source of funding: Severance tax bonds.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
June 30, 2011

	<b>02600</b>	<b>06600</b>	<b>09200</b>	<b>10980</b>	<b>11900</b>
	<b>Tire Recycling Fund</b>	<b>Voluntary Remediation Fund</b>	<b>Air Quality Title V Fund</b>	<b>Nuclear Workers Assistance Fund</b>	<b>Brownfield Cleanup Revolving Loan Fund</b>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in state general fund investment pool	788,785	82,508	3,132,409	6,538	328,929
Due from other governmental funds	88,581	-	209,676	-	15,489
Due from other state agencies	-	-	-	-	-
Other receivables	-	-	21,648	-	385,126
<b>TOTAL ASSETS</b>	<b><u>\$ 877,366</u></b>	<b><u>\$ 82,508</u></b>	<b><u>\$ 3,363,733</u></b>	<b><u>\$ 6,538</u></b>	<b><u>\$ 729,544</u></b>
<b>LIABILITIES</b>					
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	294,266	-	-	-	-
Due to other governmental funds	-	15,489	-	-	-
Due to other state agencies	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Total liabilities	<u>294,266</u>	<u>15,489</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	<u>583,100</u>	<u>67,019</u>	<u>3,363,733</u>	<u>6,538</u>	<u>729,544</u>
Total fund balances	<u>583,100</u>	<u>67,019</u>	<u>3,363,733</u>	<u>6,538</u>	<u>729,544</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 877,366</u></b>	<b><u>\$ 82,508</u></b>	<b><u>\$ 3,363,733</u></b>	<b><u>\$ 6,538</u></b>	<b><u>\$ 729,544</u></b>

**SPECIAL REVENUE FUNDS**

<b>24800</b>	<b>33900</b>	<b>34000</b>	<b>34100</b>	<b>40000</b>	<b>56700</b>	<b>58200</b>
<b>Responsible Party Reimbursement Fund</b>	<b>Hazardous Waste Fund</b>	<b>Liquid Waste</b>	<b>Water Quality Management Fund</b>	<b>Water Recreation Facilities Fund</b>	<b>Water Conservation Fund</b>	<b>Colonias Wastewater Grants Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
904,609	2,197,484	74,819	810,025	152,574	2,041,392	-
-	783,155	164,779	128,735	80,692	861,255	-
-	-	6	-	-	-	-
-	280,486	-	-	-	-	-
<u>\$ 904,609</u>	<u>\$ 3,261,125</u>	<u>\$ 239,604</u>	<u>\$ 938,760</u>	<u>\$ 233,266</u>	<u>\$ 2,902,647</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
441,234	-	-	-	-	-	-
-	-	-	244,124	-	-	-
-	-	-	-	-	-	-
<u>441,234</u>	<u>-</u>	<u>-</u>	<u>244,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>463,375</u>	<u>3,261,125</u>	<u>239,604</u>	<u>694,636</u>	<u>233,266</u>	<u>2,902,647</u>	<u>-</u>
<u>463,375</u>	<u>3,261,125</u>	<u>239,604</u>	<u>694,636</u>	<u>233,266</u>	<u>2,902,647</u>	<u>-</u>
<u>\$ 904,609</u>	<u>\$ 3,261,125</u>	<u>\$ 239,604</u>	<u>\$ 938,760</u>	<u>\$ 233,266</u>	<u>\$ 2,902,647</u>	<u>\$ -</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**June 30, 2011**

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>58400</b>	<b>59200</b>	<b>63100</b>	<b>63200</b>	<b>78300</b>
	<b>Operator Certification Fund</b>	<b>Radiation Protection Fund</b>	<b>Air Quality Fund</b>	<b>Solid Waste Facility Grant Fund</b>	<b>Other Revenue Fund Solid Waste Permit Fees</b>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ 356,109	\$ -
Investment in state general fund investment pool	157,318	608,483	1,581,006	794,554	153,789
Due from other governmental funds	-	350,971	264,658	-	28,446
Due from other state agencies	14	51	-	80	-
Other receivables	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 157,332</u></b>	<b><u>\$ 959,505</u></b>	<b><u>\$ 1,845,664</u></b>	<b><u>\$ 1,150,743</u></b>	<b><u>\$ 182,235</u></b>
<b>LIABILITIES</b>					
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	282,226	-
Due to other governmental funds	48,124	-	31,954	-	-
Due to other state agencies	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Total liabilities	<u>48,124</u>	<u>-</u>	<u>31,954</u>	<u>282,226</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	<u>109,208</u>	<u>959,505</u>	<u>1,813,710</u>	<u>868,517</u>	<u>182,235</u>
Total fund balances	<u>109,208</u>	<u>959,505</u>	<u>1,813,710</u>	<u>868,517</u>	<u>182,235</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 157,332</u></b>	<b><u>\$ 959,505</u></b>	<b><u>\$ 1,845,664</u></b>	<b><u>\$ 1,150,743</u></b>	<b><u>\$ 182,235</u></b>

					<b>CAPITAL PROJECT FUNDS</b>	
<b>95700</b>	<b>98700</b>	<b>98900</b>	<b>99100</b>	<b>Total</b>	<b>11700</b>	<b>11800</b>
<b>Emergency</b>	<b>Radiologic</b>	<b>Underground</b>	<b>Food</b>	<b>Special</b>	<b>Special</b>	<b>Special</b>
<b>Hazardous</b>	<b>Technology</b>	<b>Storage</b>	<b>Service</b>	<b>Revenue</b>	<b>Appropriations</b>	<b>Appropriations</b>
<b>Fund</b>	<b>Fund</b>	<b>Tank</b>	<b>Sanitation</b>	<b>Funds</b>	<b>2000</b>	<b>2007</b>
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>2000</b>	<b>2007</b>
\$ -	\$ -	\$ -	\$ -	\$ 356,109	\$ -	\$ -
2,868,414	269,798	407,472	685,843	18,046,749	-	-
168,371	29,957	118,886	382,283	3,675,934	-	-
-	-	-	-	151	-	-
-	-	4,500	-	691,760	-	-
<u>\$ 3,036,785</u>	<u>\$ 299,755</u>	<u>\$ 530,858</u>	<u>\$ 1,068,126</u>	<u>\$ 22,770,703</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	200	576,692	-	-
-	-	-	-	536,801	-	-
-	-	-	-	244,124	-	-
-	-	-	-	-	-	-
-	-	-	200	1,357,617	-	-
<u>3,036,785</u>	<u>299,755</u>	<u>530,858</u>	<u>1,067,926</u>	<u>21,413,086</u>	<u>-</u>	<u>-</u>
<u>3,036,785</u>	<u>299,755</u>	<u>530,858</u>	<u>1,067,926</u>	<u>21,413,086</u>	<u>-</u>	<u>-</u>
<u>\$ 3,036,785</u>	<u>\$ 299,755</u>	<u>\$ 530,858</u>	<u>\$ 1,068,126</u>	<u>\$ 22,770,703</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
 June 30, 2011

	<b>CAPITAL PROJECT FUNDS</b>				
	<b>12000</b>	<b>65500</b>	<b>69400</b>	<b>70300</b>	<b>86700</b>
	<b>Special Appropriations 2004</b>	<b>Special Appropriations 2004</b>	<b>Special Appropriations 2006</b>	<b>Special Appropriations 2002</b>	<b>Special Appropriations STB 1998-1</b>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in state general fund investment pool	-	-	225,000	-	-
Due from other governmental funds	-	-	-	-	-
Due from other state agencies	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Due to other governmental funds	-	-	-	-	-
Due to other state agencies	-	-	-	-	-
Due to state general fund	-	-	25,000	-	-
Total liabilities	-	-	25,000	-	-
<b>FUND BALANCES</b>					
Restricted	-	-	200,000	-	-
Total fund balances	-	-	200,000	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ -</u>



<b>86800</b>	<b>98800</b>	<b>10350</b>	<b>10360</b>	<b>89200</b>	<b>Total Capital Project Funds</b>	<b>Total All Funds</b>
<b>Special Appropriations STB 1998-2</b>	<b>Special Appropriations STB 2000</b>	<b>Special Appropriations 2008</b>	<b>Severance Tax Bonds 2008</b>	<b>Severance Tax Bonds 2009</b>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,109
-	-	1,373,863	-	-	1,598,863	19,645,612
-	-	-	-	-	-	3,675,934
-	-	-	529,756	113,333	643,089	643,240
-	-	-	-	-	-	691,760
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,863</u>	<u>\$ 529,756</u>	<u>\$ 113,333</u>	<u>\$ 2,241,952</u>	<u>\$ 25,012,655</u>
\$ -	\$ -	\$ -	95,531	\$ -	\$ 95,531	\$ 95,531
-	-	95,167	434,225	113,333	642,725	1,219,417
-	-	-	-	-	-	536,801
-	-	-	-	-	-	244,124
-	-	27,161	-	-	52,161	52,161
-	-	122,328	529,756	113,333	790,417	2,148,034
-	-	1,251,535	-	-	1,451,535	22,864,621
-	-	1,251,535	-	-	1,451,535	22,864,621
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,863</u>	<u>\$ 529,756</u>	<u>\$ 113,333</u>	<u>\$ 2,241,952</u>	<u>\$ 25,012,655</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2011**

	<b>02600</b>	<b>06600</b>	<b>09200</b>	<b>10980</b>	<b>11900</b>
	<b>Tire Recycling Fund</b>	<b>Voluntary Remediation Fund</b>	<b>Air Quality Title V Fund</b>	<b>Nuclear Workers Assistance Fund</b>	<b>Brownfield Cleanup Revolving Loan Fund</b>
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ 938,149	\$ -	\$ 4,682,635	\$ 6,538	\$ -
Investment earnings	-	-	-	-	-
Total revenues	<u>938,149</u>	<u>-</u>	<u>4,682,635</u>	<u>6,538</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
Environmental protection	1,031,428	-	-	-	-
Other environmental initiatives	-	-	-	-	-
Total expenditures	<u>1,031,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(93,279)	-	4,682,635	6,538	-
<b>OTHER FINANCING SOURCES</b>					
Severance tax bonds	-	-	-	-	-
Transfers in:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Transfers out:					
Interfund	(288,119)	-	(3,617,404)	-	-
Other	-	-	-	-	-
Reversions-FY11	-	-	-	-	-
Total other financing sources	<u>(288,119)</u>	<u>-</u>	<u>(3,617,404)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(381,398)	-	1,065,231	6,538	-
<b>FUND BALANCES, BEGINNING</b>	<u>964,498</u>	<u>67,019</u>	<u>2,298,502</u>	<u>-</u>	<u>729,544</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 583,100</u>	<u>\$ 67,019</u>	<u>\$ 3,363,733</u>	<u>\$ 6,538</u>	<u>\$ 729,544</u>

