

**STATE OF NEW MEXICO  
ENVIRONMENT DEPARTMENT  
Santa Fe, New Mexico**

**FINANCIAL STATEMENTS  
June 30, 2013**

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**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
OFFICIAL ROSTER  
June 30, 2013**

**Office of the Secretary**

Ryan Flynn, Cabinet Secretary-Designate

Butch Tongate, Deputy Cabinet Secretary

**Division Directors**

Cathy Atencio, Administrative Services Division

Mary Montoya, Information Technology Division

Tom Blaine, Field Operations and Infrastructure Division

Vacant, Resource Protection Division

Michael Vonderheide, Environmental Protection Division



**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
500 Marquette NW, Suite 800  
Albuquerque, NM 87102  
505-842-8290 | fax 505-842-1568  
[www.cliftonlarsonallen.com](http://www.cliftonlarsonallen.com)

## INDEPENDENT AUDITORS' REPORT

Mr. Ryan Flynn  
State of New Mexico Environment Department and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the State of New Mexico Environment Department (the Department), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's nonmajor governmental funds, fiduciary fund and the budgetary comparisons for the major capital project fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Department as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major capital project fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of

America. In our opinion, the *Schedule of Expenditures and other schedules required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Albuquerque, New Mexico  
December 5, 2013



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**Executive Summary**

The management of the State of New Mexico Environment Department (the Department) is pleased to present the *Management's Discussion and Analysis (MD&A)* of its financial statements for the fiscal year ended June 30, 2013. This overview and analysis summarizes the Department's financial activities and operations for the state fiscal year 2013, which is the period between July 1, 2012 and June 30, 2013 (*FY13*). 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.

The Department encourages readers to consider the *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 include 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.

**Government-wide Financial Statements.** The government-wide financial statements are designed to be corporate-like in that the 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 Position and a Statement of Activities. These statements should report all of the assets, liabilities, revenues, expenses and gains and losses of the governments. 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 program 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 three funds as major funds: the General Fund, the Corrective Action Fund and one Capital Project 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.

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**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.

**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 the Department's programs. The reporting focus is upon net position and changes in net position 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 that is collected and 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 2.2.2 NMAC (the State Auditor Rule), the Statement of Revenues and Expenditures – Budget and Actual is also presented. This information is provided at the approved appropriation (budget) level to demonstrate compliance with legal requirements.

### **Statewide Highlights**

The New Mexico Department of Finance and Administration (DFA) and the Department of Information Technology (DoIT) are the two state agencies charged with the maintenance and operation of the state's accounting and human resources system (SHARE). Since the implementation of SHARE, the cash balances within the system have not agreed to those stated

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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by the state fiscal agent. Beginning in late spring of 2012, the State Comptroller commissioned a diagnostic report with the purpose of assessing the current state of cash reconciliation and determining recommendations for remediating the remaining system and business process issues pertaining to the book to bank processes. The DFA, along with DoIT and the State Treasurer's Office, began a joint venture to resolve this issue. A consulting firm was hired to assess the state's processes and make recommendations, which were disseminated to state agencies in the fall of 2012. Accordingly, as a result, a disclosure of this process is required to be included in the notes to the financial statements section of the audit report.

**Department Highlights**

The Department's mission is to protect and restore the environment, and to foster a healthy and prosperous New Mexico for present and future generations. NMED is committed to providing clear articulation of the agency's goals, standards and expectations in a professional manner so that employees and the public can make informed decisions and be actively involved in setting priorities. Additionally, NMED promotes environmental awareness through the practice of open and direct communication and sound decision-making by carrying out the mandates and initiatives of the Department in a fair and consistent manner.

During fiscal year 2013, the Department operated with five divisions within four budgetary programs. Through these programs, which include Resource Management, Resource Protection, Environmental Protection and Field Operations and Infrastructure, the Department was able to administer and enforce the state and federal laws with which it is charged. In addition, the Department continued to operate at a reduced human resource capacity during FY13 stemming from the lagged effects coming out of the hiring freeze imposed during previous fiscal periods.

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

**Resource Management Program (P567)**

This program is comprised of the Office of the Secretary; Office of the General Counsel; Administrative Services Division; the Financial Services Bureau, which includes Budget & Grants, General Ledger & Operational Support, Procurement & Accounts Payables and Human Resources; and the Information Technology Division, which includes the Application Services and Technology Services bureaus.

Resource Management provides overall leadership, administrative, legal and information management support to the Department staff and oversight and regulatory entities. This support allows the Department to operate in the most knowledgeable, efficient and cost effective manner possible, and provides the public with information necessary to hold the Department accountable.

The overarching goal of the Office of Information Technology, which is in alignment with the Environment Department goals and New Mexico State IT strategic goals, is to enable and maintain IT services to facilitate and transform the business processes of the department.

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**Highlights** – The Financial Services Bureau (FSB) redirected its efforts in accountability to enhance transparency and compliance with state and federal financial requirements. To that end, FSB revised four financial policies and created an additional policy to enhance internal controls and accountability. The changes in the financial processes were implemented through trainings provided by FSB throughout the fiscal year to financial and other agency staff on the purpose and implementation of the updated and modified policies.

The FSB worked to secure approval from the Department of Finance & Administration – State Board of Finance to have authority to receive payments by credit and debit cards. This effort was brought about in order to enhance customer service to those regulated entities while increasing efficiencies of processing payments and safeguarding assets to the Department.

The Human Resources Bureau (HRB) has been working diligently throughout the past fiscal year on a comprehensive training program designed for managers, supervisors and employees. The training courses have focused on awareness of the NMED policies and procedures, improving employee and employer relations, and providing relevant material that employees and managers can use in their day-to-day work activities. The HRB's efforts have assisted in fostering increased employee capability, capacity, productivity and performance.

The HRB has been creating new policies and revising existing policies that directly impact the operations of the Department. The purpose of the review and revision of Department policies is to address changes in state and federal law, changes in state operational procedures, and shortcomings in the current policies. These changes are also to ensure safeguards are in place for both the Department employees and the Department.

The HSB had staff that became certified by the National Safety Council and the General Services Department – Transportation Services Division, to teach defensive driving training to agency staff. This allowed Department employees to have access to more classes at more locations, which increased efficiencies, customer service and reduced cost for staff to travel to obtain the training.

Major accomplishments for the Office of Information Technology in FY13 include: upgrade of the enterprise database platform to a supportable version, upgrade of the network infrastructure to support a disaster recovery site, consolidation of several server operating system platforms for more maintainable systems, consolidation of several field office telephone systems to be managed under the Department of Information Technology, development of a pilot mobile field inspection application to eliminate the use of paper forms for food inspections, and a Geographic Information System (GIS) application that can optimize field inspection scheduling.

**Resource Protection Program (P568)**

This program is comprised of the DOE Oversight, Petroleum Storage Tanks, Hazardous Waste, Surface Water Quality and Groundwater Quality bureaus.

The program's mission is to protect and preserve the ground and surface water resources of the state for present and future generations. The DOE Oversight Bureau (DOEOB) verifies that Department of Energy (DOE) activities at facilities throughout New Mexico are protective of public health, safety, and the environment. The Petroleum Storage Tank Bureau (PSTB) addresses threats to the environment posed by petroleum products or hazardous materials released from both above and below ground storage systems. PSTB protects ground water by

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preventing releases of petroleum products, cleanup of petroleum contamination, and providing the regulated industry with clear direction through statute, rule, and regulations. In addition, the program accomplishes its mission by the authority given in the New Mexico Water Quality Act to the Water Quality Control Commission (WQCC) and the regulations developed through the WQCC. The program receives grants through the Environmental Protection Agency (EPA) in support of the Superfund program, Storage Tank program, and various federal Clean Water Act grants. These responsibilities are under the direction of both the Ground Water Quality Bureau (GWQB) and the Surface Water Quality Bureau (SWQB). The SWQB has four primary programmatic sections: 1. Point Source Regulation, 2. Watershed Protection, 3. Monitoring and Assessment, and 4. Utility Operator Certification. The SWQB is spearheading the New Mexico River Stewardship Initiative, a community-based approach to restore rivers to improve water quality, improve habitat and mitigate the effects of catastrophic wildfires and drought common to high desert climates. The GWQB has five primary programmatic sections: 1. Pollution Prevention, 2. Superfund Oversight, 3. Fiscal Management, 4. Mining Environment Compliance, and 5. Remediation Oversight. The Bureau strives to increase industry and public awareness of the importance of safe ground water supplies in sustaining the quality of life in New Mexico for this and future generations, and the importance of protecting ground water quality through pollution prevention initiatives.

**Accomplishments** – The DOEOB assesses the impacts of past and present activities at Los Alamos National Laboratory (LANL), Sandia National Laboratories/NM, and the Waste Isolation Pilot Plant (WIPP) by monitoring groundwater conditions, emissions of radioactive particulates in air, and monitoring storm water impacts, with an emphasis on characterizing and quantifying offsite contaminants transport. Furthermore, the DOEOB has assisted with emergency response and environmental assessments at wildfires in New Mexico. These efforts by the program has provided for the identification of critical infrastructure for the protection of human life, property, and protection of the environment ahead of the annual monsoon season.

During FY2013, the PTSB conducted approximately 743 inspections, which included 520 underground storage tank compliance inspections. Of the 743 inspected facilities, 339 facilities (65%) were in compliance with significant operating compliance (SOC) measures for release prevention and release detection requirements. Additionally, during FY13, the PSTB expended approximately \$14,246,399 on investigation and cleanup of leaking petroleum storage tank sites. Responsible Party lead sites were reimbursed for the amount of \$11,420,146, and \$2,826,252 was expended on State Lead sites.

SWQB is spearheading the New Mexico River Stewardship Initiative, a community-based approach to improve water quality and enhance riparian areas along New Mexico's streams and rivers to support clean water supplies, as well as opportunities for hunting, fishing, and other recreational pursuits. Robust riparian areas also mitigate extreme weather conditions such as flashfloods, drought and resultant wildfires. In FY13, SWQB completed eighteen Clean Water Act §401 state water quality certification of National Pollutant Discharge Elimination System permits issued by EPA. SWQB staff conducted compliance inspections of fifty-two municipal and industrial facilities (including twelve majors) and eighty-three construction and industrial storm water facilities. SWQB's Utility Operator Certification Program conducted nine test sessions across the state, testing over 1,343 exams of drinking water and wastewater operators of all levels under the authority of the New Mexico Utility Operator Certification Act.

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In order to identify possible non-point source water quality problems in rural New Mexico communities, the GWQB conducted free testing of domestic wells ("Water Fairs") throughout the state. GWQB has conducted five Water Fairs so far in FY14 and plans to conduct another five by the end of FY14. The NMED GWQB entered into a contractual agreement with the EPA to provide matching funding of 10% for the remedial action of several Superfund sites. Superfund remedial actions consist of the construction and operations of groundwater remediation systems where water supplies have been impacted by hazardous substances, vapor mitigation systems where residents in homes are exposed to hazardous vapors and vapor intrusion, and soil vapor extraction and contaminated soil containment systems. The new dairy regulations (20.6.6 NMAC) were signed into law December 31, 2011. Implementation of the statute set into motion a rigorous schedule for issuing draft and final dairy permits over six quarters beginning with the first quarter of FY12. Since January 1, 2012, one hundred and twenty-six draft permits and twenty one final permits have been issued by the GWQB.

**Field Operations and Infrastructure Program (P569)**

The purpose of the Field Operations and Infrastructure Program is to provide leadership for an interagency effort to develop a water and wastewater infrastructure evaluation plan, and recommendations for efficient and effective use of water and wastewater loan funds; and to ensure compliance with the Safe Drinking Water Act. The program also protects public health and regulatory oversight for food service and food processing facilities, liquid waste treatment and disposal, public swimming pools and baths, and mosquito abatement.

**Highlights** - The Construction Programs Bureau (CPB) of the Program met its three mandated performance measures as contained in appropriation language. The objective of the first measure is to report on the number and dollar amount of new projects funded by loans from the Rural Infrastructure Revolving Loan Fund (RIP) and Clean Water State Revolving Fund (CWSRF) aka the Wastewater Facility Construction Loan Fund. During SFY 2013, the bureau funded five (5) new projects totaling \$2,599,000 from RIP. Loans and grants from the CWSRF supported five (5) new projects totaling \$7,270,564.

The second performance measure for CPB was reporting on the number of Uniform Funding Applications received and processed by the bureau for water, wastewater and solid waste projects, which was 207, equaling 100 percent processed. The third measure was to report on the percent of Environmental Protection Agency clean water state revolving loan fund capitalization grant and associated matching funds committed to New Mexico communities for wastewater infrastructure development. CPB committed approximately 84 percent of the cap grant and matching funds, which exceeds the target of 75 percent.

The Drinking Water Bureau (DWB) complied with its three mandated performance measures for SFY13. The first and second measures, number and location of boil water advisories issued during the year and number of site visits and assistance actions provided, are explanatory measures. The DWB issued four (4) boil water advisories and six (6) precautionary boil water advisories, conducted 1,942 site visits to public water systems, and provided 3,386 assistance actions to ensure compliance with regulations of the Safe Drinking Water Act. The bureau met with 100 percent compliance of the number of required inspections conducted on public water drinking systems within one week of a notification that those systems might impact public health.

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The fourth target measure for DWB is to survey public water systems for compliance with drinking water regulations. At the end of the reporting period, there were fifty-two (52) surveys that were due out of a total of 1,138 active drinking water systems. This means that 95.4% of the drinking water systems have sanitary surveys that are current, while 4.6% of the systems are due or past due for a survey.

**Environmental Protection Program (P570)**

This program is comprised of the Radiation Control, Solid Waste, Air Quality, and Occupational Health and Safety 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, which detects, prevents and mitigates 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 workers.

**Highlights** - The Air Quality Bureau (AQB) performance measure outlined in appropriation law is to ensure that appropriate corrective action is taken by facilities in order to mitigate air quality violations discovered as a result of inspections. In FY13, corrective actions were taken in 48 out of 49, or 96%, of Air Quality Bureau enforcement cases. The breakdown by quarter is as follows:

- 1Q: 12 out of 12 corrective actions taken (same as previously reported)
- 2Q: 14 out of 14 corrective actions taken (14 out of 15 previously reported; the enforcement case for which corrective action had not been taken was subsequently withdrawn)
- 3Q: 14 out of 15 corrective actions taken (same as previously reported; the Air Quality Bureau continues to seek corrective action for the enforcement case for which corrective action had not been taken. The Air Quality Bureau continues to negotiate with the facility.)
- 4Q: 8 out of 8 corrective actions taken.

The Solid Waste Bureau (SWB) had two quarterly numerical performance measures and one annual narrative measure for FY13. For this year, enforcement staff determined by inspection that 82% of facilities were in substantial compliance with New Mexico Solid Waste Rules (exceeded this measure's goal by 7%). The second measure, percent of landfills compliant with groundwater sampling and reporting requirements, was exceeded by 25% every quarter for this fiscal year (performance target was 75 percent). Compliance for this groundwater protection measure for the entire year was 100%. The final annual measure, number of closed unlined landfills found to be in substantial compliance with post-closure care requirements, increased to 43, with only 13 non-compliant. All performance measures are reflective of proactive technical assistance and efforts to improve timeliness of inspections, report reviews, and comments to resolve operating, environmental monitoring, and reporting deficiencies.

The Radiation Control Bureau (RCB) met both of its performance measures for each quarter and the fiscal year in FY13. The RCB exceeded its first measure by 15 percent (target of 85 percent) for completing license inspections within policy. The bureau also excelled at completing inspections of radiation producing machines, meeting 100% of all inspections due in

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

FY13. The annual performance measure of following up on all notices of violation was completed and met. The annual performance indicator was met by completing 100% follow-up of all notices of violation issued by the Bureau to ensure the responses from the licensee addressed the violations and action was taken to prevent future violations.

The Occupational Health & Safety Bureau (OHSB) has two measures contained in appropriation law. The first measure, percent of serious worker health and safety violations corrected within the timeframes designated on issued citations from the Consultation and Compliance Sections, achieved 93.1 on a target of 95.0 percent. The second performance measure, percent of referrals alleging serious hazards responded to via an on-site inspection or investigation within 10 working days, achieved a 93.6 on a target of 95 percent. The bureau has set aggressive goals to drive a continuous improvement in the delivery of services to reduce injuries and illnesses.

### **Financial Highlights**

The Department's FY13 financial portfolio included thirty-three (33) funds comprised of governmental, proprietary and fiduciary funds. The governmental funds included three major funds: the General Fund (06400), the Severance Tax Bonds 2008 (10360) and the Corrective Action Fund (99000). The proprietary funds include three major funds: the Wastewater Facility Construction Loan Fund (12100), the Clean Water Administrative Fund (32700) and the Rural Infrastructure Revolving Loan Fund (33700). The special revenue, capital project funds and fiduciary fund (65200) made up the remainder of the Department's financial portfolio for the year.

During FY13, the Department recorded total net position of \$276,429,632, which represents an increase of \$16,623,957 or a 6.3% increase over FY12. The Department's governmental net position increased by \$2,610,609, while the business-type net position increased by \$14,013,348 over FY12.

The business-type activities operating revenue for FY13 was \$4,423,073 and the non-operating income was \$3,750,145. The total cost of all Department programs increased by \$37,600,701, or 78%, versus the prior fiscal year, from \$48,020,333 to \$85,621,034 during FY13.

### **Analysis of Individual Balances and Transactions**

Governmental and business-type activities experienced an increase in net revenue due to increased bond proceeds and special appropriations. The general fund appropriations for operations have stabilized over prior years; however, the Department has continued to demand fully utilizing special revenue funds where allowable.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

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

**Net Position.** Table A-1 summarizes the Department net position for the fiscal year ending June 30, 2013. Net position for the Governmental Activities and Business-type Activities was (\$22,651,138) and \$299,080,770, respectively. The total Department net position for fiscal year 2013 is \$276,429,632, which is a marginal increase over the previous fiscal year. The Department increased its assets while reducing liabilities over the prior period. The net restricted assets increased while unrestricted balance decreased over the prior period, resulting in an increase of total liabilities and net position, mainly attributable to business type activities.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
<b>Assets:</b>						
Current and other assets	\$ 46,618,563	\$ 42,300,349	\$ 133,536,706	\$ 117,899,698	\$ 180,155,269	\$ 160,200,047
Capital and non-current assets	794,807	1,058,966	167,279,511	167,211,581	168,074,318	168,270,547
<b>Total assets</b>	<b>\$ 47,413,370</b>	<b>\$ 43,359,315</b>	<b>\$ 300,816,217</b>	<b>\$ 285,111,279</b>	<b>\$ 348,229,587</b>	<b>\$ 328,470,594</b>
<b>Liabilities:</b>						
Current liabilities	\$ 13,982,728	\$ 10,563,116	\$ 1,735,447	\$ 43,857	\$ 15,718,175	\$ 10,606,973
Long-term liabilities	56,081,780	58,057,946	-	-	56,081,780	58,057,946
<b>Total liabilities</b>	<b>70,064,508</b>	<b>68,621,062</b>	<b>1,735,447</b>	<b>43,857</b>	<b>71,799,955</b>	<b>68,664,919</b>
<b>Net position:</b>						
Net investment in capital assets	794,807	1,058,966	-	-	794,807	1,058,966
Restricted	37,429,712	36,838,000	299,080,770	285,067,422	336,510,482	321,905,422
Unrestricted	(60,875,657)	(63,158,713)	-	-	(60,875,657)	(63,158,713)
<b>Total net position</b>	<b>(22,651,138)</b>	<b>(25,261,747)</b>	<b>299,080,770</b>	<b>285,067,422</b>	<b>276,429,632</b>	<b>259,805,675</b>
<b>Total liabilities and net position</b>	<b>\$ 47,413,370</b>	<b>\$ 43,359,315</b>	<b>\$ 300,816,217</b>	<b>\$ 285,111,279</b>	<b>\$ 348,229,587</b>	<b>\$ 328,470,594</b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**Changes in Net Position.** Table A-2 summarizes the Department change in net position for the fiscal year ending June 30, 2013. The Department's change in net position for fiscal year 2013 decreased by \$24,295,562 over the prior period. Program revenues for governmental activities decreased by \$128,193 when compared to fiscal year 2012. Accordingly, program revenues for business-type activities decreased by \$707,812. The total change in net position was due to the following reasons: 1) an increase of approximately \$12 million in bond proceeds and special/capital appropriations, 2) an increase of approximately \$38 million in total expenses due to a decrease of governmental activities expenditures from increases in operating and capital projects and a decrease in prior year in pollution remediation obligations.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Revenues:						
Program revenues:						
Charges for services	\$ 18,248,803	\$ 18,894,961	\$ 4,423,073	\$ 4,384,248	\$ 22,671,876	\$ 23,279,209
Operating grants & contributions	19,403,686	18,885,721	9,358,143	10,104,882	28,761,829	28,990,603
General revenues:						
Transfers, net	1,210,571	211,403	(7,617)	(207,745)	1,202,954	3,658
Other	19,260,542	18,783,234	-	-	19,260,542	18,783,234
Bond proceeds/ appropriations	27,499,531	17,880,326	2,844,400	-	30,343,931	17,880,326
Investment income	3,859	2,822	-	-	3,859	2,822
Total revenues	85,626,992	74,658,467	16,617,999	14,281,385	102,244,991	88,939,852
Expenses:						
Governmental	83,016,383	45,494,682	2,604,651	2,525,651	85,621,034	48,020,333
Total expenses	83,016,383	45,494,682	2,604,651	2,525,651	85,621,034	48,020,333
Changes in net position	2,610,609	29,163,785	14,013,348	11,755,734	16,623,957	40,919,519
Beginning net position	(25,261,747)	(54,425,532)	285,067,422	273,311,688	259,805,675	218,886,156
Ending net position	<u>\$ (22,651,138)</u>	<u>\$ (25,261,747)</u>	<u>\$ 299,080,770</u>	<u>\$ 285,067,422</u>	<u>\$ 276,429,632</u>	<u>\$ 259,805,675</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**Budgetary Highlights**

The Department's general fund appropriation decreased approximately \$98,700 over the prior year, while appropriations for special revenues increased by \$1,397,800. Federal sources were initially budgeted at \$837,400 over the prior fiscal year. These changes demonstrate the Department's increased reliance on the use of special revenue funding to support activities. The Department continued to operate under austerity measures with regard to hiring in order to have sufficient fund balances to support activities. The general fund reduction continues affect the Department's ability to leverage federal revenue that requires matching funds.

**Capital Assets and Debt Administration**

As of June 30, 2013, the Department's net capital assets were \$794,807. This amount represents a net decrease of \$264,159 (including additions, deletions and depreciation) compared to fiscal year 2012.

As of June 30, 2013, the Department's total compensated absence liability was approximately \$1.8 million; this is an \$88,441 decrease compared to fiscal year 2012. The amount is expected to be paid from the general fund and is expected to be paid within one year.

As of June 30, 2013, the Department's total pollution remediation liability was approximately \$53.3 million; this is a \$2,320,842 decrease compared to fiscal year 2012. The amount expected to be paid within one year is \$1,049,965.

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

The Department is reliant on a nominal appropriation of general fund used to support general operating activities and provide match to federal awards. Accordingly, special and capital projects are significantly reliant on general fund appropriations and as such this source has continued to diminish in recent periods. The sources of inflows to the general fund appears to have stabilized, but is still dependent upon the government's ability to collect taxes and fees for services based on current and projected economic wealth. As stable economic certainty is still unknown, investors remain cautious to invest in public projects, which directly affect bonds sales. In the current economic climate, the State Legislature, who makes appropriations annually for the operations and capital projects, has been cautious in its authority to fund government operations based on revenue and income flows to the State. The Department remains optimistic that current low interest rates on loans it provides for capital projects has induced more consumers to utilize this source, which has increased business-type assets. The Department continues to be concerned with future federal funding and the reliance on the special revenue funds and its effects on fund balances for operations and future projects.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**Contacting the Department's Financial Management**

The 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 information, please contact:

New Mexico Environment Department  
Administrative Services Division – Financial Services Bureau  
1190 St. Francis Drive  
P.O. Box 5469  
Santa Fe, NM 87502-5469  
[www.nmenv.state.nm.us](http://www.nmenv.state.nm.us)

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Investment in state general fund investment pool	\$ 36,396,240	\$ 120,461,350	\$ 156,857,590
Due from federal government	3,358,343	314,255	3,672,598
Due from other state agencies	5,612,167	10,103	5,622,270
Due from enterprise funds	19,506	-	19,506
Due from governmental funds	-	192,383	192,383
Loans for completed projects, current	-	10,277,643	10,277,643
Interest on loans	-	2,280,972	2,280,972
Other receivables	1,232,298	-	1,232,298
Prepaid expenses	9	-	9
Total current assets	<u>46,618,563</u>	<u>133,536,706</u>	<u>180,155,269</u>
<b>NON-CURRENT ASSETS</b>			
Projects in progress, non-current	-	26,798,732	26,798,732
Loans for completed projects, non-current, net	-	140,480,779	140,480,779
Capital assets	5,885,728	-	5,885,728
Less: accumulated depreciation	<u>(5,090,921)</u>	<u>-</u>	<u>(5,090,921)</u>
Total non-current assets	<u>794,807</u>	<u>167,279,511</u>	<u>168,074,318</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 47,413,370</u>	 <u>\$ 300,816,217</u>	 <u>\$ 348,229,587</u>

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 10,477,427	\$ 315,941	\$ 10,793,368
Due to other state agencies	60,974	-	60,974
Due to state general fund	28,097	-	28,097
Due to enterprise funds	192,383	-	192,383
Due to governmental funds	-	19,506	19,506
Unearned revenues	333,000	1,400,000	1,733,000
Pollution remediation liability - due within one year	1,049,965	-	1,049,965
Compensated absences - due within one year	1,840,882	-	1,840,882
Total current liabilities	<u>13,982,728</u>	<u>1,735,447</u>	<u>15,718,175</u>
<b>NON-CURRENT LIABILITIES</b>			
Pollution remediation liability - due in more than one year	52,322,997	-	52,322,997
Contingency liability	3,758,783	-	3,758,783
Total non-current liabilities	<u>56,081,780</u>	<u>-</u>	<u>56,081,780</u>
Total liabilities	<u>70,064,508</u>	<u>1,735,447</u>	<u>71,799,955</u>
<b>NET POSITION</b>			
Net investment in capital assets	794,807	-	794,807
Restricted	37,429,712	299,080,770	336,510,482
Unrestricted	(60,875,657)	-	(60,875,657)
Total net position	<u>(22,651,138)</u>	<u>299,080,770</u>	<u>276,429,632</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 47,413,370</u>	<u>\$ 300,816,217</u>	<u>\$ 348,229,587</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, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>PRIMARY GOVERNMENT</b>		
<b>GOVERNMENTAL ACTIVITIES</b>		
Program support	\$ 6,808,015	\$ 1,496,550
Water quality	21,794,967	4,791,007
Environmental health	14,380,322	3,161,107
Environmental protection	25,556,785	5,617,935
Water and wastewater infrastructure development	-	-
Other environmental initiatives	<u>14,476,294</u>	<u>3,182,204</u>
Total governmental activities	<u>83,016,383</u>	<u>18,248,803</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
12100/32700 - Clean Water State Revolving Fund	2,378,006	3,940,409
33700 - Rural Infrastructure Revolving Fund	<u>226,645</u>	<u>482,664</u>
Total business-type activities	<u>2,604,651</u>	<u>4,423,073</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 85,621,034</u>	<u>\$ 22,671,876</u>

<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Primary Government</u>		
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 2,780,143	\$ -	\$ (2,531,322)	\$ -	\$ (2,531,322)
9,968,041	-	(7,035,919)	-	(7,035,919)
3,069,820	-	(8,149,395)	-	(8,149,395)
2,889,043	-	(17,049,807)	-	(17,049,807)
-	-	-	-	-
<u>696,639</u>	<u>-</u>	<u>(10,597,451)</u>	<u>-</u>	<u>(10,597,451)</u>
<u>19,403,686</u>	<u>-</u>	<u>(45,363,894)</u>	<u>-</u>	<u>(45,363,894)</u>
9,358,143	-	-	10,920,546	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>256,019</u>	<u>-</u>
<u>9,358,143</u>	<u>-</u>	<u>-</u>	<u>11,176,565</u>	<u>11,176,565</u>
<u>\$ 28,761,829</u>	<u>\$ -</u>	<u>(45,363,894)</u>	<u>11,176,565</u>	<u>(34,187,329)</u>
General revenues and transfers:				
General fund appropriations		14,097,299	1,400,000	15,497,299
Severance tax bonds		13,402,232	1,444,400	14,846,632
Petroleum products loading fee		18,963,475	-	18,963,475
Investment earnings		3,859	-	3,859
Other revenue		297,067	-	297,067
Transfers in		1,277,525	-	1,277,525
Transfers out		(22,800)	(7,617)	(30,417)
Reversions FY13		(44,154)	-	(44,154)
Total general revenues and transfers		<u>47,974,503</u>	<u>2,836,783</u>	<u>50,811,286</u>
Change in net position		2,610,609	14,013,348	16,623,957
Net position, beginning of year		<u>(25,261,747)</u>	<u>285,067,422</u>	<u>259,805,675</u>
Net position, end of year		<u>(22,651,138)</u>	<u>299,080,770</u>	<u>\$ 276,429,632</u>

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



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2013**

	<b>Major Funds</b>	
	<b>06400</b>	<b>99000</b>
	<b>General</b>	<b>Corrective</b>
	<b>Fund</b>	<b>Action</b>
	<b>Fund</b>	<b>Fund</b>
<b>ASSETS</b>		
Investment in state general fund		
investment pool	\$ 5,662,131	\$ 11,726,682
Due from other governmental funds	209,577	767,392
Due from enterprise funds	19,506	-
Due from federal government	3,352,518	-
Due from other state agencies	1,263,087	-
Other receivables	58,049	-
Prepaid expenses	9	-
	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b>\$ 10,564,877</b>	<b>\$ 12,494,074</b>
<b>LIABILITIES</b>		
Investment in state general fund		
investment pool overdraft	\$ -	\$ -
Accounts payable	3,296,147	1,743,450
Due to other governmental funds	5,315,591	-
Due to other enterprise funds	192,383	-
Due to other state agencies	-	-
Due to state general fund	28,097	-
Unearned revenues	10,000	-
Accrued payroll liabilities	784,589	-
	<u>          </u>	<u>          </u>
Total liabilities	<u>9,626,807</u>	<u>1,743,450</u>
<b>FUND BALANCES</b>		
Restricted	2,841,100	10,750,624
Assigned	-	-
Unassigned	(1,903,030)	-
	<u>          </u>	<u>          </u>
Total fund balances	<u>938,070</u>	<u>10,750,624</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 10,564,877</b>	<b>\$ 12,494,074</b>
<b>AND FUND BALANCES</b>	<b>\$ 10,564,877</b>	<b>\$ 12,494,074</b>

<u>10360 Severance Tax Bonds 2008</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
\$ -	\$ 19,403,504	\$ 36,792,317
41,288	4,508,936	5,527,193
-	-	19,506
-	5,825	3,358,343
2,907,770	1,441,310	5,612,167
-	1,174,249	1,232,298
-	-	9
<u>\$ 2,949,058</u>	<u>\$ 26,533,824</u>	<u>\$ 52,541,833</u>
\$ 41,288	\$ 354,789	\$ 396,077
2,907,770	1,742,807	9,690,174
-	211,602	5,527,193
-	-	192,383
-	60,974	60,974
-	-	28,097
-	323,000	333,000
-	2,664	787,253
<u>2,949,058</u>	<u>2,695,836</u>	<u>17,015,151</u>
-	23,837,988	37,429,712
-	-	-
-	-	(1,903,030)
<u>-</u>	<u>23,837,988</u>	<u>35,526,682</u>
<u>\$ 2,949,058</u>	<u>\$ 26,533,824</u>	<u>\$ 52,541,833</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 POSITION  
June 30, 2013**

<b>Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)</b>	<b>\$ 35,526,682</b>
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Amounts reported for governmental activities in the Statement of Net Position 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	5,885,728
Accumulated depreciation is	<u>(5,090,921)</u>
 Total capital assets	 <u>794,807</u>

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	(53,372,962)
Contingency liability	(3,758,783)
Compensated absences payable	<u>(1,840,882)</u>
 Total long-term and other liabilities	 <u>(58,972,627)</u>

<b>Net position of governmental activities (Statement of Net Position)</b>	<b><u>\$ (22,651,138)</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, 2013

	Major Funds	
	06400 General Fund	99000 Corrective Action Fund
<b>REVENUES</b>		
Environmental fees	\$ -	\$ -
Petroleum products loading fee	-	18,963,475
Federal grant revenue	18,707,047	-
Investment earnings	-	-
Other revenue	292,461	4,606
Total revenues	<u>18,999,508</u>	<u>18,968,081</u>
<b>EXPENDITURES</b>		
Current:		
Program support	6,839,096	-
Water quality	21,766,839	-
Environmental health	14,376,656	-
Environmental protection	12,080,881	14,131,531
Other environmental initiatives	465,608	-
Capital outlay	174,015	-
Total expenditures	<u>55,703,095</u>	<u>14,131,531</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(36,703,587)	4,836,550
<b>OTHER FINANCING SOURCES (USES)</b>		
General fund appropriation	14,097,299	-
Severance tax bonds	468,784	-
Transfers in:		
Interfund	23,948,201	-
Other	948,330	-
Transfers out:		
Interfund	-	(7,573,358)
Other	-	-
Reversions-FY13	(44,154)	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<u>39,418,460</u>	<u>(7,573,358)</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,714,873	(2,736,808)
<b>FUND BALANCES, BEGINNING</b>	<u>(1,776,803)</u>	<u>13,487,432</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 938,070</u>	<u>\$ 10,750,624</u>

<u>10360 Severance Tax Bonds 2008</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
\$ -	\$ 18,248,803	\$ 18,248,803
-		18,963,475
-	696,639	19,403,686
-	3,859	3,859
-	-	297,067
<u>-</u>	<u>18,949,301</u>	<u>56,916,890</u>
-	-	6,839,096
-	-	21,766,839
-	-	14,376,656
-	1,412,193	27,624,605
8,225,243	5,689,445	14,380,296
<u>-</u>	<u>-</u>	<u>174,015</u>
<u>8,225,243</u>	<u>7,101,638</u>	<u>85,161,507</u>
(8,225,243)	11,847,663	(28,244,617)
-	-	14,097,299
8,225,243	4,708,205	13,402,232
-	-	23,948,201
-	329,195	1,277,525
-	(16,374,843)	(23,948,201)
-	(22,800)	(22,800)
-	-	(44,154)
<u>8,225,243</u>	<u>(11,360,243)</u>	<u>28,710,102</u>
-	487,420	465,485
-	23,350,568	35,061,197
<u>\$ -</u>	<u>\$ 23,837,988</u>	<u>\$ 35,526,682</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, 2013**

<b>Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)</b>	<b>\$ 465,485</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:	88,441
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The decrease in the pollution remediation liability (Note 12) for the fiscal year was:	2,320,842
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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	174,015
Transfers/Deletions	(95,998)
Depreciation expense	<u>(342,176)</u>
Excess of depreciation expense over capital outlay	<u>(264,159)</u>

<b>Change in net position of governmental activities (Statement of Activities)</b>	<b><u>\$ 2,610,609</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 (BUDGETARY BASIS)  
Year Ended June 30, 2013

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ 20,422,800	\$ 21,112,470	\$ 18,707,047	\$ (2,405,423)
General fund	14,097,300	14,097,300	14,097,299	(1)
Other state funds	3,834,457	3,834,457	292,461	(3,541,996)
Inter-agency transfers	30,905,400	32,275,400	25,365,315	(6,910,085)
Budgeted fund balance	175,000	175,000	-	(175,000)
<b>TOTAL REVENUES</b>	<b>\$ 69,434,957</b>	<b>\$ 71,494,627</b>	<b>\$ 58,462,122</b>	<b>\$ (13,032,505)</b>
<b>P-567 EXPENDITURES</b>				
Personal services and employee benefits	\$ 6,110,800	\$ 6,110,800	\$ 5,548,370	\$ 562,430
Contractual services	775,600	775,600	525,916	249,684
Other	882,400	882,400	792,112	90,288
<b>TOTAL P-567 EXPENDITURES</b>	<b>\$ 7,768,800</b>	<b>\$ 7,768,800</b>	<b>\$ 6,866,398</b>	<b>\$ 902,402</b>
<b>P-568 EXPENDITURES</b>				
Personal services and employee benefits	\$ 17,335,400	\$ 16,941,200	\$ 14,089,793	\$ 2,851,407
Contractual services	5,789,600	7,735,100	5,461,540	2,273,560
Other	2,627,300	2,924,000	2,243,314	680,686
Other financing uses	-	97,000	-	97,000
<b>TOTAL P-568 EXPENDITURES</b>	<b>\$ 25,752,300</b>	<b>\$ 27,697,300</b>	<b>\$ 21,794,647</b>	<b>\$ 5,902,653</b>
<b>P-569 EXPENDITURES</b>				
Personal services and employee benefits	\$ 12,572,400	\$ 12,572,400	\$ 10,643,161	\$ 1,929,239
Contractual services	2,651,500	2,651,500	1,888,903	762,597
Other	2,250,900	2,250,900	1,844,592	406,308
<b>TOTAL P-569 EXPENDITURES</b>	<b>\$ 17,474,800</b>	<b>\$ 17,474,800</b>	<b>\$ 14,376,656</b>	<b>\$ 3,098,144</b>

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
Year Ended June 30, 2013

	<u>GENERAL FUND - TOTAL (CONTINUED)</u>			
	<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>P-570 EXPENDITURES</b>				
Personal services and employee benefits	\$ 11,639,200	\$ 11,464,200	\$ 9,611,040	\$ 1,853,160
Contractual services	937,500	974,400	509,456	464,944
Other	<u>2,463,000</u>	<u>2,715,770</u>	<u>2,076,114</u>	<u>639,656</u>
<b>TOTAL P-570 EXPENDITURES</b>	<u>\$ 15,039,700</u>	<u>\$ 15,154,370</u>	<u>\$ 12,196,610</u>	<u>\$ 2,957,760</u>
<b>CAPITAL PROJECT EXPENDITURES</b>				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	558,257	558,257	468,784	89,473
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CAPITAL PROJECT EXPENDITURES</b>	<u>\$ 558,257</u>	<u>\$ 558,257</u>	<u>\$ 468,784</u>	<u>\$ 89,473</u>
<b>SPECIAL APPROPRIATION EXPENDITURES</b>				
Personal services and employee benefits	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Contractual services	2,721,100	2,721,100	-	2,721,100
Other	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
<b>TOTAL SPECIAL APPROPRIATION EXPENDITURES</b>	<u>\$ 2,841,100</u>	<u>\$ 2,841,100</u>	<u>\$ -</u>	<u>\$ 2,841,100</u>



STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
Year Ended June 30, 2013

GENERAL FUND - TOTAL (CONTINUED)				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>ALL EXPENDITURES</b>				
Personal services and employee benefits	\$ 47,757,800	\$ 47,188,600	\$ 39,892,364	\$ 7,296,236
Contractual services	13,433,557	15,415,957	8,854,599	6,561,358
Other	8,243,600	8,793,070	6,956,132	1,836,938
Other financing uses	-	97,000	-	97,000
<b>TOTAL ALL EXPENDITURES</b>	<b>\$ 69,434,957</b>	<b>\$ 71,494,627</b>	<b>55,703,095</b>	<b>\$ 15,791,532</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			2,759,027	
<b>REVERSIONS TO STATE GENERAL FUND (NOT BUDGETED)</b>			(44,154)	
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ 2,714,873</b>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES -  
MAJOR GOVERNMENTAL FUNDS -  
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
Year Ended June 30, 2013

	<u>CORRECTIVE ACTION FUND (99000)</u>			
	<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	18,346,900	18,346,900	18,968,081	621,181
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	4,500,000	2,736,808	(1,763,192)
<b>TOTAL REVENUES</b>	<u>\$ 18,346,900</u>	<u>\$ 22,846,900</u>	<u>\$ 21,704,889</u>	<u>\$ (1,142,011)</u>
<b>EXPENDITURES</b>				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	3,500,000	3,000,000	2,826,252	173,748
Other	6,500,000	11,500,000	11,305,279	194,721
Other financing uses	8,346,900	8,346,900	7,573,358	773,542
<b>TOTAL EXPENDITURES</b>	<u>\$ 18,346,900</u>	<u>\$ 22,846,900</u>	<u>21,704,889</u>	<u>\$ 1,142,011</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			(2,736,808)	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (2,736,808)</u>	

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2013

	<b>ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>(12100)</b> <b>Wastewater Facility Construction Loan Fund</b>	<b>(32700)</b> <b>Clean Water Administrative Fund</b>	<b>(33700)</b> <b>Rural Infrastructure Revolving Loan Fund</b>	
<b>ASSETS</b>				
Current assets:				
Investments in State General Fund				
Investment Pool	\$ 100,911,590	\$ 927,638	\$ 18,622,122	\$ 120,461,350
Accounts receivable:				
Loans for completed projects, current	8,697,815	-	1,579,828	10,277,643
Due from other governmental funds	-	192,383	-	192,383
Due from federal government	314,255	-	-	314,255
Interest on loans	1,991,487	-	289,485	2,280,972
Due from other state agencies	8,357	69	1,677	10,103
	<u>111,923,504</u>	<u>1,120,090</u>	<u>20,493,112</u>	<u>133,536,706</u>
Total current assets				
	<u>111,923,504</u>	<u>1,120,090</u>	<u>20,493,112</u>	<u>133,536,706</u>
Non-current assets:				
Projects in progress, non-current	23,419,414	-	3,379,318	26,798,732
Loans for completed projects, non-current	130,638,819	-	10,220,191	140,859,010
Allowance for uncollectible accounts	-	-	(378,231)	(378,231)
	<u>154,058,233</u>	<u>-</u>	<u>13,221,278</u>	<u>167,279,511</u>
Total non-current assets				
	<u>154,058,233</u>	<u>-</u>	<u>13,221,278</u>	<u>167,279,511</u>
<b>TOTAL ASSETS</b>	<u>\$ 265,981,737</u>	<u>\$ 1,120,090</u>	<u>\$ 33,714,390</u>	<u>\$ 300,816,217</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and other accrued liabilities	\$ 314,259	\$ -	\$ 1,682	\$ 315,941
Unearned revenue	1,400,000	-	-	1,400,000
Due to other governmental funds	19,404	-	102	19,506
	<u>1,733,663</u>	<u>-</u>	<u>1,784</u>	<u>1,735,447</u>
Total liabilities				
	<u>1,733,663</u>	<u>-</u>	<u>1,784</u>	<u>1,735,447</u>
<b>NET POSITION</b>				
Restricted	264,248,074	1,120,090	33,712,606	299,080,770
Unrestricted	-	-	-	-
	<u>264,248,074</u>	<u>1,120,090</u>	<u>33,712,606</u>	<u>299,080,770</u>
Total net position				
	<u>264,248,074</u>	<u>1,120,090</u>	<u>33,712,606</u>	<u>299,080,770</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 265,981,737</u>	<u>\$ 1,120,090</u>	<u>\$ 33,714,390</u>	<u>\$ 300,816,217</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
Year Ended June 30, 2013**

	<b>ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>(12100) Wastewater Facility Construction Loan Fund</b>	<b>(32700) Clean Water Administrative Fund</b>	<b>(33700) Rural Infrastructure Revolving Loan Fund</b>	
<b>OPERATING REVENUES</b>				
Interest and investment revenue	\$ 3,557,041	\$ 1,754	482,664	\$ 4,041,459
Debt service fees	-	381,614	-	381,614
<b>Total operating revenues</b>	<u>3,557,041</u>	<u>383,368</u>	<u>482,664</u>	<u>4,423,073</u>
<b>OPERATING EXPENSES</b>				
Transfers (06400) Admin expenses	-	7,617	-	7,617
Administrative expenses	438,666	-	226,645	665,311
<b>Total operating expenses</b>	<u>438,666</u>	<u>7,617</u>	<u>226,645</u>	<u>672,928</u>
<b>OPERATING INCOME (LOSS)</b>	3,118,375	375,751	256,019	3,750,145
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grants and contributions	9,358,143	-	-	9,358,143
Bond proceeds	1,444,400	-	-	1,444,400
Appropriations	1,400,000	-	-	1,400,000
Grants to other organizations	(1,939,340)	-	-	(1,939,340)
<b>Total non-operating revenues (expenses)</b>	<u>10,263,203</u>	<u>-</u>	<u>-</u>	<u>10,263,203</u>
<b>CHANGE IN NET POSITION</b>	13,381,578	375,751	256,019	14,013,348
<b>TOTAL NET POSITION, BEGINNING</b>	<u>250,866,496</u>	<u>744,339</u>	<u>33,456,587</u>	<u>285,067,422</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$264,248,074</u>	<u>\$ 1,120,090</u>	<u>\$ 33,712,606</u>	<u>\$299,080,770</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, 2013

	ENTERPRISE FUNDS			Total
	(12100) Wastewater Facility Construction Loan Fund	(32700) Clean Water Administrative Fund	(33700) Rural Infrastructure Revolving Loan Fund	
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES:</b>				
Cash received on repayment of loan principal	\$ 11,360,094	\$ -	\$ 1,488,455	\$ 12,848,549
Cash received on interest from loans	3,029,068	-	369,488	3,398,556
Interest payments received from banks/STO	211,275	1,828	44,964	258,067
Cash received for debt service fees	-	381,614	-	381,614
Cash payments for administrative expenses	(438,673)	(166,345)	(249,409)	(854,427)
Cash payments made to borrowers	(9,806,137)	-	(2,348,594)	(12,154,731)
Net cash provided by (used in) operating activities	<u>4,355,627</u>	<u>217,097</u>	<u>(695,096)</u>	<u>3,877,628</u>
<b>CASH FLOWS PROVIDED BY CAPITAL AND FINANCING RELATED ACTIVITIES</b>				
Grant proceeds - EPA	9,082,526	-	-	9,082,526
Grants to other organizations	(1,625,081)	-	-	(1,625,081)
Bond proceeds	4,244,400	-	-	4,244,400
Net cash provided by capital and related financing activities	<u>11,701,845</u>	<u>-</u>	<u>-</u>	<u>11,701,845</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	16,057,472	217,097	(695,096)	15,579,473
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL, BEGINNING OF YEAR</b>	<u>84,854,118</u>	<u>710,541</u>	<u>19,317,218</u>	<u>104,881,877</u>
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL, END OF YEAR</b>	<u>\$ 100,911,590</u>	<u>\$ 927,638</u>	<u>\$ 18,622,122</u>	<u>\$ 120,461,350</u>

	ENTERPRISE FUNDS			Total
	(12100)	(32700)	(33700)	
	Wastewater Facility Construction Loan Fund	Clean Water Administrative Fund	Rural Infrastructure Revolving Loan Fund	
<b>RECONCILIATION OF CHANGES IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income	\$ 3,118,375	\$ 375,751	\$ 256,019	\$ 3,750,145
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Loans receivable	1,553,957	-	(907,248)	646,709
Loan interest receivable	(325,094)	-	(23,497)	(348,591)
Interest on investments receivable	8,396	74	2,292	10,762
Due to other governmental funds	-	-	-	-
Due from other governmental funds	-	(158,728)	102	(158,626)
Accounts payable and accrued liabilities	(7)	-	(22,764)	(22,771)
Total reconciling adjustments	<u>1,237,252</u>	<u>(158,654)</u>	<u>(951,115)</u>	<u>127,483</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 4,355,627</u>	<u>\$ 217,097</u>	<u>\$ (695,096)</u>	<u>\$ 3,877,628</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, 2013**

	<b>(65200) Agency Fund</b>
<b>ASSETS</b>	
Investment in state general fund investment pool	\$ <u>651,401</u>
<b>LIABILITIES</b>	
Funds held for others	\$ <u>651,401</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**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:

Resource Management (P-567) – The purpose of Program Support provides overall executive leadership and administrative, legal and information management support to all Department staff, the public and oversight and regulatory bodies. This support allows the Department 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.

Resource Protection Program (P-568) – The Resource Protection Program prevents releases of petroleum products into the environment, protects the quality of New Mexico's ground and surface water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agriculture, economic and recreational activities.

Field Operations & Infrastructure Program (P-569) – The purpose of the Field Operations and Infrastructure Program is to provide leadership for an interagency effort to develop a water and wastewater infrastructure evaluation plan, and recommendations for efficient and effective use of water and wastewater loan funds; and to ensure compliance with the Safe Drinking Water Act. The program also protects public health and regulatory oversight for food service and food processing facilities, liquid waste treatment and disposal, public swimming pools and baths, and mosquito abatement.

Environmental Protection Program (P-570) – The Environmental Protection Program protects New Mexico's air quality, ensures solid waste is handled and disposed of without harming natural resources, and ensures safe and healthful working conditions for employees. The program also protects public health and the environment through specific programs that provide public outreach and education and regulatory oversight of treatment with medical radiation and the disposal of radioactive material including transportation related to the Waste Isolation Pilot Plant. It also provides public outreach and education about radon in homes and public buildings.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**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. 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.

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.

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 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 position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' 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 and No. 61) 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.

The Department administers the Clean Water State Revolving Loan Fund (the Fund) pursuant to Title VI of the Federal Water Quality Act of 1987, which consists of the Clean Water Administrative Fund (32700) and the Wastewater Facility Construction Loan Fund (12100). The Environmental Protection Agency (EPA) requires the Department to submit an annual report of the Fund. As a result, the Department issues a separate set of financial statements consisting of these two funds of the Department.

**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:

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**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, federal grant revenue and other revenues.

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.

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 non-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 position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector.

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

**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.

During FY13, the Department implemented GASBS 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates any old FASB statements that apply to government accounting into GASB statements. Therefore, the old policy disclosure regarding which FASB pronouncements apply, or do not apply, to the Department's financial statements is no longer necessary.

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 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 74-6A-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) - 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.

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

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. During FY13, the Department implemented GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. As a result, in fiscal year 2013, the Department has reclassified "net assets" in the financial statements as "net position."

**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:

Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2013 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: petroleum products loading fee, permit fees for air emission discharge, underground storage tank fees, food and pool permit 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

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

compliance is monitored through the establishment of a budget 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 Appropriation 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.

**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 9.

**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 unearned 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. Collection efforts have been successful in some of the resolved cases. In other

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June 30, 2013**

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

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:

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 Position 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 Position 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, 2013, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so

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

will not be recognized as an outflow of resources (expense/expenditure) until then. The Department did not have any items that qualified for reporting in this category as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that were required to be reported in this category as of June 30, 2013.

**Net Position**

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

**Net investment in capital assets** – reflects the portion of net position 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 position all are restricted by enabling legislation. Specific purposes of restrictions are for statutory requirements, loans on water and 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."

**Unrestricted** – Represents assets that do not have third-party limitations on their use. The Department has an unrestricted deficit as of June 30, 2013 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.



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NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

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

**Restricted – Government Fund Financial Statements**

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

**RESTRICTED – MAJOR FUNDS**

Fund	Description	Enabling Legislation	Restricted Fund Balance
06400	General Fund	Laws 2013 Ch. 227	\$ 2,841,100
99000	Corrective Action Fund	NM 74-6B-7	<u>10,750,624</u>
		Subtotal – Restricted - Major Funds	<u>13,591,724</u>

**RESTRICTED – OTHER GOVERNMENTAL FUNDS**

Fund	Description	Enabling Legislation	Restricted Fund Balance
02600	Recycling and Illegal Dumping Fund	NM 74-13-1	714,706
06600	Voluntary Remediation Fund	NM 74-4G-11	81,819
09200	Air Quality Title V Fund	NM 74-2-15	6,551,733
10980	Nuclear Workers Assistance Fund	NM 74-1-17	80,427
11900	Brownfields Cleanup Revolving Loan Fund	NM 74-1-17	1,138,029
24800	Responsible Parties Fund	NM 74-6B-7	354,041
33900	Hazardous Waste Fund	NM 74-4-4.5	2,663,962
34000	Liquid Waste Fund	NM 74-1-15	438,015
34100	Water Quality Management Fund	NM 74-6-5.2	628,943
40000	Water Recreation Facilities Fund	NM 74-1-16	278,681
56700	Water Conservation Fund	NM 74-1-13	3,232,992
58400	Public Water Supply System Operator and Public Waste-Water Operator Fund	NM 61-33-5	179,198
59200	Radiation Protection Fund	NM 74-3-5.1	943,197
63100	State Air Quality Permit Fund	NM 74-2-15	2,157,210
63200	Solid Waste Facility Grant Fund	NM 74-9-4I	201,184
78300	Solid Waste Permit Fees	NM 74-9-8I	103,458
95700	Hazardous Waste Emergency Fund	NM 74-4-8	2,030,666
98700	Radiologic Technology Fund	NM 61-4E-10	224,436

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

Fund	Description	Enabling Legislation	Restricted Fund Balance
98900	Storage Tank Fund	NM 74-4-4.8	201,341
99100	Food Service Sanitation Fund	NM 25-1-5.1	1,557,911
93100	General Fund Capital Outlay	Laws 2012, Chapter 63	<u>76,039</u>
		Subtotal – Restricted - Other	<u>23,837,988</u>
		Total – All Governmental Funds	<u>\$37,429,712</u>

**Short-Term Debt**

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

**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 position 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 General Services Department 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.

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

**Subsequent Events**

At June 30, 2013, 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 5, 2013, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2013, but prior to December 5, 2013, that provided additional evidence about conditions that existed at June 30, 2013 have been recognized in the financial statements for the year ended June 30, 2013. Events or transactions that provided evidence about conditions that did not exist at June 30, 2013, 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, 2013.

**NOTE 3. STATE GENERAL FUND INVESTMENT POOL**

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 3. STATE GENERAL FUND INVESTMENT POOL (CONTINUED)**

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

In FY 2012, management of DFA recorded a loss contingency of \$101.7 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount. The Department's financial statements were not impacted by the cash reconciliation issue.

The Department has established daily and monthly procedures that mitigate the risk of misstatement of the Department's balances within the Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by the state treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

**NOTE 4. INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL**

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the State General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

At June 30, 2013, the Department had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool: \$157,508,991

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit risk - The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2013.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5. OTHER RECEIVABLES**

Other receivables:	
Brownfields Cleanup Revolving Loan Fund (11900)	\$ 458,163
Hazardous Waste Fund (33900)	461,551
Air Quality Title V Operating Permit Fees (09200)	112,834
General Fund (06400)	58,049
Storage Tank Fund (98900)	15,134
Other receivables	<u>126,567</u>
<b>Total other receivables, net</b>	<b><u>\$ 1,232,298</u></b>

The Brownfields Cleanup Revolving Loan Fund provides loans from federal grant proceeds to various parties to carry out cleanup activities at Brownfields sites. At June 30, 2013, 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, 2013, each owner or operator's annual payment fee was due June 1, 2013.

The 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 represent contract billings with NMFA for the DWSRF program. Other receivables represent other various fee and permit related receivables.

**NOTE 6. 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, 2013 consist of the following:

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**NOTE 6. CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)**

	<b>(12100)</b> <b>Wastewater Facility Construction Loan Fund</b>	<b>(33700)</b> <b>Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
Construction loans in progress	\$ 23,419,414	\$ 3,379,318	\$ 26,798,732
Mortgage loans on completed projects, non-current and current	139,336,634	11,800,019	151,136,653
Accrued interest	1,991,487	289,485	2,280,972
Allowance for uncollectible accounts	-	(378,231)	(378,231)
	<u>\$ 164,747,535</u>	<u>\$ 15,090,591</u>	<u>\$ 179,838,126</u>

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 June 3, 2032 in the Wastewater Construction Loan Fund and \$85 to \$414,141 through January 12, 2032 monthly and annual installments 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, 2013:

<b>Years Ending June 30,</b>	<b>(12100)</b> <b>Wastewater Facility Construction Loan Fund</b>	<b>(33700)</b> <b>Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
2014	\$ 11,847,624	\$ 1,579,828	\$ 13,427,452
2015	11,817,512	1,182,151	12,999,663
2016	11,772,512	1,162,947	12,935,459
2017	11,772,512	1,071,218	12,843,730
2018	11,772,511	1,020,064	12,792,575
2019 and thereafter	<u>107,183,739</u>	<u>8,639,358</u>	<u>115,823,097</u>
	166,166,410	14,655,566	180,821,976
Less interest and administrative	<u>(26,829,776)</u>	<u>(2,855,547)</u>	<u>(29,685,323)</u>
<b>Completed projects</b>	<u>\$ 139,336,634</u>	<u>\$ 11,800,019</u>	<u>\$ 151,136,653</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 6. 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, 2013.