**SPECIAL REVENUE FUNDS**

<b>24800</b>	<b>33900</b>	<b>34000</b>	<b>34100</b>	<b>40000</b>	<b>56700</b>	<b>58200</b>
<b>Responsible Party Reimbursement Fund</b>	<b>Hazardous Waste Fund</b>	<b>Liquid Waste</b>	<b>Water Quality Management Fund</b>	<b>Water Recreation Facilities Fund</b>	<b>Water Conservation Fund</b>	<b>Colonias Wastewater Grants Fund</b>
\$ 356,471	\$ 3,661,276	\$ 345,150	\$ 375,436	\$ 136,750	\$ 2,642,326	\$ -
-	-	57	-	-	-	-
<u>356,471</u>	<u>3,661,276</u>	<u>345,207</u>	<u>375,436</u>	<u>136,750</u>	<u>2,642,326</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
356,471	3,661,276	345,207	375,436	136,750	2,642,326	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(441,234)	(3,159,445)	(260,055)	(446,365)	(184,808)	(2,478,545)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(441,234)</u>	<u>(3,159,445)</u>	<u>(260,055)</u>	<u>(446,365)</u>	<u>(184,808)</u>	<u>(2,478,545)</u>	<u>-</u>
(84,763)	501,831	85,152	(70,929)	(48,058)	163,781	-
<u>548,138</u>	<u>2,759,294</u>	<u>154,452</u>	<u>765,565</u>	<u>281,324</u>	<u>2,738,866</u>	<u>-</u>
<u>\$ 463,375</u>	<u>\$ 3,261,125</u>	<u>\$ 239,604</u>	<u>\$ 694,636</u>	<u>\$ 233,266</u>	<u>\$ 2,902,647</u>	<u>\$ -</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**Year Ended June 30, 2011**

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>58400</b>	<b>59200</b>	<b>63100</b>	<b>63200</b>	<b>78300</b>
	<b>Operator Certification Fund</b>	<b>Radiation Protection Fund</b>	<b>Air Quality Fund</b>	<b>Solid Waste Facility Grant Fund</b>	<b>Other Revenue Fund Solid Waste Permit Fees</b>
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ 66,085	\$ 624,852	\$ 2,550,945	\$ 255,925	\$ 53,500
Investment earnings	311	1,205	-	1,991	-
Total revenues	<u>66,396</u>	<u>626,057</u>	<u>2,550,945</u>	<u>257,916</u>	<u>53,500</u>
<b>EXPENDITURES</b>					
Current:					
Environmental protection	-	-	-	705,552	-
Other environmental initiatives	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>705,552</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	66,396	626,057	2,550,945	(447,636)	53,500
<b>OTHER FINANCING SOURCES</b>					
Severance tax bonds	-	-	-	-	-
Transfers in:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Transfers out:					
Interfund	(48,124)	(494,029)	(2,307,692)	-	(11,554)
Other	-	-	-	-	-
Reversions-FY11	-	-	-	-	-
Total other financing sources	<u>(48,124)</u>	<u>(494,029)</u>	<u>(2,307,692)</u>	<u>-</u>	<u>(11,554)</u>
<b>NET CHANGE IN FUND BALANCES</b>					
	18,272	132,028	243,253	(447,636)	41,946
<b>FUND BALANCES, BEGINNING</b>					
	<u>90,936</u>	<u>827,477</u>	<u>1,570,457</u>	<u>1,316,153</u>	<u>140,289</u>
<b>FUND BALANCES, ENDING</b>					
	<u>\$ 109,208</u>	<u>\$ 959,505</u>	<u>\$ 1,813,710</u>	<u>\$ 868,517</u>	<u>\$ 182,235</u>

					<b>CAPITAL PROJECT FUNDS</b>	
<b>95700</b>	<b>98700</b>	<b>98900</b>	<b>99100</b>	<b>Total</b>	<b>11700</b>	<b>11800</b>
<b>Emergency</b>	<b>Radiologic</b>	<b>Underground</b>	<b>Food</b>	<b>Special</b>	<b>Special</b>	<b>Special</b>
<b>Hazardous</b>	<b>Technology</b>	<b>Storage</b>	<b>Service</b>	<b>Revenue</b>	<b>Appropriations</b>	<b>Appropriations</b>
<b>Fund</b>	<b>Fund</b>	<b>Tank</b>	<b>Sanitation</b>	<b>Funds</b>	<b>2000</b>	<b>2007</b>
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>2000</b>	<b>2007</b>
\$ 1,659	\$ 117,345	\$ 530,265	\$ 1,423,650	\$ 18,768,957	\$ -	\$ -
-	-	-	-	3,564	-	-
<u>1,659</u>	<u>117,345</u>	<u>530,265</u>	<u>1,423,650</u>	<u>18,772,521</u>	-	-
-	-	-	-	1,736,980	-	-
-	-	-	-	-	-	-
-	-	-	-	1,736,980	-	-
1,659	117,345	530,265	1,423,650	17,035,541	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(525,029)	(88,943)	(572,114)	(1,076,017)	(15,999,477)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(525,029)</u>	<u>(88,943)</u>	<u>(572,114)</u>	<u>(1,076,017)</u>	<u>(15,999,477)</u>	-	-
(523,370)	28,402	(41,849)	347,633	1,036,064	-	-
<u>3,560,155</u>	<u>271,353</u>	<u>572,707</u>	<u>720,293</u>	<u>20,377,022</u>	-	-
<u>\$ 3,036,785</u>	<u>\$ 299,755</u>	<u>\$ 530,858</u>	<u>\$ 1,067,926</u>	<u>\$ 21,413,086</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
Year Ended June 30, 2011

	12000	65500	69400	70300	86700
	Special Appropriations 2004	Special Appropriations 2004	Special Appropriations 2006	Special Appropriations 2002	Special Appropriations STB 1998-1
<b>REVENUES</b>					
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Total revenues	-	-	-	-	-
<b>EXPENDITURES</b>					
Current:					
Environmental protection	-	-	-	-	-
Other environmental initiatives	-	-	934,168	-	-
Total expenditures	-	-	934,168	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	-	-	(934,168)	-	-
<b>OTHER FINANCING SOURCES</b>					
Severance tax bonds	-	-	934,168	-	-
Transfers in:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Transfers out:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Reversions-FY11	-	-	(25,000)	-	-
Total other financing sources	-	-	909,168	-	-
<b>NET CHANGE IN FUND BALANCES</b>					
	-	-	(25,000)	-	-
<b>FUND BALANCES, BEGINNING</b>					
	-	-	225,000	-	-
<b>FUND BALANCES, ENDING</b>					
	\$ -	\$ -	\$ 200,000	\$ -	\$ -

**CAPITAL PROJECT FUNDS**

<b>86800</b>	<b>98800</b>	<b>10350</b>	<b>10360</b>	<b>89200</b>	<b>Total Capital Project Funds</b>	<b>Total All Funds</b>
<b>Special Appropriations STB 1998-2</b>	<b>Special Appropriations STB 2000</b>	<b>Special Appropriations 2008</b>	<b>Severance Tax Bonds 2008</b>	<b>Severance Tax Bonds 2009</b>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,768,957
-	-	-	-	-	-	3,564
-	-	-	-	-	-	18,772,521
-	-	1,348,647	5,832,207	1,631,043	8,811,897	10,548,877
-	-	-	-	-	934,168	934,168
-	-	1,348,647	5,832,207	1,631,043	9,746,065	11,483,045
-	-	(1,348,647)	(5,832,207)	(1,631,043)	(9,746,065)	7,289,476
-	-	-	5,832,207	1,517,710	8,284,085	8,284,085
-	-	-	-	-	-	-
-	-	-	-	113,333	113,333	113,333
-	-	-	-	-	-	(15,999,477)
-	-	-	-	-	-	-
-	-	(27,171)	-	-	(52,171)	(52,171)
-	-	(27,171)	5,832,207	1,631,043	8,345,247	(7,654,230)
-	-	(1,375,818)	-	-	(1,400,818)	(364,754)
-	-	2,627,353	-	-	2,852,353	23,229,375
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,251,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,451,535</u>	<u>\$ 22,864,621</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2007 (22100) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	8,626,066	8,626,066	8,100,260	(525,806)
Budgeted fund balance	<u>5,561,109</u>	<u>5,561,109</u>	<u>4,394,639</u>	<u>(1,166,470)</u>
<b>TOTAL REVENUES</b>	<b><u>\$14,187,175</u></b>	<b><u>\$14,187,175</u></b>	<b>12,494,899</b>	<b><u>\$ (1,692,276)</u></b>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	155,853	155,853	56,813	99,040
Other	14,031,322	14,031,322	12,438,086	1,593,236
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$14,187,175</u></b>	<b><u>\$14,187,175</u></b>	<b>12,494,899</b>	<b><u>\$ 1,692,276</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			(4,394,639)	
<b>REVERSIONS TO STATE GENERAL FUND (NOT BUDGETED)</b>			<u>(598,835)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<b><u>\$ (4,993,474)</u></b>	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
TIRE RECYCLING FUND (02600) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 913,000	\$ 913,000	\$ 938,149	\$ 25,149
Inter-agency transfers	-	-	-	-
Budgeted fund balance	613,700	613,700	381,398	(232,302)
<b>TOTAL REVENUES</b>	\$ 1,526,700	\$ 1,526,700	1,319,547	\$ (207,153)
<b>EXPENDITURES - current</b>				
Contractual services	\$ 200,000	\$ 200,000	91,226	\$ 108,774
Other	950,000	950,000	940,202	9,798
Other financing uses	376,700	376,700	288,119	88,581
<b>TOTAL EXPENDITURES</b>	\$ 1,526,700	\$ 1,526,700	1,319,547	\$ 207,153
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			(381,398)	
<b>NET CHANGE IN FUND BALANCE</b>			\$ (381,398)	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
VOLUNTARY REMEDIATION FUND (06600) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 11,800	\$ 11,800	\$ -	\$ (11,800)
Budgeted fund balance	<u>17,400</u>	<u>17,400</u>	<u>-</u>	<u>(17,400)</u>
<b>TOTAL REVENUES</b>	<u>\$ 29,200</u>	<u>\$ 29,200</u>	-	<u>\$ (29,200)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 29,200</u>	<u>\$ 29,200</u>	<u>-</u>	<u>\$ 29,200</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 29,200</u>	<u>\$ 29,200</u>	<u>-</u>	<u>\$ 29,200</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>-</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**AIR QUALITY TITLE V FUND (09200) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 4,420,700	\$ 4,420,700	\$ 4,682,635	\$ 261,935
Budgeted fund balance	<u>23,500</u>	<u>23,500</u>	<u>-</u>	<u>(23,500)</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,444,200</u>	<u>\$ 4,444,200</u>	4,682,635	<u>\$ 238,435</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 4,444,200	\$ 4,444,200	<u>3,617,404</u>	<u>\$ 826,796</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,444,200</u>	<u>\$ 4,444,200</u>	<u>3,617,404</u>	<u>\$ 826,796</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>1,065,231</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 1,065,231</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 NUCLEAR WORKERS ASSISTANCE FUND (10980) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
 Year Ended June 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance From Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	6,538	6,538
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,538</b>	<b>\$ 6,538</b>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>6,538</b>	
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ 6,538</b>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 BROWNFIELD CLEANUP REVOLVING LOAN FUND (11900) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
 Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
RESPONSIBLE PARTY REIMBURSEMENT FUND (24800) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 379,800	\$ 444,500	\$ 356,471	\$ (88,029)
Budgeted fund balance	<u>129,700</u>	<u>129,700</u>	<u>84,763</u>	<u>(44,937)</u>
<b>TOTAL REVENUES</b>	<u>\$ 509,500</u>	<u>\$ 574,200</u>	441,234	<u>\$ (132,966)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 509,500	\$ 574,200	441,234	\$ 132,966
<b>TOTAL EXPENDITURES</b>	<u>\$ 509,500</u>	<u>\$ 574,200</u>	<u>441,234</u>	<u>\$ 132,966</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(84,763)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (84,763)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
HAZARDOUS WASTE FUND (33900) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 3,715,000	\$ 3,715,000	\$ 3,661,276	\$ (53,724)
Budgeted fund balance	<u>227,600</u>	<u>227,600</u>	<u>-</u>	<u>(227,600)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,942,600</u>	<u>\$ 3,942,600</u>	3,661,276	<u>\$ (281,324)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 3,942,600</u>	<u>\$ 3,942,600</u>	<u>3,159,445</u>	<u>\$ 783,155</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,942,600</u>	<u>\$ 3,942,600</u>	<u>3,159,445</u>	<u>\$ 783,155</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>501,831</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 501,831</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
LIQUID WASTE FUND (34000) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
<b>REVENUES</b>				
Other state funds	\$ 492,300	\$ 492,300	\$ 345,207	\$ (147,093)
Budgeted fund balance	<u>77,300</u>	<u>77,300</u>	<u>-</u>	<u>(77,300)</u>
<b>TOTAL REVENUES</b>	<u>\$ 569,600</u>	<u>\$ 569,600</u>	345,207	<u>\$ (224,393)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 569,600</u>	<u>\$ 569,600</u>	<u>260,055</u>	<u>\$ 309,545</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 569,600</u>	<u>\$ 569,600</u>	<u>260,055</u>	<u>\$ 309,545</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>85,152</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 85,152</u>	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER QUALITY MANAGEMENT FUND (34100) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 349,900	\$ 349,900	\$ 375,436	\$ 25,536
Budgeted fund balance	<u>225,200</u>	<u>225,200</u>	<u>70,929</u>	<u>(154,271)</u>
<b>TOTAL REVENUES</b>	<u>\$ 575,100</u>	<u>\$ 575,100</u>	446,365	<u>\$ (128,735)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 575,100</u>	<u>\$ 575,100</u>	<u>446,365</u>	<u>\$ 128,735</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 575,100</u>	<u>\$ 575,100</u>	<u>446,365</u>	<u>\$ 128,735</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(70,929)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (70,929)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER RECREATION FACILITIES FUND (40000) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 130,900	\$ 130,900	\$ 136,750	\$ 5,850
Budgeted fund balance	<u>134,600</u>	<u>134,600</u>	<u>48,058</u>	<u>(86,542)</u>
<b>TOTAL REVENUES</b>	<u>\$ 265,500</u>	<u>\$ 265,500</u>	184,808	<u>\$ (80,692)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 265,500	\$ 265,500	<u>184,808</u>	<u>\$ 80,692</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 265,500</u>	<u>\$ 265,500</u>	<u>184,808</u>	<u>\$ 80,692</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(48,058)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (48,058)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER CONSERVATION FUND (56700) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 2,841,100	\$ 2,841,100	\$ 2,642,326	\$ (198,774)
Budgeted fund balance	<u>498,700</u>	<u>498,700</u>	<u>-</u>	<u>(498,700)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,339,800</u>	<u>\$ 3,339,800</u>	2,642,326	<u>\$ (697,474)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 3,339,800</u>	<u>\$ 3,339,800</u>	<u>2,478,545</u>	<u>\$ 861,255</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,339,800</u>	<u>\$ 3,339,800</u>	<u>2,478,545</u>	<u>\$ 861,255</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>163,781</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 163,781</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 COLONIAS WASTEWATER GRANTS FUND (58200) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
 Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**OPERATOR CERTIFICATION FUND (58400) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>REVENUES</b>				
Other state funds	\$ 64,100	\$ 64,100	\$ 66,396	\$ 2,296
<b>TOTAL REVENUES</b>	<u>\$ 64,100</u>	<u>\$ 64,100</u>	66,396	<u>\$ 2,296</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 64,100	\$ 64,100	48,124	\$ 15,976
<b>TOTAL EXPENDITURES</b>	<u>\$ 64,100</u>	<u>\$ 64,100</u>	48,124	<u>\$ 15,976</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>18,272</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 18,272</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**RADIATION PROTECTION FUND (59200) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 619,100	\$ 619,100	\$ 626,057	\$ 6,957
Budgeted fund balance	<u>225,900</u>	<u>225,900</u>	<u>-</u>	<u>(225,900)</u>
<b>TOTAL REVENUES</b>	<u>\$ 845,000</u>	<u>\$ 845,000</u>	626,057	<u>\$ (218,943)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 845,000	\$ 845,000	<u>494,029</u>	<u>\$ 350,971</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 845,000</u>	<u>\$ 845,000</u>	<u>494,029</u>	<u>\$ 350,971</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>132,028</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 132,028</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**AIR QUALITY FUND (63100) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>REVENUES</b>				
Other state funds	\$ 2,087,500	\$ 2,087,500	\$ 2,550,945	\$ 463,445
Budgeted fund balance	<u>718,700</u>	<u>718,700</u>	<u>-</u>	<u>(718,700)</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,806,200</u>	<u>\$ 2,806,200</u>	2,550,945	<u>\$ (255,255)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 2,806,200</u>	<u>\$ 2,806,200</u>	<u>2,307,692</u>	<u>\$ 498,508</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,806,200</u>	<u>\$ 2,806,200</u>	<u>2,307,692</u>	<u>\$ 498,508</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
<b>AND OTHER FINANCING SOURCES</b>			<u>243,253</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 243,253</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SOLID WASTE FACILITY GRANT FUND (63200) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ -	\$ -	\$ 257,916	\$ 257,916
Budgeted fund balance	-	938,899	447,636	(491,263)
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ 938,899</u>	705,552	<u>\$ (233,347)</u>
<b>EXPENDITURES - current</b>				
Other	\$ -	\$ 938,899	705,552	\$ 233,347
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 938,899</u>	705,552	<u>\$ 233,347</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(447,636)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (447,636)</u>	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
OTHER REVENUE FUND - SOLID WASTE PERMIT FEES (78300) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 20,000	\$ 20,000	\$ 53,500	\$ 33,500
Budgeted fund balance	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
<b>TOTAL REVENUES</b>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	53,500	<u>\$ 13,500</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>11,554</u>	<u>\$ 28,446</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>11,554</u>	<u>\$ 28,446</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>41,946</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 41,946</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
EMERGENCY HAZARDOUS FUND (95700) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 571,300	\$ 571,300	\$ 1,659	\$ (569,641)
Budgeted fund balance	<u>122,100</u>	<u>122,100</u>	<u>523,370</u>	<u>401,270</u>
<b>TOTAL REVENUES</b>	<u>\$ 693,400</u>	<u>\$ 693,400</u>	525,029	<u>\$ (168,371)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 693,400	\$ 693,400	<u>525,029</u>	<u>\$ 168,371</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 693,400</u>	<u>\$ 693,400</u>	<u>525,029</u>	<u>\$ 168,371</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(523,370)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (523,370)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**RADIOLOGIC TECHNOLOGY FUND (98700) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>REVENUES</b>				
Other state funds	\$ 117,500	\$ 117,500	\$ 117,345	\$ (155)
Budgeted fund balance	<u>1,400</u>	<u>1,400</u>	<u>-</u>	<u>(1,400)</u>
<b>TOTAL REVENUES</b>	<u>\$ 118,900</u>	<u>\$ 118,900</u>	117,345	<u>\$ (1,555)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 118,900</u>	<u>\$ 118,900</u>	<u>88,943</u>	<u>\$ 29,957</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 118,900</u>	<u>\$ 118,900</u>	<u>88,943</u>	<u>\$ 29,957</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
<b>AND OTHER FINANCING SOURCES</b>			<u>28,402</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 28,402</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 UNDERGROUND STORAGE TANK FUND (98900) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
 Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 510,000	\$ 510,000	\$ 530,265	\$ 20,265
Inter-agency transfers	-	-	-	-
Budgeted fund balance	181,000	181,000	41,849	(139,151)
<b>TOTAL REVENUES</b>	\$ 691,000	\$ 691,000	572,114	\$ (118,886)
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 691,000	\$ 691,000	572,114	\$ 118,886
<b>TOTAL EXPENDITURES</b>	\$ 691,000	\$ 691,000	572,114	\$ 118,886
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			(41,849)	
<b>NET CHANGE IN FUND BALANCE</b>			\$ (41,849)	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
FOOD SERVICE SANITATION FUND (99100) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<b>Actual</b>	<b>Variance From</b>
	<u>Original</u>	<u>Final</u>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Other state funds	\$ 1,368,800	\$ 1,368,800	\$ 1,423,650	\$ 54,850
Inter-agency transfers	-	-	-	-
Budgeted fund balance	<u>89,500</u>	<u>89,500</u>	<u>-</u>	<u>(89,500)</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,458,300</u>	<u>\$ 1,458,300</u>	1,423,650	<u>\$ (34,650)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 1,458,300</u>	<u>\$ 1,458,300</u>	<u>1,076,017</u>	<u>\$ 382,283</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,458,300</u>	<u>\$ 1,458,300</u>	<u>1,076,017</u>	<u>\$ 382,283</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>347,633</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 347,633</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SPECIAL APPROPRIATIONS 2000 (11700) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2007 (11800) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2004 (12000) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2004 (65500) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>REVERSIONS (NOT BUDGETED)</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2006 (69400) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	2,130,924	2,130,924	934,168	(1,196,756)
Budgeted fund balance	<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>(225,000)</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 2,355,924</u></b>	<b><u>\$ 2,355,924</u></b>	<b>934,168</b>	<b><u>\$ (1,421,756)</u></b>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	2,355,924	2,355,924	934,168	1,421,756
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 2,355,924</u></b>	<b><u>\$ 2,355,924</u></b>	<b>934,168</b>	<b><u>\$ 1,421,756</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			-	
<b>REVERSIONS TO STATE GENERAL FUND (NOT BUDGETED)</b>			<u>(25,000)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<b><u>\$ (25,000)</u></b>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SPECIAL APPROPRIATIONS 2002 (70300) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)**  
**Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	\$ -	\$ -	-	\$ -
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	\$ -	\$ -	-	\$ -
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			\$ -	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS STB 1998-1 (86700) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS STB 1998-2 (86800) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS STB 2000 (98800) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2008 (10350) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	<u>2,627,353</u>	<u>2,627,353</u>	<u>1,348,647</u>	<u>(1,278,706)</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,627,353</u>	<u>\$ 2,627,353</u>	1,348,647	<u>\$ (1,278,706)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	2,627,353	2,627,353	1,348,647	1,278,706
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,627,353</u>	<u>\$ 2,627,353</u>	<u>1,348,647</u>	<u>\$ 1,278,706</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>BUDGETED FUND BALANCE</b>			(1,348,647)	
<b>REVERSIONS (NOT BUDGETED)</b>			<u>(27,171)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (1,375,818)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SEVERANCE TAX BONDS 2008 (10360) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	20,634,040	20,634,040	5,832,207	(14,801,833)
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$20,634,040</u>	<u>\$20,634,040</u>	5,832,207	<u>\$ (14,801,833)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	20,634,040	20,634,040	5,832,207	14,801,833
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$20,634,040</u>	<u>\$20,634,040</u>	5,832,207	<u>\$ 14,801,833</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SEVERANCE TAX BONDS 2009 (89200)  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds			-	-
Inter-agency transfers	3,059,432	3,059,432	1,631,043	(1,428,389)
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 3,059,432</u>	<u>\$ 3,059,432</u>	1,631,043	<u>\$ (1,428,389)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	1,365,204	1,240,204	113,333	1,126,871
Other	1,694,228	1,694,228	1,517,710	176,518
Other financing uses	-	125,000	-	125,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,059,432</u>	<u>\$ 3,059,432</u>	1,631,043	<u>\$ 1,428,389</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
WASTEWATER FACILITY CONSTRUCTION LOAN FUND (12100) -  
STATEMENT OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (ACCRUAL BASIS)  
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<b>Actual</b>	<b>Variance From</b>
	<u>Original</u>	<u>Final</u>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Federal funds	\$ 16,183,062	\$ 16,183,062	\$ 17,255,276	\$ 1,072,214
Other state funds	-	-	3,680,047	3,680,047
Inter-agency transfers	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ 16,843,062</u>	<u>\$ 16,843,062</u>	21,595,323	<u>\$ 4,752,261</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ 280,738	\$ 280,738	246,353	\$ 34,385
Contractual services	56,000	56,000	-	56,000
Other	<u>16,506,324</u>	<u>16,506,324</u>	<u>14,121,410</u>	<u>2,384,914</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 16,843,062</u>	<u>\$ 16,843,062</u>	<u>14,367,763</u>	<u>\$ 2,475,299</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			7,227,560	
<b>ADMINISTRATIVE EXPENSES (CAP GRANT) BUDGETED IN FUND 06400</b>			<u>(130,915)</u>	
<b>NET CHANGE IN NET ASSETS</b>			<u>\$ 7,096,645</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
CLEAN WATER ADMINISTRATIVE FUND (32700) -  
STATEMENT OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (ACCRUAL BASIS)  
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
<b>REVENUES</b>				
Other state funds	\$ -	\$ -	\$ 196,497	\$ 196,497
Budgeted net assets	<u>527,800</u>	<u>527,800</u>	<u>307,124</u>	<u>(220,676)</u>
<b>TOTAL REVENUES</b>	<u>\$ 527,800</u>	<u>\$ 527,800</u>	503,621	<u>\$ (24,179)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 527,800</u>	<u>\$ 527,800</u>	<u>307,124</u>	<u>\$ 220,676</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 527,800</u>	<u>\$ 527,800</u>	<u>307,124</u>	<u>\$ 220,676</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			196,497	
<b>BUDGETED NET ASSETS</b>			<u>(307,124)</u>	
<b>NET CHANGE IN NET ASSETS</b>			<u>\$ (110,627)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
RURAL INFRASTRUCTURE REVOLVING LOAN FUND (33700/61900) -  
STATEMENT OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (ACCRUAL BASIS)  
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
<b>REVENUES</b>				
Other state funds	\$ -	\$ -	\$ 489,061	\$ 489,061
Budgeted net assets	<u>673,200</u>	<u>673,200</u>	<u>409,081</u>	<u>(264,119)</u>
<b>TOTAL REVENUES</b>	<u>\$ 673,200</u>	<u>\$ 673,200</u>	898,142	<u>\$ 224,942</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ 449,500	\$ 449,500	290,704	\$ 158,796
Contractual services	40,000	40,000	30,282	9,718
Other	<u>183,700</u>	<u>183,700</u>	<u>88,095</u>	<u>95,605</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 673,200</u>	<u>\$ 673,200</u>	<u>409,081</u>	<u>\$ 264,119</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			489,061	
<b>BUDGETED NET ASSETS</b>			<u>(409,081)</u>	
<b>NET CHANGE IN NET ASSETS</b>			<u>\$ 79,980</u>	