Construction loans in progress:

	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Carlsbad	\$ 14,647,355	\$ -	\$ 14,647,355
Rio Rancho	7,427,518	-	7,427,518
City of Deming	-	1,434,773	1,434,773
El Valle De Los Ranchos	914,541	127,411	1,041,952
Lower Arroyo Hondo MDWCA	430,000	120,382	550,382
Navajo Dam	-	480,297	480,297
Village of Cloudcroft	-	365,884	365,884
De Baca County	-	359,605	359,605
Otis MDWC & SWA	-	256,000	256,000
Jemez Springs	-	162,519	162,519
Other Communities	-	72,448	72,448
<b>Total</b>	<b>\$ 23,419,414</b>	<b>\$ 3,379,318</b>	<b>\$ 26,798,732</b>

Mortgage loans on completed projects:

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Hobbs	\$ 28,807,025	\$ -	\$ 28,807,025
Los Lunas	20,829,760	-	20,829,760
Los Alamos County	12,920,909	-	12,920,909
Las Vegas	12,566,166	-	12,566,166
Farmington	10,135,082	-	10,135,082
Clovis	6,867,595	-	6,867,595
Albuquerque	6,441,679	-	6,441,679
Espanola	6,272,532	-	6,272,532
Rio Rancho	6,012,651	-	6,012,651
Lovington	5,081,662	-	5,081,662
Aztec	4,151,841	-	4,151,841
Dona Ana County	3,935,956	-	3,935,956

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 6. CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)**

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Belen	2,224,676	320,606	2,545,282
Bloomfield	1,995,826	545,157	2,540,983
Other Communities	550,688	1,962,622	2,513,310
Grants	1,926,297	-	1,926,297
Bayard	1,082,256	512,847	1,595,103
Silver City	1,458,654	-	1,458,654
Elephant Butte	427,821	864,637	1,292,458
Taos Ski Valley	1,246,543	-	1,246,543
Taos	1,200,000	-	1,200,000
Paa-Ko CSA	-	1,198,296	1,198,296
Estancia Valley Solid Waste Authority	-	1,032,399	1,032,399
Portales	-	1,025,819	1,025,819
Sandoval County Landfill	-	940,700	940,700
Ruidoso	905,670	-	905,670
Socorro	755,355	-	755,355
Santa Rosa	450,000	-	450,000
Truth or Consequences	-	420,430	420,430
Santa Fe Solid Waste Mgmt Agency	-	402,078	402,078
Edgewood	-	370,990	370,990
Logan	325,606	-	325,606
Dona Ana	286,182	-	286,182
Red River	-	265,290	265,290
Tularosa	-	255,425	255,425
Texico	-	244,141	244,141
Capitan	-	195,188	195,188
Eagle Nest	192,536	-	192,536
Estancia	90,000	76,794	166,794
Lordsburg	-	160,195	160,195
Upper La Plata	-	146,993	146,993
Canoncito at Apache Canyon	-	145,917	145,917
Twin Forks MDWCA	-	141,550	141,550
Roosevelt County Water Coop	-	121,694	121,694
Gamerco Water & Sanitation District	-	120,363	120,363
La Jara MDWCA	-	120,348	120,348
Tucumcari	90,000	24,726	114,726
Raton	105,666	-	105,666
Ilfeld MDWCA	-	95,131	95,131
Garfield MDWCA	-	89,683	89,683
<b>Total</b>	<b>\$ 139,336,634</b>	<b>\$ 11,800,019</b>	<b>\$ 151,136,653</b>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 7. 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 Administrative Fund to the General Fund and the amounts expended in the General Fund on behalf of the Special Revenue Funds. In addition, the amount due from 89000 to 06400 and the amount 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, 2013 are as follows:

<b>Amount Due From Other Funds</b>		
<b>Fund Name</b>	<b>Fund No.</b>	<b>Amount</b>
<b>Governmental and Enterprise Funds:</b>		
Recycling and Illegal Dumping Fund	02600	\$ 404,922
Voluntary Remediation Fund	06600	3,692
Air Quality - Title V	09200	616,020
Severance Tax Bonds 2008	10360	41,288
Responsible Parties Fund	24800	74,567
Clean Water Administrative Fund	32700	192,383
Hazardous Waste Fund	33900	638,926
Liquid Waste Fund	34000	105,945
Water Quality Management Fund	34100	551,137
Water Recreation Facilities	40000	84,666
Water Conservation Fund	56700	827,957
Operator Certification Fund	58400	14,373
Radiation Protection Fund	59200	207,884
State Air Quality Permit Fund	63100	156,954
Solid Waste Permit Fees	78300	19,362
Hazardous Waste Emergency Fund	95700	199,436
Radiologic Technology Fund	98700	33,678
Corrective Action Fund	99000	767,392
Food Service Sanitation Fund	99100	2,025
Food Service Sanitation Fund	99100	567,392
General Fund	06400	3,383
General Fund	06400	102
General Fund	06400	19,404
General Fund	06400	206,194
<b>Total all funds</b>		<b>\$ 5,739,082</b>
Governmental funds - Due from other governmental funds		\$ 5,527,193
Governmental funds - Due from enterprise funds		19,506
Enterprise funds - Due from other governmental funds		192,383
<b>Total all funds</b>		<b>\$ 5,739,082</b>

**Amount Due To Other Funds**

Fund Name	Fund No.	Amount
<b>Governmental and Enterprise Funds:</b>		
General Fund	06400	\$ 404,922
General Fund	06400	3,692
General Fund	06400	616,020
General Fund	06400	41,288
General Fund	06400	74,567
General Fund	06400	192,383
General Fund	06400	638,926
General Fund	06400	105,945
General Fund	06400	551,137
General Fund	06400	84,666
General Fund	06400	827,957
General Fund	06400	14,373
General Fund	06400	207,884
General Fund	06400	156,954
General Fund	06400	19,362
General Fund	06400	199,436
General Fund	06400	33,678
General Fund	06400	767,392
Water Recreation Facilities	40000	2,025
General Fund	06400	567,392
Storage Tank Fund	98900	3,383
Rural Infrastructure Revolving Loan Program	33700	102
Wastewater Facility Construction Loan Fund	12100	19,404
ARRA Fund	89000	<u>206,194</u>
<b>Total all funds</b>		<b>\$ <u>5,739,082</u></b>
Governmental funds - Due to other governmental funds		\$ 5,527,193
Governmental funds - Due to enterprise funds		192,383
Enterprise funds - Due to other governmental funds		<u>19,506</u>
<b>Total all funds</b>		<b>\$ <u>5,739,082</u></b>

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8. 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, 2013 consist of the following:

**Due From Other State Agencies**

NMED Fund	Agency	Other Agency's Fund No.	Amount
<b>Governmental Funds:</b>			
34000	State Treasurer's Office	80100	\$ 18
58400	State Treasurer's Office	80100	19
59200	State Treasurer's Office	80100	40
63200	State Treasurer's Office	80100	71
89200	Energy & Minerals - (STB Capital Outlay)	19900	217,474
06400	DFA - Board of Finance - (STB Capital Outlay)	10710	250,636
89200	DFA - Board of Finance - (STB Capital Outlay)	66400	65,356
89200	DFA - Board of Finance - (STB Capital Outlay)	11350	33,025
89200	DFA - Board of Finance - (STB Capital Outlay)	11440	843,683
89200	DFA - Board of Finance - (STB Capital Outlay)	60900	42,496
69400	DFA - Board of Finance - (STB Capital Outlay)	10740	201,507
22100	DFA - Board of Finance - (STB Capital Outlay)	10740	28,402
22100	DFA - Board of Finance - (STB Capital Outlay)	66300	9,219
10360	DFA - Board of Finance - (STB Capital Outlay)	66400	2,789,034
10360	DFA - Board of Finance - (STB Capital Outlay)	10910	118,736
06400	NMFA (Federal pass-thru)	N/A	<u>1,012,451</u>
Total Governmental Funds			<u>5,612,167</u>
<b>Enterprise Funds:</b>			
12100	State Treasurer's Office	80100	8,357
32700	State Treasurer's Office	80100	69
33700	State Treasurer's Office	80100	<u>1,677</u>
Total Enterprise Funds			<u>10,103</u>
<b>Total all funds</b>			<u>\$ 5,622,270</u>
<b>Due To Other State Agencies</b>			
<b>Governmental Funds:</b>			
34100	Energy, Minerals & Natural Resources (Fees)	51200	<u>\$ 60,974</u>
<b>Total governmental funds</b>			<u>\$ 60,974</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 9. TRANSFERS**

Inter-fund transfers as of June 30, 2013 are as follows:

Fund	Transfers In	Transfers Out
<b>Governmental Funds Inter-fund Transfers:</b>		
General Fund - 06400	\$ 23,948,201	\$ -
Special Revenue Funds:		
99000	-	7,573,358
02600	-	173,211
09200	-	3,659,905
24800	-	407,208
33900	-	3,291,538
34000	-	219,455
34100	-	299,481
40000	-	100,709
56700	-	2,443,693
58400	-	18,327
59200	-	676,466
63100	-	2,576,220
78300	-	77,613
95700	-	569,989
98700	-	166,672
98900	-	504,323
99100	-	1,190,033
<b>Total governmental funds inter-fund transfers</b>	<b><u>\$ 23,948,201</u></b>	<b><u>\$ 23,948,201</u></b>
<b>Other Funds Inter-fund Transfers:</b>		
06400	\$ 7,617	\$ -
32700	-	7,617
<b>Total Other Inter-fund Transfers *</b>	<b><u>\$ 7,617</u></b>	<b><u>\$ 7,617</u></b>

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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 9. TRANSFERS (CONTINUED)**

Inter-agency transfers as of June 30, 2013 are as follows:

**Inter-agency Transfers Out**

<b>NMED Fund</b>	<b>Agency</b>	<b>Other Agency's Fund</b>	<b>Description</b>	<b>Amount</b>
34100	EMNRD - 52100	51200	Transfer EMNRD portion from Water Quality Fund	\$ 22,800
				<u>\$ 22,800</u>

**Inter-agency Transfers In**

<b>NMED Fund</b>	<b>Agency</b>	<b>Other Agency's Fund</b>	<b>Description</b>	<b>Amount</b>
89200	EMNRD - 52100	89200	MOU	\$ 329,195
06400	ONRT - 66800	90000	San Vincente Creek Mill - (MOA # 13-668-0100-0002)	<u>940,713</u>
Total inter-agency transfers in				<u>1,269,908</u>
Total other interfund transfers in				<u>7,617</u>
<b>Total other transfers</b>				<u><u>\$ 1,277,525</u></u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 10 . CAPITAL ASSETS**

A summary of changes in capital assets follows:

<u>Governmental Type Activities</u>	<u>Balance, June 30, 2012</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance, June 30, 2013</u>
Reportable IT maintenance	\$ 52,475	\$ -	\$ -	\$ 52,475
Reportable IT services	158,698	-	-	158,698
Furniture and fixtures	193,786	29,057	-	222,843
Data processing equipment	1,793,487	62,483	-	1,855,970
Machinery and equipment	3,457,369	82,475	-	3,539,844
Library and museum	37,890	-	-	37,890
Automotive	846,548	-	(845,349)	1,199
Buildings and structures	<u>16,809</u>	<u>-</u>	<u>-</u>	<u>16,809</u>
<b>Total</b>	<u>6,557,062</u>	<u>174,015</u>	<u>(845,349)</u>	<u>5,885,728</u>
Accumulated depreciation:				
Reportable IT maintenance	(53,548)	-	-	(53,548)
Reportable IT services	(128,320)	(26,673)	-	(154,993)
Furniture and fixtures	(101,925)	(25,814)	-	(127,739)
Data processing equipment	(1,699,807)	(31,572)	-	(1,731,379)
Machinery and equipment	(2,792,578)	(184,197)	-	(2,976,775)
Library and museum	(37,890)	-	-	(37,890)
Automotive	(677,147)	(73,309)	749,351	(1,105)
Buildings and structures	<u>(6,881)</u>	<u>(611)</u>	<u>-</u>	<u>(7,492)</u>
<b>Total accumulated depreciation</b>	<u>(5,498,096)</u>	<u>(342,176)</u>	<u>749,351</u>	<u>(5,090,921)</u>
<b>Net capital assets</b>	<u>\$ 1,058,966</u>	<u>\$ (168,161)</u>	<u>\$ (95,998)</u>	<u>\$ 794,807</u>

Depreciation expense for the year ended June 30, 2013 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	\$ 57,360
Water quality	28,128
Environmental health program	3,666
Environmental protection program	<u>253,022</u>
<b>Total depreciation expense</b>	<u>\$ 342,176</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 11. COMPENSATED ABSENCES**

The following is a summary of compensated absences of the Department for the year ended June 30, 2013:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Amount due within one year	\$1,929,323	\$1,837,746	(\$1,926,187)	\$1,840,882
Amount due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued compensated absence	<u>\$1,929,323</u>	<u>\$1,837,746</u>	<u>(\$1,926,187)</u>	<u>\$1,840,882</u>

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

**NOTE 12. 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.

The following details the nature of the identified sites, the methodology used in the estimate and the estimated liability.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 12. POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)**

**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 855 responsible party and stated lead active LPST sites as of June 30, 2013.

For the year ended June 30, 2013, the Department determined the average cost to clean up a site to a No Further Action (NFA) status was approximately \$160,300 based on the NFA sites in the past five years. The Department used this average cost to clean up each site to determine the estimated liability by multiplying it by the number of active sites. In addition, the Department used a 20 year projection period to apply the direct salaries and benefits and to apply the estimated recoveries through petroleum products loading fees. The amount the Department reduced the estimated liability with expected recoveries through petroleum products loading fees (Section 7-13A-1 NMSA 1978) not yet realized or realizable exceeded the estimating liability. As a result, the estimated pollution remediation liability for LPST sites as of June 30, 2013 is \$0, net of expected recoveries. 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 14 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, 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.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 12. POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)**

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, 2013, the estimated pollution remediation liability for Superfund sites is \$53,372,962.

	<u>Balance, June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2013</u>
Amount due within one year	\$ 1,394,641	\$ 927,768	(\$1,272,444)	\$ 1,049,965
Amount due in more than one year	<u>54,299,163</u>	<u>-</u>	<u>( 1,976,166)</u>	<u>52,322,997</u>
<b>Total pollution remediation liabilities</b>	<u>\$ 55,693,804</u>	<u>\$ 927,768</u>	<u>(\$3,248,610)</u>	<u>\$53,372,962</u>

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

**NOTE 13. REVERSIONS**

The following reversions are special appropriations accrued during fiscal year 2013:

Fiscal year 2013	\$ 44,154
Other amounts payable	26,135
Paid during FY2013	<u>(42,912)</u>
<b>Total reversions – due to State General Fund</b>	<u>\$ 28,097</u>

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 FY13. \$28,097 is payable at June 30, 2013 and due by September 30, 2013. This payable may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

**NOTE 14. PETROLEUM PRODUCTS LOADING FEES**

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

Petroleum products loading fees	<u>\$ 18,963,475</u>
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**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 15. 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, 2013, 2012 and 2011 were \$4,344,688, \$3,855,704 and \$4,597,139, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 16. 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
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**NOTE 16. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**  
**(CONTINUED)**

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

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

The Department's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$580,596, \$528,005 and \$504,716, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 17. 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 petroleum products loading fees.

**Loan Commitments**

Wastewater Loan Construction Fund - As of June 30, 2013, the Department has executed binding commitments to disburse \$7,230,455 for future loans.

Rural Infrastructure Loan Fund - As of June 30, 2013, the Department has executed binding commitments to disburse \$3,813,514 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:

Years ending June 30:

2014	\$ 2,691,441
2015	2,306,233
2016	2,134,404
2017	1,690,320
2018	1,532,122
2019 and thereafter	<u>2,628,216</u>
<b>Total</b>	<b><u>\$ 12,982,736</u></b>

Rental expenditures for the fiscal year ended June 30, 2013 were \$2,984,521.

**NOTE 18. 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 Risk Management Division pays annual premiums for coverage provided in the following areas:

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 18. CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS) (CONTINUED)**

- 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.

In January of 2012, the Office of the Inspector General (OIG) of the Environmental Protection Agency performed an audit of the Department's Labor Charging Practices to federal programs and determined that the Air Quality Bureau (aqb) and Drinking Water Bureau (DWB) of the Department did not always charge labor and related costs according to two CFR requirements. These bureaus charged labor, fringe benefit and indirect costs to federal grants based on budget, rather than actual activities performed. This occurred at aqb from the inception of NMED's current accounting system, SHARE, in July 2006 to June 25, 2010, and DWB through April 14, 2012. The OIG's final report is issued a draft report in June 2013, with an estimated \$3,758,783 in unsupported charges identified. A final determination is expected in December 2013. The expected recommendation by the OIG to the Regional Administrator will be to disallow and recover these costs. This amount has been accrued as a long-term liability by management in the government-wide financial statements until a final determination is made.

**NOTE 19. 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).

**NOTE 20. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS**

The GASB issued Statement No. 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 20. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS (CONTINUED)**

standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net position. The Department is reviewing the effects of the implementation of this statement.

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

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SPECIAL REVENUE/CAPITAL PROJECT FUNDS –**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2013**

**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.

Recycling and Illegal Dumping Fund (02600) - Established by the Department to comply with Recycling and Illegal Dumping Act, NMSA 1978, Section 74-13-19. 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 Recycling and Illegal Dumping Act. This fund is non-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 State Statute NMSA 1978, Section 74-1-17. 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.

Brownfields Cleanup Revolving Loan Fund (11900) - Created by State Statute NMSA 1978, Section 74-4G-11.1. The fund was established to account for the Brownfield 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 Parties 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 non-reverting.

Liquid Waste Fund (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.

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 non-reverting.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL REVENUE/CAPITAL PROJECT FUNDS –  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2013**

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. This fund is non-reverting.

Public Water Supply System Operator and Public Wastewater Operator Fund (58400) - Created by State Statute NMSA 1978, Section 61-33-5. 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. Earnings 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.

State Air Quality Permit 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 74-9-41. 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 non-reverting.

Solid Waste Permit Fees (78300) - Created by State Statute NMSA 1978, Section 74-9-8I, 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.

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:

- 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL REVENUE/CAPITAL PROJECT FUNDS –  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2013**

Hazardous Waste Emergency 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.

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. This fund is reverting.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SPECIAL REVENUE/CAPITAL PROJECT FUNDS –**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2013**

**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 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.

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.

Severance Tax Bonds – 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.

General Fund Capital Outlay (93100) – The fund was established to administer capital outlay projects funded with General Fund Appropriations.