**SUPPLEMENTAL SCHEDULES**

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 1 - SUPPLEMENTAL SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS**  
**June 30, 2011**

<u>Account Title</u>	<u>Depository</u>	<u>Balance per Bank</u>	<u>Reconciling Items</u>	<u>Reconciled Balance per Books</u>
<b>Governmental Funds with State Treasurer (with SHARE fund numbers):</b>				
General Fund	06400	State Treasurer	\$ 712,239	\$ - \$ 712,239
Special Appropriations 2007	22100	State Treasurer	2,339,441	- 2,339,441
Special Appropriations 2006	69400	State Treasurer	225,000	- 225,000
Corrective Action Fund	99000	State Treasurer	13,361,020	- 13,361,020
Tire Recycling	02600	State Treasurer	788,785	- 788,785
Voluntary Remediation	06600	State Treasurer	82,508	- 82,508
Air Quality Title V Fund	09200	State Treasurer	3,132,409	- 3,132,409
Special Appropriations 2008	10350	State Treasurer	1,373,863	- 1,373,863
Severance Tax Bonds 2008	10360	State Treasurer	(95,531)	- (95,531)
GF Appropriations Reserved for CP	11800	State Treasurer	-	- -
Brownfield Cleanup Revolving Loan Fund	11900	State Treasurer	328,929	- 328,929
Responsible Party Reimbursement Fund	24800	State Treasurer	904,609	- 904,609
Hazardous Waste Fund	33900	State Treasurer	2,197,484	- 2,197,484
Liquid Waste	34000	State Treasurer	74,819	- 74,819
Water Quality Management Fund	34100	State Treasurer	810,025	- 810,025
Water Recreation Facilities Fund	40000	State Treasurer	152,574	- 152,574
Water Conservation Fund	56700	State Treasurer	2,041,392	- 2,041,392
Operation Certification Fund	58400	State Treasurer	157,318	- 157,318
Radiation Protection	59200	State Treasurer	608,483	- 608,483
Air Quality Fund	63100	State Treasurer	1,581,006	- 1,581,006
Solid Waste Facility Loan/Grant Fund	63200	State Treasurer	794,554	- 794,554
Solid Waste Permit Fees	78300	State Treasurer	153,789	- 153,789
ARRA	89000	State Treasurer	29,132	- 29,132
Nuclear Workers Assistance Fund	10980	State Treasurer	6,538	- 6,538
Emergency Hazardous Waste Penalties	95700	State Treasurer	2,868,414	- 2,868,414
Radiology Technology	98700	State Treasurer	269,798	- 269,798
Underground Storage Tank	98900	State Treasurer	407,472	- 407,472
Food Service Sanitation	99100	State Treasurer	685,843	- 685,843
<b>Total Governmental with State Treasurer</b>			<b>35,991,913</b>	<b>- 35,991,913</b>
<b>Governmental Funds Cash in Banks:</b>				
Solid Waste Facility Loan/Grant Fund	63200	Bank of NY Mellon	356,109	- 356,109
<b>Governmental Funds Petty Cash - General Fund - 06400</b>			<b>4,810</b>	<b>- 4,810</b>
<b>Total Governmental Funds</b>			<b>36,352,832</b>	<b>- 36,352,832</b>

<u>Account Title</u>		<u>Depository</u>	<u>Balance per Bank</u>	<u>Reconciling Items</u>	<u>Reconciled Balance per Books</u>
<b>Proprietary Funds with State Treasurer (with SHARE fund numbers):</b>					
Clean Water State Revolving Fund	12100	State Treasurer	71,559,605	-	71,559,605
Clean Water State Administrative Fund	32700	State Treasurer	332,902	-	332,902
Rural Infrastructure Loan Fund	33700	State Treasurer	<u>17,952,647</u>	<u>-</u>	<u>17,952,647</u>
<b>Total Proprietary with State Treasurer</b>			89,845,154	-	89,845,154
<b>Trust and Agency Funds with State Treasurer (with SHARE fund numbers):</b>					
Fiduciary Fund - 65200		State Treasurer	<u>407,488</u>	<u>-</u>	<u>407,488</u>
<b>Total Trust and Agency with State Treasurer</b>			<u>407,488</u>	<u>-</u>	<u>407,488</u>
<b>Department Total - all funds</b>			<u>\$ 126,605,474</u>	<u>\$ -</u>	<u>\$ 126,605,474</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 2 - SUPPLEMENTAL SCHEDULE OF SEVERANCE TAX BONDS**  
**Year Ended June 30, 2011**