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2013

	02600	06600	09200	10980	SPECIAL 11900
	Recycling and Illegal Dumping Fund	Voluntary Remediation Fund	Air Quality Title V Fund	Nuclear Workers Assistance Fund	Brownfields Cleanup Revolving Loan Fund
<b>ASSETS</b>					
Investment in state general fund investment pool	\$ 481,946	\$ 78,127	\$ 5,822,879	\$ 80,427	\$ 679,866
Due from other governmental funds	404,922	3,692	616,020	-	-
Due from federal government	-	-	-	-	-
Due from other state agencies	-	-	-	-	-
Other receivables	-	-	112,834	-	458,163
<b>TOTAL ASSETS</b>	<b>\$ 886,868</b>	<b>\$ 81,819</b>	<b>\$ 6,551,733</b>	<b>\$ 80,427</b>	<b>\$ 1,138,029</b>
<b>LIABILITIES</b>					
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	172,162	-	-	-	-
Due to other governmental funds	-	-	-	-	-
Due to other state agencies	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Total liabilities	172,162	-	-	-	-
<b>FUND BALANCES</b>					
Restricted	714,706	81,819	6,551,733	80,427	1,138,029
Total fund balances	714,706	81,819	6,551,733	80,427	1,138,029
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 886,868</b>	<b>\$ 81,819</b>	<b>\$ 6,551,733</b>	<b>\$ 80,427</b>	<b>\$ 1,138,029</b>

**REVENUE FUNDS**

24800	33900	34000	34100	40000	56700
Responsible Parties Fund	Hazardous Waste Fund	Liquid Waste Fund	Water Quality Management Fund	Water Recreation Facilities Fund	Water Conservation Fund
\$ 279,474	\$ 1,563,485	\$ 332,052	\$ 135,330	\$ 179,639	\$ 2,405,035
74,567	638,926	105,945	551,137	84,666	827,957
-	-	-	-	-	-
-	-	18	-	-	-
-	461,551	-	3,450	16,401	-
<u>\$ 354,041</u>	<u>\$ 2,663,962</u>	<u>\$ 438,015</u>	<u>\$ 689,917</u>	<u>\$ 280,706</u>	<u>\$ 3,232,992</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	2,025	-
-	-	-	60,974	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	60,974	2,025	-
<u>354,041</u>	<u>2,663,962</u>	<u>438,015</u>	<u>628,943</u>	<u>278,681</u>	<u>3,232,992</u>
<u>354,041</u>	<u>2,663,962</u>	<u>438,015</u>	<u>628,943</u>	<u>278,681</u>	<u>3,232,992</u>
<u>\$ 354,041</u>	<u>\$ 2,663,962</u>	<u>\$ 438,015</u>	<u>\$ 689,917</u>	<u>\$ 280,706</u>	<u>\$ 3,232,992</u>

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2013

	<b>SPECIAL</b>			
	<b>58400</b>	<b>59200</b>	<b>63100</b>	<b>63200</b>
	<b>Public Water Supply System Operator and Public Wastewater Facility Operator Fund</b>	<b>Radiation Protection Fund</b>	<b>State Air Quality Permit Fund</b>	<b>Solid Waste Facility Grant Fund</b>
<b>ASSETS</b>				
Investment in state general fund investment pool	\$ 164,806	\$ 735,273	\$ 1,984,940	\$ 610,814
Due from other governmental funds	14,373	207,884	156,954	-
Due from federal government	-	-	-	-
Due from other state agencies	19	40	-	71
Other receivables	-	-	15,316	-
<b>TOTAL ASSETS</b>	<b>\$ 179,198</b>	<b>\$ 943,197</b>	<b>\$ 2,157,210</b>	<b>\$ 610,885</b>
<b>LIABILITIES</b>				
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	409,701
Due to other governmental funds	-	-	-	-
Due to other state agencies	-	-	-	-
Due to state general fund	-	-	-	-
Unearned revenues	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Total liabilities	-	-	-	409,701
<b>FUND BALANCES</b>				
Restricted	179,198	943,197	2,157,210	201,184
Total fund balances	179,198	943,197	2,157,210	201,184
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 179,198</b>	<b>\$ 943,197</b>	<b>\$ 2,157,210</b>	<b>\$ 610,885</b>

**REVENUE FUNDS**

78300	89000	95700	98700	98900	99100	Total
Solid Waste Permit Fees	ARRA Fund	Hazardous Waste Emergency Fund	Radiologic Technology Fund	Storage Tank Fund	Food Service Sanitation Fund	Special Revenue Funds
\$ 84,096	\$ 203,033	\$ 1,831,230	\$ 190,758	\$ 512,590	\$ 897,094	\$ 19,252,894
19,362	-	199,436	33,678	-	569,417	4,508,936
-	5,825	-	-	-	-	5,825
-	-	-	-	-	-	148
-	-	-	-	15,134	91,400	1,174,249
<u>\$ 103,458</u>	<u>\$ 208,858</u>	<u>\$ 2,030,666</u>	<u>\$ 224,436</u>	<u>\$ 527,724</u>	<u>\$ 1,557,911</u>	<u>\$ 24,942,052</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	581,863
-	206,194	-	-	3,383	-	211,602
-	-	-	-	-	-	60,974
-	-	-	-	-	-	-
-	-	-	-	323,000	-	323,000
-	2,664	-	-	-	-	2,664
-	208,858	-	-	326,383	-	1,180,103
<u>103,458</u>	<u>-</u>	<u>2,030,666</u>	<u>224,436</u>	<u>201,341</u>	<u>1,557,911</u>	<u>23,761,949</u>
<u>103,458</u>	<u>-</u>	<u>2,030,666</u>	<u>224,436</u>	<u>201,341</u>	<u>1,557,911</u>	<u>23,761,949</u>
<u>\$ 103,458</u>	<u>\$ 208,858</u>	<u>\$ 2,030,666</u>	<u>\$ 224,436</u>	<u>\$ 527,724</u>	<u>\$ 1,557,911</u>	<u>\$ 24,942,052</u>

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
 June 30, 2013

	CAPITAL PROJECT FUNDS			
	22100	69400	89200	93100
	Special Appropriations 2007	Special Appropriations 2006	Severance Tax Bonds 2009	General Fund Capital Outlay
<b>ASSETS</b>				
Investment in state general fund investment pool	\$ -	\$ -	\$ -	\$ 150,610
Due from other governmental funds	-	-	-	-
Due from federal government	-	-	-	-
Due from other state agencies	37,621	201,507	1,202,034	-
Other receivables	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 37,621</u>	<u>\$ 201,507</u>	<u>\$ 1,202,034</u>	<u>\$ 150,610</u>
<b>LIABILITIES</b>				
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ 354,789	\$ -
Accounts payable	37,621	201,507	847,245	74,571
Due to other governmental funds	-	-	-	-
Due to other state agencies	-	-	-	-
Due to state general fund	-	-	-	-
Unearned revenues	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Total liabilities	<u>37,621</u>	<u>201,507</u>	<u>1,202,034</u>	<u>74,571</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	76,039
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,039</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 37,621</u>	<u>\$ 201,507</u>	<u>\$ 1,202,034</u>	<u>\$ 150,610</u>



<u>Total Capital Project Funds</u>	<u>Total All Funds</u>
\$ 150,610	\$ 19,403,504
-	4,508,936
-	5,825
1,441,162	1,441,310
-	<u>1,174,249</u>
<u>\$ 1,591,772</u>	<u>\$ 26,533,824</u>
\$ 354,789	\$ 354,789
1,160,944	1,742,807
-	211,602
-	60,974
-	-
-	323,000
-	<u>2,664</u>
<u>1,515,733</u>	<u>2,372,836</u>
<u>76,039</u>	<u>23,837,988</u>
<u>76,039</u>	<u>23,837,988</u>
<u>\$ 1,591,772</u>	<u>\$ 26,533,824</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, 2013

	02600	06600	09200	10980	SPECIAL 11900
	Recycling and Illegal Dumping Fund	Voluntary Remediation Fund	Air Quality Title V Fund	Nuclear Workers Assistance Fund	Brownfields Cleanup Revolving Loan Fund
<b>REVENUES</b>					
Environmental fees	\$ 924,829	\$ 11,170	\$ 5,326,952	\$ 41,488	\$ -
Federal grant revenue	-	-	-	-	408,485
Investment earnings	-	-	-	-	-
Total revenues	<u>924,829</u>	<u>11,170</u>	<u>5,326,952</u>	<u>41,488</u>	<u>408,485</u>
<b>EXPENDITURES</b>					
Current:					
Environmental protection	431,470	-	-	-	-
Other environmental initiatives	-	-	-	-	-
Total expenditures	<u>431,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	493,359	11,170	5,326,952	41,488	408,485
<b>OTHER FINANCING SOURCES</b>					
Severance tax bonds	-	-	-	-	-
Transfers in:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Transfers out:					
Interfund	(173,211)	-	(3,659,905)	-	-
Other	-	-	-	-	-
Reversions-FY13	-	-	-	-	-
Total other financing sources	<u>(173,211)</u>	<u>-</u>	<u>(3,659,905)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>					
	320,148	11,170	1,667,047	41,488	408,485
<b>FUND BALANCES, BEGINNING</b>					
	<u>394,558</u>	<u>70,649</u>	<u>4,884,686</u>	<u>38,939</u>	<u>729,544</u>
<b>FUND BALANCES, ENDING</b>					
	<u>\$ 714,706</u>	<u>\$ 81,819</u>	<u>\$ 6,551,733</u>	<u>\$ 80,427</u>	<u>\$ 1,138,029</u>

**REVENUE FUNDS**

<b>24800</b>	<b>33900</b>	<b>34000</b>	<b>34100</b>	<b>40000</b>	<b>56700</b>
<b>Responsible Parties Fund</b>	<b>Hazardous Waste Fund</b>	<b>Liquid Waste Fund</b>	<b>Water Quality Management Fund</b>	<b>Water Recreation Facilities Fund</b>	<b>Water Conservation Fund</b>
\$ 339,753	\$ 2,427,260	\$ 351,261	\$ 268,661	\$ 153,320	\$ 2,639,548
-	-	-	-	-	-
-	-	408	-	-	-
<u>339,753</u>	<u>2,427,260</u>	<u>351,669</u>	<u>268,661</u>	<u>153,320</u>	<u>2,639,548</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
339,753	2,427,260	351,669	268,661	153,320	2,639,548
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(407,208)	(3,291,538)	(219,455)	(299,481)	(100,709)	(2,443,693)
-	-	-	(22,800)	-	-
-	-	-	-	-	-
<u>(407,208)</u>	<u>(3,291,538)</u>	<u>(219,455)</u>	<u>(322,281)</u>	<u>(100,709)</u>	<u>(2,443,693)</u>
(67,455)	(864,278)	132,214	(53,620)	52,611	195,855
<u>421,496</u>	<u>3,528,240</u>	<u>305,801</u>	<u>682,563</u>	<u>226,070</u>	<u>3,037,137</u>
<u>\$ 354,041</u>	<u>\$ 2,663,962</u>	<u>\$ 438,015</u>	<u>\$ 628,943</u>	<u>\$ 278,681</u>	<u>\$ 3,232,992</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, 2013

	58400	59200	63100	SPECIAL 63200
	Public Water Supply System Operator and Public Wastewater Facility Operator Fund	Radiation Protection Fund	State Air Quality Permit Fund	Solid Waste Facility Grant Fund
<b>REVENUES</b>				
Environmental fees	\$ 72,805	\$ 631,746	\$ 2,886,189	\$ 177,536
Federal grant revenue	-	-	-	-
Investment earnings	427	1,265	-	1,759
Total revenues	<u>73,232</u>	<u>633,011</u>	<u>2,886,189</u>	<u>179,295</u>
<b>EXPENDITURES</b>				
Current:				
Environmental protection	-	-	-	692,569
Other environmental initiatives	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,569</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	73,232	633,011	2,886,189	(513,274)
<b>OTHER FINANCING SOURCES</b>				
Severance tax bonds	-	-	-	-
Transfers in:				
Interfund	-	-	-	-
Other	-	-	-	-
Transfers out:				
Interfund	(18,327)	(676,466)	(2,576,220)	-
Other	-	-	-	-
Reversions-FY13	-	-	-	-
Total other financing sources	<u>(18,327)</u>	<u>(676,466)</u>	<u>(2,576,220)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	54,905	(43,455)	309,969	(513,274)
<b>FUND BALANCES, BEGINNING</b>	<u>124,293</u>	<u>986,652</u>	<u>1,847,241</u>	<u>714,458</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 179,198</u>	<u>\$ 943,197</u>	<u>\$ 2,157,210</u>	<u>\$ 201,184</u>

REVENUE FUNDS

78300	89000	95700	98700	98900	99100	Total
Solid Waste Permit Fees	ARRA Fund	Hazardous Waste Emergency Fund	Radiologic Technology Fund	Storage Tank Fund	Food Service Sanitation Fund	Special Revenue Funds
\$ 60,850	-	\$ 67,582	\$ 129,930	\$ 225,357	\$ 1,512,566	\$ 18,248,803
-	288,154	-	-	-	-	696,639
-	-	-	-	-	-	3,859
<u>60,850</u>	<u>288,154</u>	<u>67,582</u>	<u>129,930</u>	<u>225,357</u>	<u>1,512,566</u>	<u>18,949,301</u>
-	288,154	-	-	-	-	1,412,193
-	-	-	-	-	-	-
-	288,154	-	-	-	-	1,412,193
60,850	-	67,582	129,930	225,357	1,512,566	17,537,108
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(77,613)	-	(569,989)	(166,672)	(504,323)	(1,190,033)	(16,374,843)
-	-	-	-	-	-	(22,800)
-	-	-	-	-	-	-
<u>(77,613)</u>	<u>-</u>	<u>(569,989)</u>	<u>(166,672)</u>	<u>(504,323)</u>	<u>(1,190,033)</u>	<u>(16,397,643)</u>
(16,763)	-	(502,407)	(36,742)	(278,966)	322,533	1,139,465
<u>120,221</u>	<u>-</u>	<u>2,533,073</u>	<u>261,178</u>	<u>480,307</u>	<u>1,235,378</u>	<u>22,622,484</u>
<u>\$ 103,458</u>	<u>\$ -</u>	<u>\$ 2,030,666</u>	<u>\$ 224,436</u>	<u>\$ 201,341</u>	<u>\$ 1,557,911</u>	<u>\$ 23,761,949</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, 2013

	CAPITAL PROJECT FUNDS			
	22100	69400	89200	93100
	Special Appropriations 2004	Special Appropriations 2006	Severance Tax Bonds 2009	General Fund Capital Outlay
<b>REVENUES</b>				
Environmental fees	\$ -	\$ -	\$ -	\$ -
Federal grant revenue	-	-	-	-
Investment earnings	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Environmental protection	-	-	-	-
Other environmental initiatives	<u>294,126</u>	<u>1,678,788</u>	<u>3,064,486</u>	<u>652,045</u>
Total expenditures	<u>294,126</u>	<u>1,678,788</u>	<u>3,064,486</u>	<u>652,045</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(294,126)	(1,678,788)	(3,064,486)	(652,045)
<b>OTHER FINANCING SOURCES</b>				
Severance tax bonds	294,126	1,678,788	2,735,291	-
Transfers in:				
Interfund	-	-	-	-
Other	-	-	329,195	-
Transfers out:				
Interfund	-	-	-	-
Other	-	-	-	-
Reversions-FY13	-	-	-	-
Total other financing sources	<u>294,126</u>	<u>1,678,788</u>	<u>3,064,486</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	(652,045)
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>728,084</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,039</u>

<u>Total Capital Project Funds</u>	<u>Total All Funds</u>
\$ -	\$ 18,248,803
-	696,639
-	<u>3,859</u>
-	<u>18,949,301</u>
-	1,412,193
<u>5,689,445</u>	<u>5,689,445</u>
<u>5,689,445</u>	<u>7,101,638</u>
(5,689,445)	11,847,663
4,708,205	4,708,205
-	-
329,195	329,195
-	(16,374,843)
-	(22,800)
-	-
<u>5,037,400</u>	<u>(11,360,243)</u>
(652,045)	487,420
<u>728,084</u>	<u>23,350,568</u>
<u>\$ 76,039</u>	<u>\$ 23,837,988</u>

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 SEVERANCE TAX BONDS 2008 (10360) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	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	8,383,355	8,383,355	8,225,243	(158,112)
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 8,383,355</u>	<u>\$ 8,383,355</u>	8,225,243	<u>\$ (158,112)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	8,383,355	8,383,355	8,225,243	158,112
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 8,383,355</u>	<u>\$ 8,383,355</u>	<u>8,225,243</u>	<u>\$ 158,112</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>-</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	



STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 RECYCLING AND ILLEGAL DUMPING FUND (02600) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 1,014,300	\$ 1,014,300	\$ 924,829	\$ (89,471)
Inter-agency transfers	-	-	-	-
Budgeted fund balance	<u>327,900</u>	<u>327,900</u>	<u>-</u>	<u>(327,900)</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,342,200</u>	<u>\$ 1,342,200</u>	924,829	<u>\$ (417,371)</u>
<b>EXPENDITURES - current</b>				
Contractual services	\$ -	\$ -		\$ -
Other	475,000	475,000	431,470	43,530
Other financing uses	<u>867,200</u>	<u>867,200</u>	<u>173,211</u>	<u>693,989</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,342,200</u>	<u>\$ 1,342,200</u>	<u>604,681</u>	<u>\$ 737,519</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>320,148</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 320,148</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
VOLUNTARY REMEDIATION FUND (06600) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 5,800	\$ 5,800	\$ 11,170	\$ 5,370
Budgeted fund balance	<u>38,500</u>	<u>38,500</u>	<u>-</u>	<u>(38,500)</u>
<b>TOTAL REVENUES</b>	<u>\$ 44,300</u>	<u>\$ 44,300</u>	11,170	<u>\$ (33,130)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 44,300</u>	<u>\$ 44,300</u>	<u>-</u>	<u>\$ 44,300</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 44,300</u>	<u>\$ 44,300</u>	<u>-</u>	<u>\$ 44,300</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>11,170</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 11,170</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**AIR QUALITY TITLE V FUND (09200) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	<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	\$ 3,983,400	\$ 3,983,400	\$ 5,326,952	\$ 1,343,552
Budgeted fund balance	<u>437,700</u>	<u>437,700</u>	<u>-</u>	<u>(437,700)</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,421,100</u>	<u>\$ 4,421,100</u>	5,326,952	<u>\$ 905,852</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 4,421,100	\$ 4,421,100	<u>3,659,905</u>	<u>\$ 761,195</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,421,100</u>	<u>\$ 4,421,100</u>	<u>3,659,905</u>	<u>\$ 761,195</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>1,667,047</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 1,667,047</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NUCLEAR WORKERS ASSISTANCE FUND (10980) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	41,488	41,488
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	41,488	<u>\$ 41,488</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 (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>41,488</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 41,488</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 BROWNFIELDS CLEANUP REVOLVING LOAN FUND (11900) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ 408,485	\$ 408,485	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ 408,485</u>	408,485	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	408,485	-	408,485
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 408,485</u>	-	<u>\$ 408,485</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>408,485</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 408,485</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 RESPONSIBLE PARTIES FUND (24800) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 420,900	\$ 420,900	\$ 339,753	\$ (81,147)
Budgeted fund balance	<u>78,800</u>	<u>78,800</u>	<u>67,455</u>	<u>(11,345)</u>
<b>TOTAL REVENUES</b>	<u>\$ 499,700</u>	<u>\$ 499,700</u>	407,208	<u>\$ (92,492)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 499,700</u>	<u>\$ 499,700</u>	<u>407,208</u>	<u>\$ 92,492</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 499,700</u>	<u>\$ 499,700</u>	<u>407,208</u>	<u>\$ 92,492</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(67,455)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (67,455)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**HAZARDOUS WASTE FUND (33900) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	<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	\$ 3,366,000	\$ 3,366,000	\$ 2,427,260	\$ (938,740)
Budgeted fund balance	<u>748,500</u>	<u>748,500</u>	<u>748,500</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,114,500</u>	<u>\$ 4,114,500</u>	3,175,760	<u>\$ (938,740)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 4,114,500</u>	<u>\$ 4,114,500</u>	<u>3,291,538</u>	<u>\$ 822,962</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,114,500</u>	<u>\$ 4,114,500</u>	<u>3,291,538</u>	<u>\$ 822,962</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			(115,778)	
<b>BUDGETED FUND BALANCE</b>			<u>(748,500)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (864,278)</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
LIQUID WASTE FUND (34000) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other state funds	\$ 336,900	\$ 336,900	\$ 351,669	\$ 14,769
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 336,900</u>	<u>\$ 336,900</u>	351,669	<u>\$ 14,769</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 336,900	\$ 336,900	219,455	\$ 117,445
<b>TOTAL EXPENDITURES</b>	<u>\$ 336,900</u>	<u>\$ 336,900</u>	219,455	<u>\$ 117,445</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>132,214</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 132,214</u>	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**WATER QUALITY MANAGEMENT FUND (34100) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 750,600	\$ 750,600	\$ 268,661	\$ (481,939)
Budgeted fund balance	<u>119,100</u>	<u>119,100</u>	<u>53,620</u>	<u>(65,480)</u>
<b>TOTAL REVENUES</b>	<u>\$ 869,700</u>	<u>\$ 869,700</u>	322,281	<u>\$ (547,419)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 869,700	\$ 869,700	<u>322,281</u>	<u>\$ 547,419</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 869,700</u>	<u>\$ 869,700</u>	<u>322,281</u>	<u>\$ 547,419</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(53,620)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (53,620)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**WATER RECREATION FACILITIES FUND (40000) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
 Year Ended June 30, 2013

	<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	\$ 137,100	\$ 137,100	\$ 153,320	\$ 16,220
Budgeted fund balance	<u>54,700</u>	<u>54,700</u>	<u>-</u>	<u>(54,700)</u>
<b>TOTAL REVENUES</b>	<u>\$ 191,800</u>	<u>\$ 191,800</u>	153,320	<u>\$ (38,480)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 191,800	\$ 191,800	<u>100,709</u>	<u>\$ 91,091</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 191,800</u>	<u>\$ 191,800</u>	<u>100,709</u>	<u>\$ 91,091</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>52,611</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 52,611</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER CONSERVATION FUND (56700) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	<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	\$ 2,680,800	\$ 2,680,800	\$ 2,639,548	\$ (41,252)
Budgeted fund balance	<u>617,800</u>	<u>617,800</u>	<u>-</u>	<u>(617,800)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,298,600</u>	<u>\$ 3,298,600</u>	2,639,548	<u>\$ (659,052)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 3,298,600</u>	<u>\$ 3,298,600</u>	<u>2,443,693</u>	<u>\$ 854,907</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,298,600</u>	<u>\$ 3,298,600</u>	<u>2,443,693</u>	<u>\$ 854,907</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>195,855</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 195,855</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**PUBLIC WATER SUPPLY SYSTEM OPERATOR AND PUBLIC WASTEWATER OPERATOR FUND (58400) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 65,400	\$ 65,400	\$ 73,232	\$ 7,832
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 65,400</u>	<u>\$ 65,400</u>	73,232	<u>\$ 7,832</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 65,400</u>	<u>\$ 65,400</u>	<u>18,327</u>	<u>\$ 47,073</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 65,400</u>	<u>\$ 65,400</u>	<u>18,327</u>	<u>\$ 47,073</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>54,905</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 54,905</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
RADIATION PROTECTION FUND (59200) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 632,500	\$ 632,500	\$ 633,011	\$ 511
Budgeted fund balance	<u>279,900</u>	<u>279,900</u>	<u>43,455</u>	<u>(236,445)</u>
<b>TOTAL REVENUES</b>	<u>\$ 912,400</u>	<u>\$ 912,400</u>	676,466	<u>\$ (235,934)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 912,400	\$ 912,400	676,466	\$ 235,934
<b>TOTAL EXPENDITURES</b>	<u>\$ 912,400</u>	<u>\$ 912,400</u>	<u>676,466</u>	<u>\$ 235,934</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(43,455)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (43,455)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**STATE AIR QUALITY PERMIT FUND (63100) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	<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	\$ 2,410,900	\$ 2,410,900	\$ 2,886,189	\$ 475,289
Budgeted fund balance	<u>591,500</u>	<u>591,500</u>	<u>-</u>	<u>(591,500)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,002,400</u>	<u>\$ 3,002,400</u>	2,886,189	<u>\$ (116,211)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 3,002,400</u>	<u>\$ 3,002,400</u>	<u>2,576,220</u>	<u>\$ 426,180</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,002,400</u>	<u>\$ 3,002,400</u>	<u>2,576,220</u>	<u>\$ 426,180</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>309,969</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 309,969</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SOLID WASTE FACILITY GRANT FUND (63200) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 150,100	\$ 150,100	\$ 179,295	\$ 29,195
Budgeted fund balance	<u>549,900</u>	<u>549,900</u>	<u>513,274</u>	<u>(36,626)</u>
<b>TOTAL REVENUES</b>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	692,569	<u>\$ (7,431)</u>
<b>EXPENDITURES - current</b>				
Contractual services	\$ -	\$ -	-	\$ -
Other	<u>700,000</u>	<u>700,000</u>	<u>692,569</u>	<u>7,431</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>692,569</u>	<u>\$ 7,431</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(513,274)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (513,274)</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SOLID WASTE PERMIT FEES (78300) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 43,600	\$ 43,600	\$ 60,850	\$ 17,250
Budgeted fund balance	<u>55,700</u>	<u>55,700</u>	<u>16,763</u>	<u>(38,937)</u>
<b>TOTAL REVENUES</b>	<u>\$ 99,300</u>	<u>\$ 99,300</u>	77,613	<u>\$ (21,687)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 99,300</u>	<u>\$ 99,300</u>	<u>77,613</u>	<u>\$ 21,687</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 99,300</u>	<u>\$ 99,300</u>	<u>77,613</u>	<u>\$ 21,687</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>-</u>	
<b>BUDGETED FUND BALANCE</b>			<u>(16,763)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (16,763)</u>	



STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (89000) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal funds	\$ 1,618,463	\$ 1,209,978	288,154	\$ (921,824)
General fund	-	-	-	-
Other state funds	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 1,618,463</u>	<u>\$ 1,209,978</u>	<u>\$ 288,154</u>	<u>\$ (921,824)</u>
<b>EXPENDITURES</b>				
Personal services and employee benefits	\$ 88,744	\$ 75,808	\$ 37,649	\$ 38,159
Contractual services	178,923	166,859	-	166,859
Other	1,350,796	967,311	250,505	716,806
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,618,463</u>	<u>\$ 1,209,978</u>	<u>288,154</u>	<u>\$ 921,824</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>-</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**HAZARDOUS WASTE EMERGENCY FUND (95700) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 190,300	\$ 190,300	\$ 67,582	\$ (122,718)
Budgeted fund balance	<u>586,100</u>	<u>586,100</u>	<u>502,407</u>	<u>(83,693)</u>
<b>TOTAL REVENUES</b>	<u>\$ 776,400</u>	<u>\$ 776,400</u>	569,989	<u>\$ (206,411)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 776,400</u>	<u>\$ 776,400</u>	<u>569,989</u>	<u>\$ 206,411</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 776,400</u>	<u>\$ 776,400</u>	<u>569,989</u>	<u>\$ 206,411</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(502,407)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (502,407)</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**RADIOLOGIC TECHNOLOGY FUND (98700) -**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
 Year Ended June 30, 2013

	<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	\$ 109,100	\$ 109,100	\$ 129,930	\$ 20,830
Budgeted fund balance	<u>97,300</u>	<u>97,300</u>	<u>36,742</u>	<u>(60,558)</u>
<b>TOTAL REVENUES</b>	<u>\$ 206,400</u>	<u>\$ 206,400</u>	166,672	<u>\$ (39,728)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 206,400</u>	<u>\$ 206,400</u>	<u>166,672</u>	<u>\$ 39,728</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 206,400</u>	<u>\$ 206,400</u>	<u>166,672</u>	<u>\$ 39,728</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(36,742)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (36,742)</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 STORAGE TANK FUND (98900) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other state funds	\$ 517,100	\$ 517,100	\$ 225,357	\$ (291,743)
Inter-agency transfers	-	-	-	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 517,100</u>	<u>\$ 517,100</u>	225,357	<u>\$ (291,743)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 517,100</u>	<u>\$ 517,100</u>	<u>504,323</u>	<u>\$ 12,777</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 517,100</u>	<u>\$ 517,100</u>	<u>504,323</u>	<u>\$ 12,777</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>(278,966)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (278,966)</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 FOOD SERVICE SANITATION FUND (99100) -  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	<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	\$ 1,464,600	\$ 1,464,600	\$ 1,512,566	\$ 47,966
Inter-agency transfers	-	-	-	-
Budgeted fund balance	<u>348,800</u>	<u>348,800</u>	<u>-</u>	<u>(348,800)</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,813,400</u>	<u>\$ 1,813,400</u>	1,512,566	<u>\$ (300,834)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 1,813,400</u>	<u>\$ 1,813,400</u>	<u>1,190,033</u>	<u>\$ 623,367</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,813,400</u>	<u>\$ 1,813,400</u>	<u>1,190,033</u>	<u>\$ 623,367</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>322,533</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 322,533</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2007 (22100) -  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	467,637	467,637	294,126	(173,511)
Budgeted fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ 467,637</u>	<u>\$ 467,637</u>	294,126	<u>\$ (173,511)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	99,040	99,040	-	99,040
Other	368,597	368,597	294,126	74,471
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 467,637</u>	<u>\$ 467,637</u>	<u>294,126</u>	<u>\$ 173,511</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>-</u>	
<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 (BUDGETARY BASIS)  
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	1,678,788	1,678,788	1,678,788	-
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 1,678,788</u>	<u>\$ 1,678,788</u>	<u>1,678,788</u>	<u>\$ -</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	1,678,788	1,678,788	1,678,788	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,678,788</u>	<u>\$ 1,678,788</u>	<u>1,678,788</u>	<u>\$ -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</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 (BUDGETARY BASIS)  
 Year Ended June 30, 2013

	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	10,371,208	10,371,208	3,064,486	(7,306,722)
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 10,371,208</u>	<u>\$ 10,371,208</u>	3,064,486	<u>\$ (7,306,722)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	648,337	648,337	329,195	319,142
Other	9,722,871	9,722,871	2,735,291	6,987,580
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 10,371,208</u>	<u>\$ 10,371,208</u>	<u>3,064,486</u>	<u>\$ 7,306,722</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**GENERAL FUND CAPITAL OUTLAY (93100)**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
Budgeted fund balance	<u>728,084</u>	<u>728,084</u>	<u>652,045</u>	<u>(76,039)</u>
<b>TOTAL REVENUES</b>	<u>\$ 728,084</u>	<u>\$ 728,084</u>	652,045	<u>\$ (76,039)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	728,084	728,084	652,045	76,039
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 728,084</u>	<u>\$ 728,084</u>	<u>652,045</u>	<u>\$ 76,039</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			-	
<b>BUDGETED FUND BALANCE</b>			<u>(652,045)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (652,045)</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
WASTEWATER FACILITY CONSTRUCTION LOAN FUND (12100) -  
STATEMENT OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ 9,358,143	\$ 9,358,143
Other state funds	-	-	3,557,041	3,557,041
Inter-agency transfers	-	-	2,844,400	2,844,400
Budgeted net position	-	<u>4,993,274</u>	-	<u>(4,993,274)</u>
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ 4,993,274</u>	15,759,584	<u>\$ 10,766,310</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	<u>4,993,274</u>	<u>1,939,340</u>	<u>3,053,934</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 4,993,274</u>	<u>1,939,340</u>	<u>\$ 3,053,934</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			13,820,244	
<b>ADMINISTRATIVE EXPENSES (CAP GRANT) BUDGETED IN FUND 06400</b>			<u>(438,666)</u>	
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 13,381,578</u>	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**CLEAN WATER ADMINISTRATIVE FUND (32700) -**  
**STATEMENT OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**Year Ended June 30, 2013**

	<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	\$ 363,200	\$ 363,200	\$ 383,368	\$ 20,168
Budgeted net position	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 363,200</u>	<u>\$ 363,200</u>	383,368	<u>\$ 20,168</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 363,200</u>	<u>\$ 363,200</u>	<u>7,617</u>	<u>\$ 355,583</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 363,200</u>	<u>\$ 363,200</u>	<u>7,617</u>	<u>\$ 355,583</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			<u>375,751</u>	
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 375,751</u>	

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
RURAL INFRASTRUCTURE REVOLVING LOAN FUND (33700) -  
STATEMENT OF REVENUES AND EXPENSES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other state funds	\$ 474,400	\$ 474,400	\$ 482,664	\$ 8,264
Budgeted net position	129,600	129,600	-	(129,600)
<b>TOTAL REVENUES</b>	<b>\$ 604,000</b>	<b>\$ 604,000</b>	482,664	<b>\$ (121,336)</b>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ 456,500	\$ 456,500	\$ 192,758	\$ 263,742
Contractual services	24,100	24,100	7,100	17,000
Other	123,400	123,400	26,787	96,613
<b>TOTAL EXPENDITURES</b>	<b>\$ 604,000</b>	<b>\$ 604,000</b>	226,645	<b>\$ 377,355</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>			256,019	
<b>NET CHANGE IN NET POSITION</b>			<b>\$ 256,019</b>	

**SUPPLEMENTAL SCHEDULES**

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 1 - SUPPLEMENTAL SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS  
June 30, 2013

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books	
<b>Governmental Funds with State Treasurer (with SHARE fund numbers):</b>					
General Fund	06400	State Treasurer	\$ 5,662,131	\$ -	\$ 5,662,131
Corrective Action Fund	99000	State Treasurer	11,726,682	-	11,726,682
Recycling and Illegal Dumping Fund	02600	State Treasurer	481,946	-	481,946
Voluntary Remediation Fund	06600	State Treasurer	78,127	-	78,127
Air Quality Title V Fund	09200	State Treasurer	5,822,879	-	5,822,879
Severance Tax Bonds 2008	10360	State Treasurer	(41,288)	-	(41,288)
Severance Tax Bonds 2009	89200	State Treasurer	(354,789)	-	(354,789)
General Fund Capital Outlay	93100	State Treasurer	150,610	-	150,610
Brownfields Cleanup Revolving Loan Fund	11900	State Treasurer	679,866	-	679,866
Responsible Parties Fund	24800	State Treasurer	279,474	-	279,474
Hazardous Waste Fund	33900	State Treasurer	1,563,485	-	1,563,485
Liquid Waste Fund	34000	State Treasurer	332,052	-	332,052
Water Quality Management Fund	34100	State Treasurer	135,330	-	135,330
Water Recreation Facilities Fund	40000	State Treasurer	179,639	-	179,639
Water Conservation Fund	56700	State Treasurer	2,405,035	-	2,405,035
Public Water Supply System Operator and Public Wastewater Facility Operator Fund	58400	State Treasurer	164,806	-	164,806
Radiation Protection Fund	59200	State Treasurer	735,273	-	735,273
State Air Quality Permit Fund	63100	State Treasurer	1,984,940	-	1,984,940
Solid Waste Facility Grant Fund	63200	State Treasurer	610,814	-	610,814
Solid Waste Permit Fees	78300	State Treasurer	84,096	-	84,096
ARRA Fund	89000	State Treasurer	203,033	-	203,033
Nuclear Workers Assistance Fund	10980	State Treasurer	80,427	-	80,427
Hazardous Waste Emergency Fund	95700	State Treasurer	1,831,230	-	1,831,230
Radiologic Technology Fund	98700	State Treasurer	190,758	-	190,758
Storage Tank Fund	98900	State Treasurer	512,590	-	512,590
Food Service Sanitation Fund	99100	State Treasurer	897,094	-	897,094
<b>Total Governmental with State Treasurer</b>			<b>36,396,240</b>	<b>-</b>	<b>36,396,240</b>
<b>Governmental Funds Petty Cash - General Fund - 06400</b>			<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Governmental Funds</b>			<b>36,396,240</b>	<b>-</b>	<b>36,396,240</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	100,911,590	-	100,911,590
Clean Water State Administrative Fund	32700	State Treasurer	927,638	-	927,638
Rural Infrastructure Loan Fund	33700	State Treasurer	<u>18,622,122</u>	-	<u>18,622,122</u>
<b>Total Proprietary with State Treasurer</b>			<u>120,461,350</u>	-	<u>120,461,350</u>
<b>Trust and Agency Funds with State Treasurer (with SHARE fund numbers):</b>					
Fiduciary Fund - 65200	65200	State Treasurer	<u>651,401</u>	-	<u>651,401</u>
<b>Total Trust and Agency with State Treasurer</b>			<u>651,401</u>	-	<u>651,401</u>
<b>Department Total - all funds</b>			<u>\$ 157,508,991</u>	<u>\$ -</u>	<u>\$ 157,508,991</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 2 - SUPPLEMENTAL SCHEDULE OF SEVERANCE TAX BONDS**  
**Year Ended June 30, 2013**

<u>Laws</u>	<u>Chapter</u>	<u>Amount Authorized</u>	<u>Amount Reverted</u>	<u>Art in Public Places</u>	<u>Amount Available</u>	<u>Expenditures Reported Prior Years</u>	<u>Expenditures Reported Current Year</u>	<u>6/30/13 Balance Available</u>
2003	134 & 429	\$ 14,084,136	\$ (42,126)	\$ -	\$ 14,042,010	\$ (9,102,176)	\$ (4,939,834)	\$ -
2007	42 & 334	21,952,570	(141,997)	(7,200)	21,803,373	(21,648,164)	(155,209)	-
2008	92	13,262,577	(41,288)	(25,150)	13,196,139	(12,791,078)	(121,531)	283,530
2009	5,7, & 125	18,863,663	(327,333)	-	18,536,330	(12,650,110)	(5,727,106)	159,114
2011	5	3,294,400	-	(6,000)	3,288,400	-	(1,584,756)	1,703,644
2012	64	<u>6,668,016</u>	<u>-</u>	<u>(4,000)</u>	<u>6,664,016</u>	<u>-</u>	<u>(2,318,196)</u>	<u>4,345,820</u>
		<u>\$ 78,125,362</u>	<u>\$ (552,744)</u>	<u>\$ (42,350)</u>	<u>\$ 77,530,268</u>	<u>\$ (56,191,528)</u>	<u>\$ (14,846,632)</u>	<u>\$ 6,492,108</u>

**Reconciliation to the Financial Statements:**

Governmental Funds - Severance Tax Bond Revenue	\$ 13,402,232
Enterprise Funds - Severance Tax Bond Revenue	<u>1,444,400</u>
	<u>\$ 14,846,632</u>



STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 SCHEDULE 3 - SUPPLEMENTAL SCHEDULE OF SPECIAL APPROPRIATIONS  
 Year Ended June 30, 2013

Description	Authority	Appropriation Period	SHARE Fund	Total Appropriation	Reauthorization
<b>GENERAL FUND</b>					
Match of Federal Funds for					
Cleanup of Superfund Sites	Ch 227, Laws 2013	2013-2014	06400	\$ 2,841,100	\$ -
Total general fund				<u>2,841,100</u>	<u>-</u>
<b>CAPITAL PROJECT FUNDS</b>					
Capital project appropriations	Ch 63, 2012	2012-2014	93100	-	1,172,448
Total capital project funds				<u>-</u>	<u>1,172,448</u>
<b>TOTAL - ALL FUNDS</b>				<u>\$ 2,841,100</u>	<u>\$ 1,172,448</u>

<u>Total Appropriation</u>	<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Prior Year Transfers/ Reversions</u>	<u>Current Year Transfers</u>	<u>Current Year Reversion Amount</u>	<u>Remaining Balance</u>
\$ 2,841,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,841,100
<u>2,841,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,841,100</u>
<u>1,172,448</u>	<u>(444,364)</u>	<u>(652,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,039</u>
<u>1,172,448</u>	<u>(444,364)</u>	<u>(652,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,039</u>
<u>\$ 4,013,548</u>	<u>\$ (444,364)</u>	<u>\$ (652,045)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,917,139</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 4 - JOINT POWERS AGREEMENTS**  
**Year Ended June 30, 2013**

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

<b>JPA #</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 FY13</b>	<b>Fiscal Agent</b>	<b>Agency Reporting Rev. &amp; Exp.</b>
13-667-5000-0013	NMED/NMEMNRD Natural Resources Reimbursement	9/20/2014	\$ 100,000	\$ 100,000	\$ 13,714	NMED	NMED
08-667-JPA-009	Solar Project within State Parks Div. and Biomass Boiler, Ft. Bayard Hospital & School Bus Biodiesel System	Until Completed	\$ 492,000	\$ 492,000	\$ -	NMED	NMED