<b>Laws</b>	<b>Chapter</b>	<b>Amount Sold</b>	<b>Amount Reverted</b>	<b>Art in Public Places</b>	<b>Amount Available</b>	<b>Expenditures Reported Prior Years</b>	<b>Expenditures Reported Current Years</b>	<b>6/30/11 Balance Available</b>
2000	23	\$ 4,192,995	\$ (356,557)	\$ (2,000)	\$ 3,834,438	\$ (3,732,980)	\$ (101,458)	\$ -
2003	134 & 429	14,084,136	(37,835)	-	14,046,301	(8,671,057)	-	5,375,244
2006	111	13,602,521	(289,645)	(3,000)	13,309,876	(13,194,784)	(115,092)	-
2007	42 & 334	21,952,570	(141,997)	(7,200)	21,803,373	(14,000,788)	(7,626,067)	176,518
2008	92	13,712,577	-	(25,150)	13,687,427	(6,916,537)	(2,784,834)	3,986,056
2009	5,7, & 125	18,863,663	-	-	18,863,663	(4,367,215)	(5,378,726)	9,117,722
2010	5 & 105	<u>1,517,710</u>	<u>-</u>	<u>-</u>	<u>1,517,710</u>	<u>-</u>	<u>(1,517,710)</u>	<u>-</u>
		<u>\$ 87,926,172</u>	<u>\$ (826,034)</u>	<u>\$ (37,350)</u>	<u>\$ 87,062,788</u>	<u>\$ (50,883,361)</u>	<u>\$ (17,523,887)</u>	<u>\$ 18,655,540</u>

**Reconciliation to the Financial Statements:**

Governmental Funds - Severance Tax Bond Revenue	\$ 16,863,887
Enterprise Funds - Severance Tax Bond Revenue	<u>660,000</u>
	<u>\$ 17,523,887</u>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 3 - SUPPLEMENTAL SCHEDULE OF SPECIAL APPROPRIATIONS**  
Year Ended June 30, 2011

Description	Authority	Appropriation Period	SHARE Fund	Total Appropriation	Reauthorization
<b>GENERAL FUND</b>					
River Basin Ecosystem	Ch 42, Laws 2007	2011	06400	\$ 2,390,000	\$ -
Total general fund				2,390,000	-
<b>CAPITAL PROJECT FUNDS</b>					
Capital project appropriations	Ch 111, Laws 2006	2006-2011	69400	46,856,633	768,867
Capital project appropriations	Ch 2, Ch 42, Ch 334, Laws of 2007	2007-2011	22100	49,751,495	1,689,000
Capital project appropriations	Ch 92, Laws 2008	2008-2012	10350	<u>8,163,000</u>	<u>1,759,463</u>
Total capital project funds				<u>104,771,128</u>	<u>4,217,330</u>
<b>TOTAL - ALL FUNDS</b>				<u>\$107,161,128</u>	<u>\$ 4,217,330</u>

<u>Total</u> <u>Appropriation</u>	<u>Prior Year</u> <u>Expenditures</u>	<u>Current Year</u> <u>Expenditures</u>	<u>Prior Year</u> <u>Transfers/Reversions</u>	<u>Current Year</u> <u>Transfers</u>	<u>Current Year</u> <u>Reversion</u> <u>Amount</u>	<u>Unencumbered</u> <u>Balance</u>
\$ 2,390,000	\$ (1,371,145)	\$ (405,458)	\$ (516,000)	\$ -	\$ (97,397)	\$ -
2,390,000	(1,371,145)	(405,458)	(516,000)	-	(97,397)	-
47,625,500	(35,785,119)	-	(11,615,381)	-	(25,000)	200,000
51,440,495	(28,909,322)	(4,394,639)	(16,970,064)	-	(598,835)	567,635
<u>9,922,463</u>	<u>(4,363,878)</u>	<u>(1,348,647)</u>	<u>(2,931,232)</u>	<u>-</u>	<u>(27,171)</u>	<u>1,251,535</u>
<u>108,988,458</u>	<u>(69,058,319)</u>	<u>(5,743,286)</u>	<u>(31,516,677)</u>	<u>-</u>	<u>(651,006)</u>	<u>2,019,170</u>
<u>\$ 111,378,458</u>	<u>\$(70,429,464)</u>	<u>\$ (6,148,744)</u>	<u>\$ (32,032,677)</u>	<u>\$ -</u>	<u>\$ (748,403)</u>	<u>\$ 2,019,170</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 SCHEDULE 4 - JOINT POWERS AGREEMENTS  
 Year Ended June 30, 2011**

The following is a list of Joint Powers Agreements the Department has entered into:

<b>JPA #</b>	<b>Participants / Description</b>
09-667-JPA-0001	NMED/USFS SW Region SF National Polvadera Creek Restoration
09-667-JPA-0002	NMED/Valles Caldera Trust Upper San Antonio Creek
08-667-JPA-002	NMED/Grant Soil/Water Conservation Dist. Mimbres River Streambank Revetment Fence Project
08-667-JPA-003	NMED/Tierra & Montes SWCD Sapello Watershed Restoration Project Phase II
08-667-JPA-006	NMED/US Fish and Wildlife Services Pecos River at Bitter Lake Repairing Floodplain Connectivity
08-667-JPA-007	NMED/NMEMNRD Bottomless Lakes Wetland Project and Gila River Project to Restore 22 Acres Floodplain
08-667-JPA-009	NMED/NMEMNRD Solar Project within State Parks Div. and Biomass Boiler Ft. Bayard Hospital & School Bus Biodiesel System

<b>Term</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to NMED</b>	<b>Amount NMED Contributed in FY11</b>	<b>Fiscal Agent</b>	<b>Agency Reporting Rev. &amp; Exp.</b>
6/30/2012	\$ 49,560	\$ 49,560	\$ 30,000	NMED	NMED
9/30/2011	\$ 73,478	\$ 73,478	\$ 22,000	NMED	NMED
6/30/2012	\$ 70,000	\$ 70,000	\$ 30,818	NMED	NMED
12/31/2011	\$ 210,000	\$ 160,000	\$ 23,682	NMED	NMED
6/30/2011	\$ 518,500	\$ 518,500	\$ 518,500	NMED	NMED
6/30/2011	\$ 511,720	\$ 511,720	\$ -	NMED	NMED
Until Completed	\$ 492,000	\$ 492,000	\$ 172,776	NMED	NMED

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT /MEMORANDA OF UNDERSTANDING**  
**Year Ended June 30, 2011**

The following is a list of Memoranda of Agreement (MOA) and Memoranda of Understanding (MOU) the Department has entered into:

<b>MOA /MOU No.</b>	<b>Participants/Description</b>	<b>Term</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to NMED</b>	<b>Amount NMED Contributed in FY11</b>	<b>Fiscal Agent</b>	<b>Agency Reporting Rev. &amp; Exp.</b>
05-MOU	NMED/DFA - Office of the Governor Collective Bargaining Negotiations	Until Terminated	\$ -	\$ -	7000	NMED	NMED
08-667-MOU-0001	NMED/Instate Streams Comm. MOU Water Reserve Acquisition	6/30/2010	\$2,500,000	\$ 2,350,000	\$ -	NMED	ISC
09-MOU	NMED/DFA Surface Water Quality Bureau Restore Instate Streams (RERI)	9/30/2012	\$2,800,000	\$ -	\$ -	NMED	NMED
09-MOU	NMED/Expo NM Expo NM Exhibit	12/31/2009	\$ -	\$ -	\$ -	NMED	NMED
09-667-MOA-0002	NMED/Western NMU La Cieniga Watershed San Vicente	12/31/2012	\$ 25,000	\$ 25,000	\$ 2,000	NMED	NMED
09-667-MOA-001	NMED/Town of Silver City San Vicente Creek Restoration	12/31/2022	\$ -	\$ -	Match	NMED	N/A
09-667-MOA-002	NMED/NM Tax & Rev Office of the Governor - Initiative Compliance		\$ -	\$ -	\$ -	NMED	N/A
09-667-MOU-001	NMED/Santa Fe County Historical Wetlands Projects	9/30/2010	\$ -	\$ -	\$ -	NMED	N/A

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT /MEMORANDA OF UNDERSTANDING (CONTINUED)**  
**Year Ended June 30, 2011**

<b>MOA /MOU No.</b>	<b>Participants/Description</b>	<b>Term</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to NMED</b>	<b>Amount NMED Contributed in FY11</b>	<b>Fiscal Agent</b>	<b>Agency Reporting Rev. &amp; Exp.</b>
09-668-MOA-0001	NMED/NMENV-ONRT Ground Water Quality Bureau	6/24/2012	\$4,000,000	\$ -	\$ -	NMED	ONRT
09-MOU	NMED/NMRA ARRA - Rev. loan fund CPB	6/30/2013	\$ 110,000	\$ 20,000	\$ -	NMED	NMFA
09-MOU	NMED/OSE Transfer Appropri. - WTB (SWQB)	6/30/2012	\$ -	\$ -	\$ -	NMED	OSE
10-MOU	NMED/Interstate Streams Comm. (ISC) Capital Projects Salt Basin (SWQB)	6/30/2012	\$ 450,000	\$ 450,000	\$ -	NMED	ISC
10-667-MOA-0001	NMED/DFA Integrating Streams Restoration (SWQB)	10/1/2021	\$ 165,675	\$ 165,675	\$ -	NMED	NMED
11-667-MOU-0001	NMED/Instate Streams Comm. Lower Rio Grande (SWQB)	6/30/2011	\$ 50,000	\$ 50,000	\$ -	NMED	ISC
11-667-MOU-001	NMED/University of Arkansas Lake and river statistical analysis (SWQB)	6/30/2011	\$ 20,000	\$ 20,000	\$ 20,000	NMED	NMED
11-521-0100-0064S	NMED/NMEMNRD Lower Rio Grande RERI (SWQB/GWB)	6/3/2014	\$ -	\$ -	\$ -	NMED	NMEMNRD
2011-NTN1-22	NMED/Univ. of Illinois Capulin Volcano (AQB)	9/30/2012	\$ 11,588	\$ 11,588	\$ 11,588	NMED	NMED

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT /MEMORANDA OF UNDERSTANDING (CONTINUED)**  
**Year Ended June 30, 2011**

<b>MOA /MOU No.</b>	<b>Participants/Description</b>	<b>Term</b>	<b>Total Amount of Agreement</b>	<b>Amount Applicable to NMED</b>	<b>Amount NMED Contributed in FY11</b>	<b>Fiscal Agent</b>	<b>Agency Reporting Rev. &amp; Exp.</b>
2011-MDN4-08	NMED/Univ. of Illinois NM99 Navajo Lake (AQB)	9/30/2012	\$ 13,822	\$ 13,822	\$ 13,822	NMED	NMED
12-MOU	NMED/NM Institute of Mining Tech. MOU Water Reserve Acquisition (SWQB)	6/30/2012	\$ -	\$ -	\$ -	NMED	ISC
12-667-MOU-0001	NMED/Instate Streams Comm. Lower Rio Grande (GWB)	6/30/2012	\$ 50,000	\$ 50,000	\$ -	NMED	ISC
12-667-MOU-0002	NMED/NM Institute of Mining Tech. La Cienaga (SWQB)	6/30/2012	\$ -	\$ -	\$ -	NMED	ISC

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 6 - FIDUCIARY FUND - AGENCY**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**June 30, 2011**

	<u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>2011</u>
<b>ASSETS</b>				
Investment in state general fund investment pool	\$ 21,972	\$ 5,161,757	\$(4,776,241)	\$ 407,488
<b>TOTAL ASSETS</b>	<u>\$ 21,972</u>	<u>\$ 5,161,757</u>	<u>\$(4,776,241)</u>	<u>\$ 407,488</u>
<b>LIABILITIES</b>				
Funds held for others	\$ 21,972	\$ 5,161,757	\$(4,776,241)	\$ 407,488
<b>TOTAL LIABILITIES</b>	<u>\$ 21,972</u>	<u>\$ 5,161,757</u>	<u>\$(4,776,241)</u>	<u>\$ 407,488</u>



**SINGLE AUDIT**

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

<b>Federal Agency/ Pass-Through Agency</b>	<b>Federal CFDA Number</b>	<b>Federal Participating Expenditures</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		
<b>Air Pollution Control Program Support</b>		
Clean Energy Project	66.001	\$ 9,425
Air Quality 105 Special Project	66.001	136,800
Air Quality FY 11	66.001	<u>1,335,595</u>
		1,481,820
<b>State Indoor Radon Grants</b>		
Indoor Radon Outreach Program FY 10	66.032	222,122
<b>Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act</b>		
PM 2.5 Ambient Air Monitoring Network	66.034	176,212
FY 11 Green House Gas Reporting and Emissions Red Program	66.034	<u>9,747</u>
		185,959
<b>State Clean Diesel Grant Program</b>		
State Clean Diesel Grant	66.040	255,289
ARRA - State Clean Diesel	66.040	<u>1,448,421</u>
		1,703,710
<b>Congressionally Mandated Projects</b>		
FY06 Stag Set Aside	66.202	30,270
FY08 Stag Set Aside	66.202	<u>841</u>
		31,111
<b>Water Pollution Control State, Interstate, and Tribal Program Support</b>		
Ground Water 106 FY 2010 - 2011	66.419	961,312
Surface Water 106 FY 2010 - 2011	66.419	290,641
Surface Water 106 FY 2010 - 2011 - Supplemental	66.419	93,606
NMED 106 FY10 Supplemental Monitoring	66.419	129,641
NMED 106 FY10 Supplemental Monitoring Survey	66.419	9,685
Surface Water 106 FY 2010 - 2011 NPDES Supplemental	66.419	<u>40,153</u>
		1,525,038

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>State Public Water System Supervision</b>		
FY 09-10 Public Water Supply Supervision	66.432	1,136,177
<b>State Underground Water Source Protection</b>		
Pass-thru via NM Energy and Minerals Underground Injection Energy & Minerals Pass-thru identifying number not specified	66.433	95,813
<b>Water Quality Management Planning</b>		
ARRA - 604 (b) Water Quality Management and Planning	66.454	104,406
FY 10-11 CWA 205 (j) & 604 (b) Water Quality Planning	66.454	107,829
		<u>212,235</u>
<b>Capitalization Grants for Clean Water State Revolving Funds</b>		
Construction Loan, Construction - CS350002-10	66.458	2,756,598
Construction Loan, Administration - CS350002-10	66.458	130,915
ARRA - Clean Water State Revolving Fund	66.458	14,367,763
Construction Loan, Administration - CS350002-10	66.458	17,255,276
<b>Nonpoint Source Implementation Grants</b>		
319 NPS FY 10-11 Surface Water	66.460	1,216,704
319 NPS FY 10-11 Ground Water	66.460	134,747
319 NPS FY 10 Surface Water - Incremental	66.460	278,320
319 NPS Implementation FY08-11	66.460	684,619
Special Project to Restore Jaramillo Creek	66.460	1,784
		<u>2,316,174</u>
<b>Regional Wetland Program Development Grants</b>		
Rio de las Vacas Wetlands	66.461	27,948
HYDROGEOMORPHIC MODELING	66.461	117,369
VALLES CALDERA	66.461	69,064
NMED 2009 Wetlands	66.461	10,167
NMED 2008 Wetlands	66.461	155,775
NMED 2007 Wetlands	66.461	77,073
		<u>457,396</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

<b>Federal Agency/ Pass-Through Agency</b>	<b>Federal CFDA Number</b>	<b>Federal Participating Expenditures</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>Capitalization Grants for Drinking Water State Revolving Funds</b>		
Pass-thru via NM Finance Authority		
New Mexico Drinking Water Set-Asides - FS-996925-01	66.468	1,130,393
ARRA - Construction Programs Bureau - 2B-00F08601	66.468	40,444
ARRA - Drinking Water State Revolving Fund - 2F-9669071	66.468	<u>952,096</u>
		2,122,933
<b>State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs</b>		
Operator Certification Expense	66.471	37,099
<b>Water Protection Grants to the States</b>		
Counter Terrorism Activities For Infrastructure Protection	66.474	8,003
<b>Environmental Information Exchange Network Grant Program and Related Assistance</b>		
FY 09 Exchange Network	66.608	155,190
FY 10 Exchange Network	66.608	<u>5,855</u>
		161,045
<b>Pollution Prevention Grants Program</b>		
NMED FY09 Pollution Prevention Program	66.708	26,839
NMED Pollution Prevention Program	66.708	<u>2,163</u>
		29,002
<b>Hazardous Waste Management State Program Support</b>		
FY11 Hazardous Waste (RCRA)	66.801	715,000
<b>Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements</b>		
Multi-Site Superfund Bulk Funding	66.802	1,051,881
North Railroad Avenue Plume Remediation Site	66.802	555,281
NMED Five Year Bulk Funding 2009-2015	66.802	<u>16,989</u>
		1,624,151
<b>Underground Storage Tank Prevention, Detection and Compliance Program</b>		
UST FY 11	66.804	413,350
UST FY 11 GIS Data Gathering	66.804	<u>63,460</u>
		476,810

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

<b>Federal Agency/ Pass-Through Agency</b>	<b>Federal CFDA Number</b>	<b>Federal Participating Expenditures</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>Leaking Underground Storage Tank Trust Fund Corrective Action Program</b>		
ARRA-Leaking Underground Storage Tank (LUST)	66.805	785,501
Leaking Underground Storage Tank (LUST)	66.805	<u>548,466</u>
		1,333,967
<b>Brownfields Assessment and Cleanup Cooperative Agreements</b>		
ARRA - Brownfield Supplemental funding	66.818	225,648
Brownfield Cleanup - Hazardous Assessment	66.818	51,773
Brownfield Cleanup	66.818	<u>1,043</u>
		278,464
<b>State and Tribal Response Program Grants</b>		
NM State Response Program	66.817	567,366
<b>International Financial Assistance Projects Sponsored by the Office of International Affairs</b>		
Pass-thru via BECC		
FY10 Border 2011	66.931	45,483
FY10 Border 2010	66.931	<u>20,785</u>
		66,268
<b>Other Programs</b>		
Active Management Control Initiative	66.unknown	<u>2,500</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		34,045,439
<b>U.S. DEPARTMENT OF ENERGY</b>		
<b>Renewable Energy Research and Development</b>		
DOE WIPP Oversight	81.087	1,985,895
<b>Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions</b>		
Pass-thru via NM Energy and Minerals		
WIPP Emergency Response - DEFC2988AL53813	81.502	141,246

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. DEPARTMENT OF ENERGY (CONTINUED)</b>		
<b>Other Programs</b>		
ARRA - GSF - Passed thru DFA - R1ED002002/R1ED000002	84.397A	498,046
GNOME Coach and Gasbuggy Nuclear Test Sites	81.136	281
NM Uranium Mill Tailings Radiation Control Act Tech Support	81.unknown	20,109
ARRA - Energy Efficiency Block Grant	81.unknown	<u>12,406</u>
		<u>530,842</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		2,657,983
<b>U.S. DEPARTMENT OF DEFENSE</b>		
<b>State Memorandum of Agreement Program for the Reimbursement of Technical Services</b>		
DOD FY11	12.113	<u>117,397</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>		117,397
<b>U.S. DEPARTMENT OF LABOR</b>		
<b>Occupational Safety and Health State Program</b>		
OSHA Implementation	17.503	1,035,618
ARRA - OSHA Implementation	17.503	<u>29,183</u>
		1,064,801
<b>Consultation Agreements</b>		
OSHA Consultation Program	17.504	541,086
<b>OSHA Data Initiative</b>		
OSHA Data Collection	17.505	8,512
OSHA Statistics	17.505	<u>62,807</u>
		<u>71,319</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		1,677,206

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

<b>Federal Agency/ Pass-Through Agency</b>	<b>Federal CFDA Number</b>	<b>Federal Participating Expenditures</b>
<b>BUREAU OF LAND MANAGEMENT</b>		
<b>Environmental Quality and Protection Resource Management</b>		
San Juan County Env Quality & Prot Res Mgmt, 2008	15.236	<u>49,167</u>
<b>TOTAL BUREAU OF LAND MANAGEMENT</b>		<u>49,167</u>
<b>TOTAL EXPENDITURES FEDERAL AWARDS</b>		<u>\$ 38,547,192</u>
 <b>RECONCILIATION TO FINANCIAL STATEMENTS</b>		
Governmental Funds - Federal Grant Revenue		\$ 21,291,916
Enterprise Funds - Federal Grant Revenue		<u>17,255,276</u>
		<u>\$ 38,547,192</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2011**

**GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activities of all federal awards of the Department.

**BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Department's general purpose financial statements.

**NON-CASH ASSISTANCE**

The Department did not receive any federal non-cash assistance during the year ended June 30, 2011.

**LOANS**

The Department does not have any loans outstanding with the Federal government at June 30, 2011.

**SUBRECIPIENTS**

The Department receives capitalization grants to create and maintain the Clean Water State Revolving Fund program (CWSRF, CFDA 66.458). The Department can use the capitalization grants to provide loans at reduced interest rates to finance the construction of publicly-owned water pollution control facilities, non-point source pollution control projects and estuary management plans. Loans made by the Department must be repaid within 20 years and all repayments, including interest and principal, must remain within the Wastewater Facility Construction Loan Fund of the Department. Capitalization loans processed for CWSRF for the year ended June 30, 2011 were \$5,074,384. CWSRF outstanding loans at June 30, 2011 were \$166,129,756. In addition, as detailed below, the Department provided \$14,057,460 in ARRA funding to various communities throughout New Mexico as grants and are included in the schedule as ARRA-2009 NM CWSRF (CFDA 66.458).