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT / MEMORANDA OF UNDERSTANDING**  
**Year Ended June 30, 2013**

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 FY13</b>	<b>Fiscal Agent</b>	<b>Agency Reporting Rev. &amp; Exp.</b>
05-MOU	NMED/State Personnel Office Collective Bargaining Negotiations	Until Terminated	\$ -	\$ -	\$ 1,999	NMED	NMED
09-MOU	NMED/DFA Surface Water Quality Bureau Restore Instate Streams (RERI)	9/30/2012	\$2,800,000	\$ 2,437,081	\$ -	NMED	NMED
09-667-MOA-0002	NMED/Western NM University La Cienaga Watershed San Vicente	12/31/2012	\$ 25,000	\$ 25,000	\$ 3,798	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 Taxation & Revenue Department Office of the Governor - Initiative Compliance	Until Terminated	\$ -	\$ -	\$ -	NMED	N/A
09-667-MOU-001	NMED/Santa Fe County Historical Wetlands Projects	12/30/2012	\$ -	\$ -	\$ -	NMED	N/A
09-MOU	NMED/NMFA ARRA - Revolving loan fund CPB	6/30/2013	\$ 110,000	\$ 20,000	\$ -	NMED	NMFA
10-667-MOA-0001	NMED/DFA Integrating Streams Restoration (SWQB)	10/1/2021	\$ 165,675	\$ 165,675	\$ -	NMED	NMED

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT / MEMORANDA OF UNDERSTANDING (CONTINUED)**  
**Year Ended June 30, 2013**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY13	Fiscal Agent	Agency Reporting Rev. & Exp.
11-521-0100-0064S	NMED/NMEMNRD Lower Rio Grande RERI (SWQB/GWB)	6/3/2014	\$ 125,000	\$ 125,000	\$ -	NMED	NMEMNRD
2011-NTN1-22	NMED/Univ. of Illinois Capulin Volcano (AQB)	9/30/2012	\$ 11,588	\$ 11,588	\$ 3,009	NMED	NMED
2011-MDN4-08	NMED/Univ. of Illinois NM99 Navajo Lake (AQB)	9/30/2012	\$ 13,822	\$ 13,822	\$ 3,069	NMED	NMED
10-667-5000-0009	NM State University	12/31/2012	\$ 240,605	\$ 240,605	\$ 12,819	NMED	
10-667-5000-0016	U.S. Forest Service	12/14/2014	\$ 110,017	\$ 110,017	\$ -	NMED	
11-667-5000-0031	Energy, Minerals & Natural Resources Dept.	6/30/2014	\$ 125,000	\$ 125,000	\$ -	NMED	
11-667-5000-0026	University of New Mexico Amend. 3	1/31/2013	\$ 124,258	\$ 124,258	\$ 48,106	NMED	
12-667-5000-0001	University of New Mexico	11/30/2012	\$ 25,000	\$ 25,000	\$ -	NMED	
12-667-5000-0004	University of Montana	6/30/2013	\$ 50,000	\$ 50,000	\$ 28,765	NMED	
12-667-5000-0021	U.S. Department of Agriculture	12/31/2015	\$ 11,000	\$ 11,000	\$ -	NMED	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT / MEMORANDA OF UNDERSTANDING (CONTINUED)**  
**Year Ended June 30, 2013**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY13	Fiscal Agent	Agency Reporting Rev. & Exp.
12-667-5000-0023	University of New Mexico	10/31/2014	\$ 185,000	\$ -	\$ 134,573	NMED	
13-667-1500-0001	Horizons of New Mexico	3/31/2013	\$ 19,050	\$ 19,050	\$ 19,036	NMED	
13-667-1500-0005	Horizons of New Mexico	1/31/2014	\$ 50,000	\$ 50,000	\$ 19,036	NMED	
13-667-2000-0003	NM State University	4/19/2014	\$ 40,200	\$ 40,200	\$ -	NMED	
13-667-3000-0004	NM State University	11/15/2014	\$ 271,069	\$ 271,069	\$ -	NMED	
13-667-5000-0021	University of New Mexico	1/10/2014	\$ 12,000	\$ 12,000	\$ -	NMED	
13-667-5000-0022	Energy, Minerals & Natural Resources Dept.	4/30/2013	\$ 3,800	\$ 3,800	\$ 3,800	NMED	
13-667-5000-0028	Cuidad Soil & Water Conservation Project	5/31/2013	\$ 1,277	\$ 1,277	\$ 553	NMED	
13-667-5000-0037	University of New Mexico	10/30/2016	\$ 202,000	\$ 202,000	\$ -	NMED	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 6 - FIDUCIARY FUND - AGENCY**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**June 30, 2013**

	<u>2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>2013</u>
<b>ASSETS</b>				
Investment in state general fund investment pool	\$ 543,823	\$ 2,804,426	\$ (2,696,848)	\$ 651,401
<b>TOTAL ASSETS</b>	<u>\$ 543,823</u>	<u>\$ 2,804,426</u>	<u>\$ (2,696,848)</u>	<u>\$ 651,401</u>
<b>LIABILITIES</b>				
Funds held for others	\$ 543,823	\$ 2,804,426	\$ (2,696,848)	\$ 651,401
<b>TOTAL LIABILITIES</b>	<u>\$ 543,823</u>	<u>\$ 2,804,426</u>	<u>\$ (2,696,848)</u>	<u>\$ 651,401</u>

**SINGLE AUDIT**



STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		
<b>Air Pollution Control Program Support</b>		
Emission Inventory Border Grant	66.001	\$ 7,514
Air Quality 105	66.001	<u>1,068,489</u>
		<u>1,076,003</u>
<b>State Indoor Radon Grants</b>		
Indoor Radon Outreach Program FY 10	66.032	<u>98,206</u>
<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	196,784
FY 11 Green House Gas Reporting and Emissions Red Program	66.034	<u>147,696</u>
		<u>344,480</u>
<b>State Clean Diesel Grant Program</b>		
State Clean Diesel Grant	66.040	<u>2,101</u>
<b>Congressionally Mandated Projects</b>		
Stag Set Aside	66.202	<u>65,772</u>
<b>Water Pollution Control State, Interstate, and Tribal Program Support</b>		
Ground Water 106	66.419	322,416
Surface Water 106	66.419	1,265,268
Surface Water 106 Supplemental	66.419	<u>121,381</u>
		<u>1,709,065</u>
<b>State Public Water System Supervision</b>		
Public Water Supply Supervision	66.432	<u>861,931</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>State Underground Water Source Protection</b>		
Pass-thru via NM Energy and Minerals		
Underground Injection Energy & Minerals	66.433	<u>87,666</u>
Pass-thru identifying number not specified		
<b>Water Quality Management Planning</b>		
FY 12-13 CWA 205 (j) & 604 (b) Water Quality Planning	66.454	<u>97,650</u>
<b>Capitalization Grants for Clean Water State Revolving Funds</b>		
Construction Loan, Construction	66.458	8,919,478
Construction Loan, Administration	66.458	<u>438,665</u>
		<u>9,358,143</u>
<b>Nonpoint Source Implementation Grants</b>		
319 NPS Surface Water	66.460	1,753,140
319 NPS Ground Water	66.460	140,176
319 NPS Implementation	66.460	426,594
Special Project to Restore Jaramillo Creek	66.460	<u>21,515</u>
		<u>2,341,425</u>
<b>Regional Wetland Program Development Grants</b>		
La Cienega De San Vincente	66.461	9,989
NMED Wetlands	66.461	591,466
Rapid Assessment Upper RG	66.461	34,169
Cebolla Canyon	66.461	33,646
Playas Restoration	66.461	<u>43,471</u>
		<u>712,741</u>
<b>Capitalization Grants for Drinking Water State Revolving Funds</b>		
Pass-thru via NM Finance Authority (Pass-through identifying number not specified)		
New Mexico Drinking Water Set-Asides	66.468	<u>2,165,788</u>

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>Water Protection Grants to the States</b>		
Homeland Security Water Protection	66.474	<u>11,089</u>
<b>Environmental Information Exchange Network Grant Program and Related Assistance</b>		
FY 09 Exchange Network	66.608	19,971
FY 10 Exchange Network	66.608	88,212
FY 11 Exchange Network	66.608	<u>6,699</u>
		<u>114,882</u>
<b>Pollution Prevention Grants Program</b>		
NMED FY10 Pollution Prevention Program	66.708	9,269
NMED FY13 Pollution Prevention Program	66.708	<u>23,759</u>
		<u>33,028</u>
<b>Hazardous Waste Management State Program Support</b>		
FY13 Hazardous Waste (RCRA)	66.801	<u>900,000</u>
<b>Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements</b>		
Multi-Site Superfund Bulk Funding	66.802	856,790
Superfund Sites	66.802	1,662,424
NMED Five Year Bulk Funding 2009-2015	66.802	<u>189,021</u>
		<u>2,708,235</u>
<b>Underground Storage Tank Prevention, Detection and Compliance Program</b>		
Underground Storage Tank Program	66.804	352,994
UST GIS Data Gathering	66.804	<u>37,177</u>
		<u>390,171</u>
<b>Leaking Underground Storage Tank Trust Fund Corrective Action Program</b>		
FY12 Data Gathering	66.805	4,653
Leaking Underground Storage Tank (LUST)	66.805	<u>490,550</u>
		<u>495,203</u>

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>Brownfields Assessment and Cleanup Cooperative Agreements</b>		
ARRA - Brownfield Supplemental funding (89000/11900)	66.818	696,639
Brownfield Cleanup	66.818	<u>128,697</u>
		<u>825,336</u>
<b>State and Tribal Response Program Grants</b>		
NM State Response Program	66.817	<u>531,040</u>
<b>International Financial Assistance Projects Sponsored by the Office of International Affairs</b>		
Pass-thru via BECC (TAA10-056)		
FY10 Border 2011	66.931	<u>4,397</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		<u>24,934,352</u>
<b>U.S. DEPARTMENT OF ENERGY</b>		
<b>Environmental Monitoring and Clean-up</b>		
DOE WIPP Oversight	81.214	1,984,138
<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	81.065	160,361
<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>111,293</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>		<u>111,293</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013**

<b>Federal Agency/ Pass-Through Agency</b>	<b>Federal CFDA Number</b>	<b>Federal Participating Expenditures</b>
<b>U.S. DEPARTMENT OF LABOR</b>		
<b>Occupational Safety and Health State Program</b>		
OSHA Implementation	17.503	<u>990,048</u>
<b>Consultation Agreements</b>		
OSHA Consultation Program	17.504	<u>463,668</u>
<b>OSHA Data Initiative</b>		
OSHA Data Collection	17.505	2,822
OSHA Statistics	17.505	<u>53,528</u>
		<u>56,350</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		1,510,066
<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>61,619</u>
<b>TOTAL BUREAU OF LAND MANAGEMENT</b>		<u>61,619</u>
<b>TOTAL EXPENDITURES FEDERAL AWARDS</b>		<u>\$ 28,761,829</u>
Governmental Funds - Federal Grant Revenue		\$ 19,403,686
Enterprise Funds - Federal Grant Revenue		<u>9,358,143</u>
		<u>\$ 28,761,829</u>

See Notes to the Schedule of Expenditures of Federal Awards.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2013**

**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 basic financial statements.

**NON-CASH ASSISTANCE**

The Department did not receive any federal non-cash assistance during the year ended June 30, 2013.

**LOANS**

The Department does not have any loans outstanding with the Federal government at June 30, 2013.

**SUBRECIPIENTS**

The Fund receives capitalization grants to create and maintain the Clean Water State Revolving Fund program (CWSRF, CFDA 66.458). The Fund 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 Fund must be paid within 20 years and all repayments, including interest and principal, must remain within the Wastewater Facility Construction Loan Fund of the Fund. Capitalization loans processed for CWSRF for the year ended June 30, 2013 were \$9,806,137. CWSRF outstanding loans at June 30, 2013 were \$162,756,048. In addition, as detailed in the schedule below, the Fund provided \$1,939,340 in grants to the various communities throughout New Mexico as grants, in which the non-state match amounts are included in the schedule of expenditures of federal awards as Construction Loan, Construction (CFDA 66.458).

<u>Community</u>	<u>Amount</u>
Sandoval County/Cuba	\$ 971,877
Corrales	559,287
El Valle De Los Ranchos	<u>408,176</u>
<b>Total</b>	<b><u>\$ 1,939,340</u></b>



**INDEPENDENT AUDITORS' 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. Ryan Flynn  
State of New Mexico Environment Department and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the New Mexico Environment Department (the Department) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Department, presented as supplementary information, and have issued our report thereon dated December 5, 2013.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies (2012-003 and 2013-006).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002, 2013-003, and 2013-004.

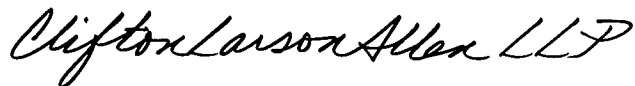
### **The Department's Responses to Findings**

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

**CliftonLarsonAllen LLP**



Albuquerque, New Mexico  
December 5, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Mr. Ryan Flynn  
State of New Mexico Environment Department and  
Mr. Hector H. Balderas  
New Mexico State Auditor

**Report on Compliance for Each Major Federal Program**

We have audited New Mexico Environment Department's (the Department) compliance 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 the Department's major federal programs for the year ended June 30, 2013. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Department complied, in all material respects, with the types of compliance 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, 2013.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, 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 items 2006-008, 2012-002 and 2013-007. Our opinion on each major federal program is not modified with respect to these matters.

The Department's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Department'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2006-008, 2012-002, 2013-007 and 2013-005, that we consider to be significant deficiencies.

The Department's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

*CliftonLarsonAllen LLP*

Albuquerque, New Mexico  
December 5, 2013

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

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 auditors' report issued on compliance for major programs: Unmodified

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**

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.503	Occupational Safety and Health State Program
66.001	Air Pollution Control Program Support
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
66.801	Hazardous Waste Management State Program Support
66.802	Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements
81.214	Environmental Monitoring/Clean-up

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013**

**Section I - Summary of Auditors' Results (continued)**

Dollar threshold used to distinguish  
between type A and type B programs                      \$862,855

Auditee qualified as low-risk auditee?                       yes                       no

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Section II – Financial Statement Findings**

**2012-003 Internal Control over Financial Close and Reporting (Significant Deficiency)**

**Condition:** During our audit, there were an excessive amount of client prepared journal entries and audit entries required to properly prepare the financial statements in accordance with Generally Accepted Accounting Principles.

**Criteria:** NMAC 2.20.5.8 requires agencies to ensure all transactions are properly classified in the agency's accounting records. In addition, MAPs establishes the requirement that state agencies: 1) verify monthly that all transactions have been posted in SHARE, and 2) prepare any reclassification or adjusting entries as soon as they are known.

**Cause:** During FY13, management revised various procedures of the Department and how transactions are recorded, which improved the proper recording of transactions during the course of the fiscal year. The Department, however, still lacks controls and procedures surrounding the overall year-end financial close and reporting process.

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

**Recommendation:** We recommend the Department evaluate all aspects of the financial close and reporting process, and establish effective internal controls and procedures to ensure monthly and year-end verifications of transactions posted in SHARE are performed and that reclassification or adjusting journal entries are prepared as soon as they are known.

**Management's Response:** Management concurs with the finding and recommendation. As stated in the recommendation and as is currently being practiced, the Department will continue to evaluate and enhance the processes required for monthly reconciliations and a timely year-end close. During the year, the Department did implement several policies regarding sound accounting practices and also held several trainings. The Department will continue to provide bureau specific training in order to timely effectuate the year-end close process. The Chief Financial Officer is responsible for implementation of the Department's year-end close, which will be modified for close of fiscal year 2014. It should be noted that the ultimate responsibility lies with the financial managers charged with producing accurate and timely documents required for the annual close.

**2013-006 Severance Tax Bond Capital Projects (Significant Deficiency)**

**Condition:** During our audit, the following issues were noted related to the STB capital projects of the Department:

- Expenditures totaling \$20,000 were drawn from the Board of Finance (BOF) twice; one draw was deposited into fund 89200 and the other in fund 06400.
- Expenditures totaling approximately \$11,000 were drawn from EMNRD; however, the expenditures recorded in SHARE did not agree to the amount drawn and, as a result, this amount is owed back to EMNRD.
- As of June 30, 2013, the Department had expenditures totaling approximately \$71,000 with a reversion date of June 30, 2013; however, these funds were not drawn from BOF until November 2013.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013**

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

**2013-006 Severance Tax Bond Capital Projects (Significant Deficiency) (continued)**

- During FY13, the Department incorrectly submitted a reversion notification to DFA/FCD in the amount of approximately \$41,000 related to STB projects, for which the Department does not have unexpended funds to revert.

**Criteria:** As outlined in the DFA Capital Project Management Process, notarized requests for payments are due 20 days from the end of the quarter in which the expenditure occurred or from reversion date, in which this should be based on actual expenditures. In addition, the Department should provide BOF with certification of reversion amounts by July 25<sup>th</sup> after the reversion date of June 30, 20xx. This will allow BOF to revert unexpended funds from BOF to STO.

**Cause:** Management oversight, lack of controls over draws for projects managed outside of the Construction Program Bureau.

**Effect:** Possible misstatements of the financial statements, possible loss of available funds if not drawn timely or inappropriately reverted.

**Recommendation:** We recommend the Department establish procedures and controls to ensure consistent processing and management of STB capital projects and draws to ensure compliance with DFA guidelines.

**Management's Response:** Management acknowledges the various oversights in the control process and will evaluate and modify current practices to ensure draws are completed timely, recorded in the proper fund and that reversions notifications are validated with sufficient support documentation prior to the transfer, if any. The Program Financial Managers will be responsible for reconciling financial transactions on a monthly basis, and for reporting accurate information used for the reversion. The Chief Financial Officer is responsible for ensuring the reversion notification and transmittal are performed in accordance with established timeframes.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013**

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

**2012-002 Payroll Charges to Federal Grants (Significant Deficiency, Instance of Non-compliance)**

**Applicable Compliance Requirement:** Allowable Costs/Cost Principles

**Condition:** During single audit payroll test work over allowable costs, the following issues were noted which are detailed by CFDA and Federal Program:

**CFDA 17.503 – Occupational Safety and Health Program**

- On 11 of 40 payroll transactions tested, the manual timesheets provided lacked the signature of the employee or supervisor.
- On 3 of 40 payroll transactions tested, the Department was unable to provide the manual timesheets.

**CFDA 66.001 – Air Pollution Control Program Support**

- On 2 of 40 payroll transactions tested, the timesheets provided did not agree to the hours charged to the grant within SHARE. As a result, the net amount overcharged to the grant totaled approximately \$31.

**CFDA 66.468 – Drinking Water State Revolving Fund**

- On 3 of 40 payroll transactions tested, the manual timesheets provided lacked the signature of the supervisor.
- On 1 of 40 payroll transactions tested, the timesheet provided did not agree to the hours charged to the grant within SHARE. As a result, the net amount overcharged to the grant totaled approximately \$1,728.

**Criteria:** Per OMB A-133 and federal agreements, the programs will be reimbursed for actual costs incurred. In addition, A-102 Common Rule requires that non-Federal entities receiving Federal Awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. In addition, per OMB Circular A-87, for employees who work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personal activity reports or equivalent documentation

**Cause:** During FY13, the Department implemented changes as to how the Department documents and supports payroll charges to federal programs in an effort to ensure compliance with federal regulations. As a result, the issues noted related to payroll substantially decreased and the Department is still improving this process and the controls surrounding it.