<u>Community</u>	<u>Amount</u>
Town of Taos	\$ 3,558,532
Questa	2,997,508
Elephant Butte	1,711,040
Santa Rosa	1,307,869
Tucumcari	1,000,000
San Juan County	690,815
Ruidoso Downs	584,866
Belen	529,186
Wagon Mound	494,784
Hatch	333,247
Eagle Nest	312,881
San Miguel County	272,278



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2011**

**SUBRECIPIENTS (CONTINUED)**

<u>Community</u>	<u>Amount</u>
Los Alamos	144,941
Raton	114,454
Los Alamos County	<u>5,059</u>
<b>Total</b>	<b><u>\$ 14,057,460</u></b>

In addition, as detailed in the schedule below, the Department provided \$1,418,589 in ARRA funding to various entities, which are included in the schedule as State Clean Diesel-ARRA (CFDA 66.040).

<u>Name of Entity</u>	<u>Amount</u>
City of Albuquerque	\$ 542,234
San Miguel County	499,712
All American Waste Removal	200,000
Taos County	<u>176,643</u>
<b>Total</b>	<b><u>\$ 1,418,589</u></b>

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Mr. David Martin  
State of New Mexico Environment Department and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, the combining and individual funds and related budgetary comparisons and the major capital project and enterprise funds' budgetary comparisons presented as supplementary information of the State of New Mexico Environment Department (the Department) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 8, 2011. 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 Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting listed as items: 09-07, 10-06 and 11-01. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

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

We also noted certain matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items: 10-01 and 10-07.

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

This report is intended solely for the information and use of management, the New Mexico Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and federal award and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Albuquerque, New Mexico  
December 8, 2011

**Independent Auditor's Report on Compliance with Requirements that Could Have  
a Direct and Material Effect on Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133**

Mr. David Martin  
State of New Mexico Environment Department and  
Mr. Hector H. Balderas  
New Mexico State Auditor

**Compliance**

We have audited the compliance of the State of New Mexico Environment Department (the Department) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Department'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 Department's management. Our responsibility is to express an opinion on the Department'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 Department'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 Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 06-08.

**Internal Control Over Compliance**

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 entity's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items: 06-08, 10-06 and 11-01.

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

This report is intended solely for the information and use of management, the New Mexico Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and federal award and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Albuquerque, New Mexico  
December 8, 2011

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2011**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings, disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major programs:

**CFDA**

<b>Number(s)</b>	<b>Name of Federal Program or Cluster</b>
66.001	Air Pollution Control Program Support
66.040	State Clean Diesel Grant Program
66.419	Water Pollution Control State, Interstate and Tribal Program Support
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.460	Nonpoint Source Implementation Grants
66.468	Capitalization Grants for Drinking Water State Revolving Funds
66.802	Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements
66.805	Leaking Underground Storage Tank Trust Fund Correction Action Program
81.087	Renewable Energy Research and Development

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2011**

**Section I - Summary of Auditor's Results** (continued)

Dollar threshold used to distinguish  
between type A and type B programs                      \$1,156,416

Auditee qualified as low-risk auditee?                       yes                       no

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section II – Financial Statement Findings**

**Finding 11-01 Reconciliation of Federal Revenue to Schedule of Expenditures of Federal Awards (Significant Deficiency)**

**Condition:** The Department was unable to reconcile the federal revenue to the schedule of expenditures of federal awards in a timely manner, as a result an audit adjustment to the federal receivable/revenue required an adjustment in the amount of approximately \$150,000.

**Criteria:** OMB circular A-133 requires the Department to prepare a schedule of expenditures of federal awards that should reconcile to the financial statements of the Department.

**Cause:** Lack of effective controls and procedures surrounding the reconciliation process.

**Effect:** Possible misstatements of the financial statements.

**Recommendation:** We recommend the Department implement effective internal control procedures to ensure that monthly reconciliations of the federal revenue and federal expenditures are performed to ensure a timely submission of the schedule during the audit that is reconciled to the federal revenue.

**Management's Response:** The Department is presently working on restructuring the Grants section to address procedures on reconciliation and reporting of the Schedule of Expenditures of Federal Awards (SEFA) in a timely manner. At present, the grants section is currently down to a single employee who is responsible for reconciliation and reporting of all federal awards including daily administrative functions of the section. Currently, the Department is seeking to hire an additional staff member to assist with these duties. Plans are to incorporate a quarterly reconciliation of federal revenue to the schedule of expenditures of federal awards with a goal of monthly reconciliations. This would insure timely reporting and reduce and/or eliminate future audit adjustments. Management is in the process of assembling a team of Department staff to serve as an "audit finding" correction team. The Grants Section Supervisor will be included on this team with the goal of eliminating both grant related audit findings. The initial meeting for this group is scheduled for Thursday January 5, 2012.

**Finding 10-06 Capital Asset Transfers/Disposals Recorded at Time of Physical Inventory (Significant Deficiency)**

**Condition:** During our capital asset test work, it was noted that the Department is not recording capital asset transfers and disposals as they occur, but rather at the time the end of year capital asset inventory is performed. Additionally, the Department is choosing to consider items that cannot be located at the end of year capital asset inventory as disposed. During the inventory by the Department of their capital assets, they had identified capital assets that had an original cost of approximately \$429,000 with a net book value of approximately \$9,000 that were not located, but were on the capital asset listing. These items were removed from the listing and deemed as disposed capital assets.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section II – Financial Statement Findings (continued)**

**Finding 10-06 Capital Asset Transfers/Disposals Recorded at Time of Physical Inventory (Significant Deficiency) (continued)**

**Criteria:** In accordance with the Manual of Model Accounting Practices (MAPs) FIN 6, an agency shall record in the accounting records the transfer, sale, disposition or write-off of capital assets when they occur. Additionally, FIN 6 states that, rather than considering missing items at year-end as disposed, when any capital asset is found to be missing and cannot be accounted for, the state agency shall determine the cause(s) and augment internal controls, as necessary, to minimize any future occurrences. Additionally, per A-102 Common Rule for capital assets purchased with federal funds, the Department is required to have procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds. The Department is required until disposition takes place to maintain property records that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property.

**Cause:** Lack of effective internal controls associated with capital assets, including tracking and safeguarding capital assets.

**Effect:** Possible misstatement of capital assets due to the fact that the Department is not recording capital asset transfers and disposals in accordance with MAPs standards and federal regulations.

**Recommendation:** We recommend that management establish effective controls necessary to ensure that capital asset transfers and disposals are recorded as they occur, not when the year-end capital asset inventory is performed. Additionally, we recommend that internal controls associated with the custody of property be established and followed to minimize further occurrences of missing capital assets. This includes strict adherence to MAPs FIN 6 pertaining to the proper accounting treatment for transferred or disposed capital assets.

**Management's Response:** The Department will review its current policy governing capital assets (including the transfer and disposal of capital assets) and will update the policy where necessary to conform to MAPs FIN 6 by the end of FY12. A capital asset inventory was conducted by the Department's Capital Asset Coordinator for Fiscal Year 2011. The Excel spreadsheet used to track fixed assets is being updated to correspond to the physical inventory completed. The Department's Capital Asset Coordinator has tendered their resignation and a search is underway to find a qualified individual with the knowledge and experience to assume and improve upon the process currently in place. Capital Assets will be added to the tracking spreadsheet monthly as purchases occur. Management is in the process of assembling a team of Department staff to serve as an "audit finding" correction team. The Capital Asset Coordinator will be included on this team with the goal of eliminating the Capital Asset related audit findings. The initial meeting for this group is scheduled for Thursday January 5, 2012.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section II – Financial Statement Findings (continued)**

**Finding 09-07 Reconciliation of Rural Infrastructure Program (RIP) Loan Schedule to Share (Significant Deficiency)**

**Condition:** During testwork on the RIP loan program and review of the external loan schedule the following errors were noted: 1) A construction project closed during FY11 was identified as closed but was not included in the repayment schedule 2) A prior year audit adjustment in the amount of approximately \$18,500 was not recorded and as a result the schedule didn't agree to SHARE and another audit adjustment was required 3) an error on the interest accrual date for one project was incorrect which resulted in an adjustment to the interest receivable in the amount of approximately \$13,000.

**Criteria:** According to MAPs (FIN 13.1 External Systems), authorized by Chapter 6-5-2.1, NMSA requires the complete, accurate and timely recording of accounting transactions originating from a subsidiary system into SHARE, the central reporting system.

**Cause:** Lack of effective controls and procedures surrounding the RIP fund to ensure timely and accurate reconciliation of the RIP loan schedule to SHARE. The use of Excel to track all loans and activity is the cause of errors within the schedule.

**Effect:** Possible misstatements of the financial statements.

**Recommendation:** We recommend the Department implement effective internal control procedures to ensure that the RIP fund loan schedule is consistently reconciled to SHARE. In addition, it is recommended that the Department utilize loan management software as opposed to excel to prevent errors and improve efficiency in loan management.

**Management's Response:** The Construction Programs Bureau reconciles cash on a monthly basis. This is accomplished by running the SHARE Detail Trial Balance and identifying all cash moving into and out of the Fund. The SHARE software does not identify individual loans which require the CPB to track the RIP loans on subsidiary ledgers. There is no SHARE interface available as identified in the 09-07 'criteria'. RIP activity is entered into the Excel spreadsheets and is reconciled against the SHARE activity.

CPB has proposed a reorganization to separate the financial section from the funding section. The separation of duties will improve the review and reconciliation of the numerous funding programs, including the RIP. In addition, the Department and CPB will pursue possible options in obtaining and utilizing loan management software.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section III – Federal Award Findings and Questioned Costs**

**Finding 11-01 Reconciliation of Federal Revenue to Schedule of Expenditures of Federal Awards (Significant Deficiency)**

**Condition:** The Department was unable to reconcile the federal revenue to the schedule of expenditures of federal awards in a timely manner; as a result, an audit adjustment to the federal receivable/revenue required an adjustment in the amount of approximately \$150,000. This is applicable to all federal programs of the Department (refer to the Schedule of Expenditures of Federal Awards for all CFDA numbers and program names).

**Criteria:** OMB circular A-133 requires the Department to prepare a schedule of expenditures of federal awards that should reconcile to the financial statements of the Department.

**Cause:** Lack of effective controls and procedures surrounding the reconciliation process.

**Effect:** Possible misstatements of the financial statements.

**Recommendation:** We recommend the Department implement effective internal control procedures to ensure that monthly reconciliations of the federal revenue and federal expenditures are performed to ensure a timely submission of the schedule during the audit that is reconciled to the federal revenue.

**Management's Response:** The Department is presently working on restructuring the Grants section to address procedures on reconciliation and reporting of the Schedule of Expenditures of Federal Awards (SEFA) in a timely manner. At present, the grants section is currently down to a single employee who is responsible for reconciliation and reporting of all federal awards including daily administrative functions of the section. Currently the Department is seeking to hire an additional staff member to assist with these duties. Plans are to incorporate a quarterly reconciliation of federal revenue to the schedule of expenditures of federal awards with a goal of monthly reconciliations. This would insure timely reporting and reduce and / or eliminate future audit adjustments. Management is in the process of assembling a team of Department staff to serve as an "audit finding" correction team. The Grants Section Supervisor will be included on this team with the goal of eliminating both grant related audit findings. The initial meeting for this group is scheduled for Thursday January 5, 2012.

**Finding 10-06 Capital Asset Transfers/Disposals Recorded at Time of Physical Inventory (Significant Deficiency)**

**Condition:** During our capital asset test work, it was noted that the Department is not recording capital asset transfers and disposals as they occur, but rather at the time the end of year capital asset inventory is performed. Additionally, the Department is choosing to consider items that cannot be located at the end of year capital asset inventory as disposed. During the inventory by the Department of their capital assets, they had identified capital assets that had an original cost of approximately \$429,000 with a net book value of approximately \$9,000 that were not located, but were on the capital asset listing. These items were removed from the listing and deemed as disposed capital assets. This is applicable to Air Pollution Control Program Support, CFDA Number 66.001.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section III – Federal Award Findings and Questioned Costs** (continued)

**Finding 10-06 Capital Asset Transfers/Disposals Recorded at Time of Physical Inventory**  
**(Significant Deficiency)** (continued)

**Criteria:** In accordance with the Manual of Model Accounting Practices (MAPs) FIN 6, an agency shall record in the accounting records the transfer, sale, disposition or write-off of capital assets when they occur. Additionally, FIN 6 states that, rather than considering missing items at year-end as disposed, when any capital asset is found to be missing and cannot be accounted for, the state agency shall determine the cause(s) and augment internal controls, as necessary, to minimize any future occurrences. Additionally, per A-102 Common Rule for capital assets purchased with federal funds, the Department is required to have procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds. The Department is required until disposition takes place to maintain property records that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property.

**Cause:** Lack of effective internal controls associated with capital assets, including tracking and safeguarding capital assets.

**Effect:** Possible misstatement of capital assets due to the fact that the Department is not recording capital asset transfers and disposals in accordance with MAPs standards and federal regulations.

**Recommendation:** We recommend that management establish effective controls necessary to ensure that capital asset transfers and disposals are recorded as they occur, not when the year-end capital asset inventory is performed. Additionally, we recommend that internal controls associated with the custody of property be established and followed to minimize further occurrences of missing capital assets. This includes strict adherence to MAPs FIN 6 pertaining to the proper accounting treatment for transferred or disposed capital assets.

**Management's Response:** The Department will review its current policy governing capital assets (including the transfer and disposal of capital assets) and will update the policy where necessary to conform to MAPs FIN 6 by the end of FY12. A capital asset inventory was conducted by the Department's Capital Asset Coordinator for Fiscal Year 2011. The Excel spreadsheet used to track fixed assets is being updated to correspond to the physical inventory completed. The Department's Capital Asset Coordinator has tendered their resignation and a search is underway to find a qualified individual with the knowledge and experience to assume and improve upon the process currently in place. Capital Assets will be added to the tracking spreadsheet monthly as purchases occur. Management is in the process of assembling a team of Department staff to serve as an "audit finding" correction team. The Capital Asset Coordinator will be included on this team with the goal of eliminating the Capital Asset related audit findings. The initial meeting for this group is scheduled for Thursday January 5, 2012.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section III – Federal Award Findings and Questioned Costs (continued)**

**Finding 06-08 Federal Grant Reporting (Significant Deficiency)**

**Condition:** During A-133 single audit reporting test work, the following exceptions were noted regarding federal financial reports:

- CFDA 66.001 - Air Pollution Program Support - 1 performance report was not filed.
- CFDA 66.419 - Water Pollution Control - There was an error of approximately \$236,000 of expenditures reported.
- CFDA 66.460 - Nonpoint Source Implementation - 8 quarterly MBE/WBE reports were not filed.
- CFDA 66.802 - Comprehensive Environmental Response - 1 SF 269 report was filed late and 8 quarterly FFR 425 reports were not filed.
- CFDA 66.805 - Leaking Underground Storage Tank Trust Fund Corrective Action Program - 1 MBE/WBE report was not filed.
- CFDA 81.087 - Renewable Energy Research and Development - 4 FFR 425 reports were not filed.

**Criteria:** Per OMB Circular A-133, *Compliance Requirements Reporting - Financial Reporting*, the Department is required to maintain reports specified by the Federal agency.

**Cause:** Failure or lack of internal controls over reporting requirements established by the Federal government for state agencies receiving federal funds.

**Effect:** The Department is in violation of federal requirements.

**Auditors' Recommendation:** We recommend that management establish effective controls necessary to ensure the maintenance of reports mandated by the federal government for state agencies receiving federal funds. Additionally, we recommend that the Department designate an individual to be responsible for meeting these requirements.

**Management's Response:** At present, the grants section is currently down to a single employee who is responsible for reconciliation and reporting of all federal awards including daily administrative functions of the section. In addition, the management and oversight related to the stimulus funding has continued to strained the limited resources and resulting in delayed reporting. As to comply with the federal reporting deadlines, the Department is currently working on hiring an additional staff member to assist with these duties. The additional staff member in the Grants section will be tasked with ensuring all federal reporting is conducted in a timely manner thereby meeting all future reporting deadlines/requirements. Management is in the process of assembling a team of Department staff to serve as an "audit finding" correction team. The Grants Section Supervisor will be included on this team with the goal of eliminating

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section III – Federal Award Findings and Questioned Costs (continued)**

**Finding 06-08 Federal Grant Reporting (Significant Deficiency) (continued)**

both grant related audit findings. The initial meeting for this group is scheduled for Thursday, January 5, 2012.

**Section IV – Other Findings**

**Finding 10-01 Cash Receipts Not Recorded or Deposited in a Timely Manner (Other)**

**Condition:** During the internal controls test work for cash receipts, it was noted that 2 out of 22 cash receipts for a total of \$800 was not deposited within 24 hours of receipt

**Criteria:** According to the Manual of Model Accounting Practices (MAPs), section FIN 2.3 states that all state agencies shall deposit cash within 24 hours of receipt. Additionally, FIN 2.1 states that all state agencies shall log or receipt all monies received at the time received.

**Cause:** Lack of effective controls surrounding the cash receipts process, management oversight.

**Effect:** Misstatement of financial information, potential misappropriation of assets.

**Recommendation:** We recommend that management establish controls necessary to ensure that all cash received is recorded at the time of receipt and deposited by the end of the next business day.

**Management's Response:** The Administrative Services Division (ASD) will meet with the Financial Manager of the Environmental Health Bureau by December 31, 2011 to discuss this issue; enumerate the potential consequences of not depositing cash receipts in a timely manner; and the Bureau has ensured all deposits since that meeting have been sent to the bank within 24 hours. ASD through coordination of the Chief Financial Officer holds quarterly meetings with the Financial Data User's (FDU group) in the agency to keep finance staff up to date on issues such as new DFA requirements, changes to processes, etc. The topic of deposits and any issues related to such will be a permanent agenda item so that ASD can continually remind agency staff of deposit policy and procedures. Management is in the process of assembling a team of Department staff to serve as an "audit finding" correction team. The Financial Manager of the Environmental Health Bureau will be included on this team with the goal of eliminating this audit finding. The initial meeting for this group is scheduled for Thursday January 5, 2012.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2011**

**Section IV – Other Findings** (continued)

**Finding 10-07 Lack of Formal Disaster Recovery Plan (Other)**

**Condition:** During our assessment of the information technology control environment, it was determined that the Department does not have a finalized Disaster Recovery Plan.

**Criteria:** The Department should have a finalized Disaster Recovery Plan that has been and can continue to be tested.

**Cause:** Lack of effective controls concerning the development and testing of the Department's existing Disaster Recovery Plan.

**Effect:** Possible loss of financial information, as well as fiduciary break and risk of corruption and/or loss of confidential claimant data.

**Recommendation:** We recommend that management place high priority in completing and formalizing the current Disaster Recovery Plan. This includes off-site storage of the Disaster Recovery Plan and testing the Plan to ensure its completeness and reliability.

**Management's Response:** Disaster Recovery/Business Continuity is a very important IT process that the agency takes seriously. Two items are currently underway that will put the Department in a better position to finalize the DR plan: 1) our network is currently being upgraded to allow for dynamic routing which will allow our remote offices to connect to the failover site if needed in the case of a disaster occurring at our primary site; and, 2) our failover site required hardware patches that are being applied and tested. Management is in the process of assembling a team of Department staff to serve as an "audit finding" correction team. The Chief Information Officer will be included on this team with the goal of eliminating this audit finding. The initial meeting for this group is scheduled for Thursday January 5, 2012.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2011**

**Section II – Financial Statement Findings**

Finding 07-01 Financial Statement Preparation SAS 115 (Material Weakness) – Resolved

Finding 09-05 Recording of Corrective Action Liabilities – Fund 99000 (Material Weakness) – Resolved

Finding 09-07 Reconciliation of Rural Infrastructure Program (RIP) Loan Schedule to SHARE – Repeated/Updated

Finding 10-04 Grant Management and Oversight – Resolved

Finding 10-05 Pollution Remediation Liabilities (Material Weakness) – Resolved

Finding 10-06 Capital Asset Transfers/Disposals Recorded at Time of Physical Inventory – Repeated/Updated

**Section III – Federal Award Findings and Questioned Costs**

Finding 06-08 Federal Grant Reporting – Repeated/Updated

Finding 10-02 Internal Control over Federally Suspended/Debarred Vendors – Resolved

Finding 10-03 Expeditious Use of ARRA Grant Funds – Resolved

Finding 10-04 Grant Management and Oversight – Resolved

Finding 10-08 Over-drawn Grants – Resolved

**Section IV – Other Findings**

Finding 10-01 Cash Receipts Not Recorded or Deposited in a Timely Manner – Repeated/Updated

Finding 10-07 Lack of Formal Disaster Recover Plan – Repeated



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
EXIT CONFERENCE  
June 30, 2011**

An exit conference was held with the Department on December 7, 2011. The conference was held at the Department's offices in Santa Fe, New Mexico. In attendance were:

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**

Butch Tongate	Deputy Cabinet Secretary
Cathy Atencio	ASD Director
Ed Smith	Chief Financial Officer
Lorie Blea	Senior Accountant

**CLIFTON GUNDERSON LLP**

Georgie Ortiz, CPA, CGFM	Audit Partner
Matt Bone, CPA, CGFM	Audit Manager
Bill Ninopoulos	Audit Associate

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report. Management reviewed and approved the financial statements.