**Effect:** Non-compliance with applicable regulations, possible over-charges to the federal grants.

**Recommendation:** We recommend that management continue to monitor the newly implemented processes and procedures and continue to make improvements to ensure 100% compliance.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

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

**2012-002 Payroll Charges to Federal Grants (Significant Deficiency, Instance of Non-compliance) (continued)**

**Management's Response:** As noted in the recommendation, the Department took direct action during the year to address and remedy this condition to include staff training, conducting internal compliance audits and the creation, development and implementation of policies. The Department will continue to perform the time and labor audits to ensure compliance with the federal circular and agency policies. Additionally, Human Resources policy 02-36 has been revised with an adoptive date of November 19, 2013 and an effective date of November 23, 2013. The revised policy will address non-compliance issues for federal time and labor reporting through personnel remedies. Last, ultimately it is the responsibility of the employee to accurately record their time and labor efforts both on the Personnel Activity Report and in SHARE HCM, and it is the supervisor's responsibility to validate the time and labor efforts in accordance with the Department policies:

**2006-008 Federal Grant Reporting (Significant Deficiency, Instance of Non-compliance)**

**Applicable Compliance Requirement:** Reporting

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

- CFDA 81.214 – Environmental Monitoring/Cleanup - 1 out of 3 financial reports tested was not filed timely. This instance of non-compliance was disclosed by the Department during the audit.

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

**Cause:** During FY13, the Department implemented revised policies and procedures surrounding the filing of the various required reports due to ensure compliance. This instance was an oversight as there were no expenditures yet to be reported.

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

**Auditors' Recommendation:** We recommend that management continue to monitor the newly implemented procedures to ensure compliance.

**Management's Response:** We concur with the recommendation to continue to monitor compliance through reviews and testing, and will advise staff that reports are due as required, regardless of incurred expenditures. The Grant Unit staff of the Financial Services Bureau of the Administrative Services Division is responsible for the timely federal financial reports. The corrective action is ongoing.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013**

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

**2013-007 Suspension and Debarment (Significant Deficiency, Instance of Non-compliance)**

**Applicable Compliance Requirement:** Procurement and Suspension and Debarment

**Condition:** During our single audit testing over suspension and debarment, we noted the following issues:

- 5 of 11 contracts awarded lacked evidence that the vendors were checked against the excluded parties list (EPLS) for federally suspended or debarred vendors, or the check was done after the contract was awarded.
- 3 of 11 contracts awarded lacked the certification by the employee on the contract routing slip. However, there was evidence the Department checked the EPLS.

**Federal Programs:** CFDA 66.001 – Air Pollution Control Program Support, CFDA 66.460 – Nonpoint Source Implementation Grants, and CFDA 66.802 – Comprehensive Environmental Response.

**Criteria:** A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal Awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. A-133 prohibits non-Federal entities from contracting with or making sub awards to other entities under covered transactions that are suspended or debarred or whose principals are suspended or debarred.

**Cause:** Lack of effective internal controls associated with procurement function associated with federal grant funds.

**Effect:** Possible non-compliance with applicable regulations.

**Auditor's Recommendation:** Management has already established a procedure in which employees can comply with the requirements. We recommend, however, that management monitor the process to ensure the procedures are being followed to ensure compliance.

**Management's Response:** Management concurs with the finding and recommendation. The Department was unaware that there were two other options that could have been utilized to effect compliance with the circular. During a period in the fiscal year, the federal site for checking for debarment status was non-operational and notations were made to check the site upon its becoming functional, which was done post contract execution. None of the contractors were found to be debarred. The Department will continue to monitor this process for compliance. The corrective action taken was under the direction of the Chief Financial Officer.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013**

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

**2013-005 – Federal Grant Matching (Significant Deficiency)**

**Applicable Compliance Requirement:** Matching, Level of Effort, Earmarking

**Condition:** During our single audit testing over matching requirements for ENV00202-CFDA 66.460, we noted the Department does not currently have adequate controls in place to track actual matching amounts.

**Federal Programs:** CFDA 66.460 – Nonpoint Source Implementation Grants

**Criteria:** A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal Awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

**Cause:** Lack of effective internal controls surrounding the matching amounts used for the matching requirements for this specific grant.

**Effect:** Possible non-compliance with applicable regulations.

**Auditor's Recommendation:** We recommend management ensure effective controls and procedures are established for all grants which have matching requirements and that these amounts are monitored during the grant period to ensure compliance with matching requirements.

**Management's Response:** Management concurs with the finding. The Department will evaluate internal controls and policies to require a reconciliation of supporting documents and schedules against the expenditures recorded in SHARE Financials and SHARE HCM. The Chief Financial Officer is responsible for evaluating the internal controls and financial policies, and changes to such will be made by late winter, if revisions are warranted. The Program Financial Managers are the responsible positions to correct the match reporting deficiencies unique to their respective areas. These managers must implement their corrective action by February 2014, and the process for monitoring will be done during the quarterly budget reviews.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Section IV – Other Findings**

**2013-001 Cash Receipts Not Recorded or Deposited in a Timely Manner (Compliance and Other Matters)**

**Condition:** During our internal control test work over cash receipts, we noted that 3 out of 22 receipts for a total of \$800 were 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:** Management oversight, lack of effective processes surrounding the receipting process to ensure timely deposits.

**Effect:** Non compliance with applicable laws and regulations.

**Auditor's Recommendation:** We recommend that management establish effective processes 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:** Management does concur with the finding and notes that it has been addressed with Department financial staff. The Department will continue to evaluate the current processes in order to reduce the likelihood of non-compliance with 6-10-3 NMSA 1978. The Chief Financial Officer is the position responsible for providing training to agency staff for compliance with the statute, and will meet with agency financial staff during mid-year to review the findings and corrective actions. Additionally, subsequent meetings regarding all financial matters will be reviewed quarterly as is currently being practiced. It should be noted that the individual position that is charged with making the deposit does so in accordance with the state statute.

**2013-002 Travel and Per Diem (Compliance and Other Matters)**

**Condition:** During our testing of travel and per diem disbursements, we noted the following issues:

- Of the 22 travel and per diem disbursements reviewed, we noted 1 in which an employee was incorrectly reimbursed for approximately 110 miles due to an error in the mileage calculator used.
- Of the 22 travel and per diem disbursements reviewed, we noted 1 in which an employee claimed a post of duty of Albuquerque instead of correctly claiming Santa Fe, thus resulting in an inappropriate reimbursement of \$290 to the employee.
- The Department does not have a process in place to track employees who are reimbursed in excess of \$1,500, which would require notification to the department head prior to further reimbursement.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

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

**2013-002 Travel and Per Diem (Compliance and Other Matters) (continued)**

**Criteria:** The Department should have policies and procedures to ensure travel and per diem disbursements are made in compliance with Section 10-8-4 NMSA. In addition, section 10-8-5 NMSA states that any person who is not an employee, appointee or elected official of a county or municipality and who is reimbursed under the provisions of the Per Diem and Mileage Act in an amount that singly or in the aggregate exceeds one thousand five hundred dollars (\$1,500) in any one year shall not be entitled to further reimbursement under the provisions of that act until the person furnishes in writing to his department head or, in the case of a department head or board or commission member, to the governor or, in the case of a member of the legislature, to the New Mexico legislative council an itemized statement on each separate instance of travel covered within the reimbursement, the place to which traveled and the executive, judicial or legislative purpose served by the travel.

**Cause:** Management oversight.

**Effect:** Non-compliance with applicable statutes.

**Auditor's Recommendation:** We recommend management evaluate the applicable statutes and establish procedures to ensure compliance.

**Management's Response:** Management concurs with the finding and will review the mileage calculator within the travel database, which produces the itemized schedules for travel, to ensure that programming defects are corrected. Additionally, management has changed processes for auditing travel related documents to include manual verification and validation of the calculations produced by the travel database. Management is in the process of posting the latest version of the Per Diem & Mileage Act on the intranet and, once completed, will notify Department staff of specific allowances and non-allowable items with regard to 2.42.2 NMAC. Lastly, Management will create a tracking process to ensure compliance with 10-8-51 NMSA 1978. The Chief Financial Officer is responsible for implementing the tracking process, which is currently scheduled for completion by mid-year.

**2013-003 Authorized Payroll Deductions (Compliance and Other Matters)**

**Condition:** During our review of 22 personnel files, we noted 1 employee who had a payroll check deduction for dependent life insurance. The employee, however, did not have any dependents and didn't authorize this deduction.

**Criteria:** The Department should have effective controls established to ensure only authorized deductions are being deducted from an employee's paycheck.

**Cause:** Lack of effective internal controls surrounding authorized payroll deductions, management oversight.

**Effect:** Without adequate controls over authorized payroll deductions, the Department could be deducting incorrect amounts from employees' paychecks.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2013**

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

**2013-003 Authorized Payroll Deductions (Compliance and Other Matters) (continued)**

**Auditor's Recommendation:** We recommend that management establish effective controls to ensure all payroll deductions are properly authorized.

**Management's Response:** Management concurs with the finding and has modified processes to validate the proper recording of deductions listed on the form against SHARE HCM through November of 2013. Beyond 2013, the State (Risk Management) has hired a third party administrator to administer all benefits for state employees. It is no longer the responsibility of Agency personnel to manage benefits. Additionally, the Department will continue to inform employees to review their payroll deductions as listed on their deposit advice so that discrepancies, if any, can be corrected. The Human Resources Bureau staff will be responsible for reviewing the information during the orientation for employees. This will be done on an ongoing basis.

**2013-004 Network Access (Compliance and Other Matters)**

**Condition:** During the internal control test work over user access as it relates to the IT environment, 6 out of 10 employees tested did not have their access promptly terminated after their termination date.

**Criteria:** The Department should have effective controls and procedures in place to ensure network and system access is promptly terminated upon termination of an employee from the Department to prevent unauthorized access.

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

**Effect:** Possible unauthorized access to the system or unauthorized changes to the system.

**Auditor's Recommendation:** We recommend management establish effective controls and procedures to ensure terminated employees' system access is removed promptly.

**Management's Response:** Management concurs with the finding and the Department is working to remedy this issue through enhanced and mandatory notification requirements when employees terminate from service. Those mandatory notification requirements have been implemented by the Department to limit the possibility of such a finding. The Chief Information Officer and the Human Resources Bureau Chief are the responsible positions for the corrective action which is scheduled to be completed by mid-year.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2013**

**Section II – Financial Statement Findings**

**2012-001 Capital Asset Purchases (Significant Deficiency) – Resolved**

During our Single Audit test work for CFDA 66.001 (Air Pollution Control Program Support), it was noted that 3 out of 40 vouchers tested totaling approximately \$45k were for purchases of items meeting the capitalization threshold, but were not properly coded and capitalized. In addition, during capital asset test work it was noted that an additional approximately \$155k in capital asset purchases were not properly coded and, as a result, were excluded from the capital asset listing.

**2012-002 Time and Labor Charging Practices to Federal Programs (Material Weakness) – Resolved but repeated as Federal Award finding only**

During an audit by the OIG of the EPA of the Department's labor charging practices, it was discovered that the Air Quality Bureau (aqb) and Drinking Water Bureau (DWB) of the Department (NMED) did not always charge labor and related costs according to 2 CFR requirements. These bureaus charged labor, fringe benefit, and indirect costs to federal grants based on budget, rather than actual activities performed. This occurred at aqb from the inception of NMED's current accounting system, SHARE, in July 2006 to June 25, 2010, and DWB through April 14, 2012.

In addition, during our payroll test work over allowable costs the following issues were noted:

**CFDA 66.001**

- The Department was unable to provide timesheets to support the charges to the grant for 2 out of 40 payroll disbursements.
- Of the 38 out of 40 timesheets received, there were 3 lacking evidence of supervisory approval of timesheet.
- Of the 38 out of 40 timesheets received, there were 6 in which the hours charged to the grant per the timesheet didn't agree to the hours actually charged to the grant.

**CFDA 66.468**

- The Department was unable to provide timesheets to support the charges to the grant for 25 of 40 payroll disbursements tested.
- Of the 15 out of 40 timesheets received, there were 6 lacking evidence of supervisory approval of timesheet.
- 31 out of the 40 payroll disbursements tested were based on budgeted labor allocations instead of actual hours worked on the grant.

**CFDA 66.802**

- On 2 of the 40 timesheets tested, the hours charged to the grant per the timesheet didn't agree to the hours actually charged to the grant.

**CFDA 66.432**

- The Department was unable to provide timesheets to support the charges to the grant for 19 of 40 payroll disbursements tested.
- Of the 21 of 40 timesheets received, there was one lacking evidence of supervisory approval of the timesheet.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2013**

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

**2012-003 Internal Control over Financial Close and Reporting (Significant Deficiency) – Repeated**

- 25 of the 40 payroll disbursements tested were based on budgeted labor allocations instead of actual hours worked on the grant.

During our test work we noted the following issues:

- When re-calculating the final year-end transfers from the Special Revenue Funds to the Department's General Fund, it was noted that the Department used incorrect percentages in the calculation for fund 63100 and fund 99000, which required adjustments of \$172,975 for fund 63100 and \$14,811 for fund 99000.
- An excessive amount of reclassifying and adjusting journal entries were required during the audit to properly prepare the financial statements in accordance with Generally Accepted Accounting Principles.

**2011-001 Reconciliation of Federal Revenue to Schedule of Expenditures of Federal Awards (Significant Deficiency) – Resolved**

During the fiscal year, the Department did not properly reconcile and record federal revenue and related receivables. In addition, the Department did not post the June 30, 2012 closing adjustments to federal revenue and the related receivables in a timely manner. As a result, the Department prepared and posted adjustments to federal revenue in the amount of approximately \$2.5m as audit adjustments. In addition, audit adjustments in the amount of approximately \$50k were posted to reconcile the federal revenue to the schedule of expenditures of federal awards.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2013**

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

**2012-001 Capital Asset Purchases (Significant Deficiency) – Resolved**

During our Single Audit test work for CFDA 66.001 (Air Pollution Control Program Support), it was noted that 3 out of 40 vouchers tested totaling approximately \$45k were for purchases of items meeting the capitalization threshold, but were not properly coded and capitalized. In addition, during capital asset test work it was noted that an additional approximately \$155k in capital asset purchases were not properly coded and, as a result, were excluded from the capital asset listing.

**2012-002 Time and Labor Charging Practices to Federal Programs (Material Weakness) – Repeated and Updated**

During an audit by the OIG of the EPA of the Department's labor charging practices, it was discovered that the Air Quality Bureau (AQB) and Drinking Water Bureau (DWB) of the Department (NMED) did not always charge labor and related costs according to 2 CFR requirements. These bureaus charged labor, fringe benefit, and indirect costs to federal grants based on budget, rather than actual activities performed. This occurred at AQB from the inception of NMED's current accounting system, SHARE, in July 2006 to June 25, 2010, and DWB through April 14, 2012.

In addition, during our payroll test work over allowable costs the following issues were noted:

**CFDA 66.001**

- The Department was unable to provide timesheets to support the charges to the grant for 2 out of 40 payroll disbursements.
- Of the 38 out of 40 timesheets received, there were 3 lacking evidence of supervisory approval of timesheet.
- Of the 38 out of 40 timesheets received, there were 6 in which the hours charged to the grant per the timesheet didn't agree to the hours actually charged to the grant.

**CFDA 66.468**

- The Department was unable to provide timesheets to support the charges to the grant for 25 of 40 payroll disbursements tested.
- Of the 15 out of 40 timesheets received, there were 6 lacking evidence of supervisory approval of timesheet.
- 31 out of the 40 payroll disbursements tested were based on budgeted labor allocations instead of actual hours worked on the grant.

**CFDA 66.802**

- On 2 of the 40 timesheets tested, the hours charged to the grant per the timesheet didn't agree to the hours actually charged to the grant.

**CFDA 66.432**

- The Department was unable to provide timesheets to support the charges to the grant for 19 of 40 payroll disbursements tested.
- Of the 21 of 40 timesheets received, there was one lacking evidence of supervisory approval of the timesheet.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2013**

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

**2012-002 Time and Labor Charging Practices to Federal Programs (Material Weakness) – Repeated and Updated (continued)**

- 25 of the 40 payroll disbursements tested were based on budgeted labor allocations instead of actual hours worked on the grant.

**2011-001 Reconciliation of Federal Revenue to Schedule of Expenditures of Federal Awards (Significant Deficiency) – Resolved**

During the fiscal year, the Department did not properly reconcile and record federal revenue and related receivables. In addition, the Department did not post the June 30, 2012 closing adjustments to federal revenue and the related receivables in a timely manner. As a result, the Department prepared and posted adjustments to federal revenue in the amount of approximately \$2.5m as audit adjustments. In addition, audit adjustments in the amount of approximately \$50k were posted to reconcile the federal revenue to the schedule of expenditures of federal awards.

**2006-008 Federal Grant Reporting (Significant Deficiency) – Repeated and Updated**

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

- CFDA 66.001 - Air Pollution Program Support - The Department was unable to provide evidence of submission for 2 out of 2 performance reports requested.
- CFDA 66.460 - Nonpoint Source Implementation - 1 out of 2 financial reports tested was filed late; 1 out of 3 performance reports tested was filed late.
- CFDA 66.802 - Comprehensive Environmental Response - 1 out of 3 performance reports was filed late.
- CFDA 81.502 - Renewable Energy Research and Development - 4 out of 4 financial reports tested were not filed; 1 out of 1 performance reports tested was filed late.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2013**

**Section IV – Other Findings**

**Finding 2012-004 Petty Cash Accounts (Compliance and Other Matters) – Resolved**

In fiscal year 2012, the Department questioned the need for Petty Cash Accounts. It was determined that these accounts were not needed because of increased efficiencies in processing purchase documents, while there was also a need to decrease exposure to loss through enhancing internal controls. The Department began to close the agency's 38 Petty Cash Accounts in accordance with MAPs. During mid-summer, it was found that there were 4 Petty Cash accounts that were not accounted for totaling \$735.00. The Department was vigorous in its efforts to locate all of the accounts, but did note that because of staff turnover, lack of a routine reconciliation process, and minimal usage of the accounts, not all were properly accounted or maintained. In addition, two of the accounts closed did not balance to the amounts established in SHARE. Upon providing DFA with documentation showing the established original amounts of the two petty cash accounts, DFA closed the accounts for the amounts requested, but did not reduce the difference in SHARE of the two petty cash accounts. Therefore, the total amount remaining in SHARE is \$885.00. The Department has been in contact with the Department of Finance & Administration for guidance on this matter. The Department was advised to address the issue with the external auditors and submit an adjusting entry to resolve the issue. The Department is taking appropriate action to clear out all of the accounts.

**2010-007 Lack of Formal Disaster Recovery Plan (Compliance and Other Matters) – Resolved**

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
EXIT CONFERENCE  
June 30, 2013**

An exit conference was held with the Department on November 26, 2013. The conference was held at the Department's offices in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

**NEW MEXICO ENVIRONMENT DEPARTMENT**

Cathy Atencio	ASD Director (Acting)
Vince Lithgow, CGFM	Chief Financial Officer
Marlene Cordova	General Ledger Manager
Barbara MacLellan	Budget Director

**CLIFTONLARSONALLEN LLP**

Georgie Ortiz, CPA, CGFM, Principal  
Matt Bone, CPA, CGFM, Manager  
Jane Partin, CPA, 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.