

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

**FINANCIAL STATEMENTS  
June 30, 2014**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>OFFICIAL ROSTER</b> .....	1
<b>INDEPENDENT AUDITORS' REPORT</b> .....	2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	5
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position .....	16
Statement of Activities .....	18
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	20
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position .....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	25
Statement of Revenues and Expenditures – Major Governmental Funds – Budget and Actual (Budgetary Basis) .....	26
Statement of Net Position – Proprietary Funds .....	30
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	31
Statement of Cash Flows – Proprietary Funds .....	32
Statement of Fiduciary Assets and Liabilities – Agency Fund .....	34
Notes to Financial Statements .....	35
<b>SUPPLEMENTARY INFORMATION</b> .....	67
Special Revenue/Capital Project Funds –	
Non-Major Governmental Funds .....	68
Combining Balance Sheet – Non-major Governmental Funds .....	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds .....	77
Recycling and Illegal Dumping Fund (02600) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	82

Voluntary Remediation Fund (06600) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	83
Air Quality Title V Fund (09200) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	84
Nuclear Workers Assistance Fund (10980) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis).....	85
Brownfields Cleanup Revolving Loan Fund (11900) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis).....	86
Responsible Parties Fund (24800) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	87
Hazardous Waste Fund (33900) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	88
Liquid Waste Fund (34000) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	89
Water Quality Management Fund (34100) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	90
Water Recreation Facilities Fund (40000) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	91
Water Conservation Fund (56700) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	92
Public Water Supply System Operator and Public Wastewater Operator Fund (58400) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	93
Radiation Protection Fund (59200) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	94
State Air Quality Permit Fund (63100) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	95
Solid Waste Facility Grant Fund (63200) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis).....	96
Solid Waste Permit Fees (78300) – Statement of Revenues and Expenditures – Budget and Actual (Budgetary Basis).....	97
American Recovery and Reinvestment Act (ARRA) (89000) – Statement of Revenues and Expenditures – Budget and Actual (Budgetary Basis).....	98
Hazardous Waste Emergency Fund (95700) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis).....	99
Radiologic Technology Fund (98700) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis).....	100
Storage Tank Fund (98900) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	101
Food Service Sanitation Fund (99100) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis).....	102
Severance Tax Bonds 2009 (89200) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	103
General Fund Capital Outlay (93100) - Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) .....	104
Wastewater Facility Construction Loan Fund (12100) - Statement of Revenues and Expenses - Budget and Actual (Budgetary Basis).....	105
Clean Water Administrative Fund (32700) - Statement of Revenues and Expenses - Budget and Actual (Budgetary Basis).....	106
Rural Infrastructure Revolving Loan Fund (33700) - Statement of Revenues and Expenses - Budget and Actual (Budgetary Basis).....	107

<b>SUPPLEMENTAL INFORMATION REQUIRED BY SECTION 2.2.2 NMAC .....</b>	<b>108</b>
Schedule 1 – Supplemental Schedule of Individual Deposit Accounts.....	109
Schedule 2 – Supplemental Schedule of Severance Tax Bonds .....	111
Schedule 3 – Supplemental Schedule of Special Appropriations.....	112
Schedule 4 – Joint Powers Agreements .....	114
Schedule 5 – Memoranda of Agreement/Memoranda of Understanding.....	115
Schedule 6 – Fiduciary Fund – Agency - Schedule of Changes in Assets and Liabilities .....	117
<b>SINGLE AUDIT .....</b>	<b>118</b>
Schedule of Expenditures of Federal Awards .....	119
Notes to the Schedule of Expenditures of Federal Awards .....	124
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 <i>Government Auditing Standards</i> .....	125
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	127
Schedule of Findings and Questioned Costs .....	130
Summary Schedule of Prior Year Audit Findings.....	139
Exit Conference.....	143

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
OFFICIAL ROSTER  
June 30, 2014**

**Office of the Secretary**

Ryan Flynn, Cabinet Secretary

Butch Tongate, Deputy Cabinet Secretary

**Division Directors**

Stacy Y. Lopez, Administrative Services Division

Mary Montoya, Information Technology Division

Tom Blaine, Environmental Health Division

Trais Kliphuis , Acting Resource Protection Division

Michael Vonderheide, Environmental Protection Division



# CliftonLarsonAllen

## INDEPENDENT AUDITORS' REPORT

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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 the major special revenue fund of the State of New Mexico Environment Department (the Department), as of and for the year ended June 30, 2014, 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 all nonmajor and major enterprise 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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the 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, 2014, and the respective changes in financial position and the respective budgetary comparisons for all nonmajor and major enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphases of Matters***

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2014, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 20, the beginning fund balance and net position required a restatement to correct a misstatement in the June 30, 2013 financial statements. Our opinion is not modified with respect to this matter.

### ***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 15 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*

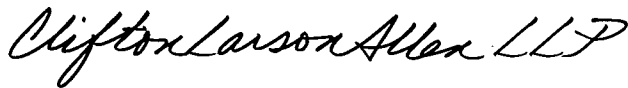
Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2.NMAC as listed in the table of contents 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 as listed in the table of contents 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 as listed in the table of contents 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 10, 2014 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Department's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**



Albuquerque, New Mexico  
December 10, 2014



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2014**

**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, 2014. This overview and analysis summarizes the Department's financial activities and operations for the state fiscal year 2014, which is the period between July 1, 2013 and June 30, 2014 (*FY14*). 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 four 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 two funds as major funds: the General Fund and the Corrective Action 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

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 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 2014, the Department operated with four divisions within four budgetary programs. Through these programs, which include Resource Management, Resource Protection, Environmental Protection and Environmental Health, 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 FY14 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2014**

**Highlights** – The Financial Services Bureau (FSB) implemented desktop scanners which enables the staff to deposit checks received directly from their workstation which is more effective than depositing the checks at fiscal agent bank Wells Fargo. The desktop scanner implementation allowed offices with limited staff to continue to remain open for the public whereas prior to the implementation of the desktop scanners these offices were forced to close for a short period of time to make the deposit at the bank in order to meet the next business day statutory deadline. The changes in the financial processes were implemented through training provided by FSB in April 2014.

**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 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, Petroleum Storage Tank program, and various federal Clean Water Act grants. Some of 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** – In FY14, the Ground Water Quality Bureau significantly reduced the number of permitted facilities from 965 at the beginning of the fiscal year, to 895 at the end of the fiscal year. This was due to an initiative directed at reviewing and terminating inactive permits for facilities that had not discharged for a significant period of time. Many of the permits had expired, and the Bureau undertook a program to review and terminate permits for facilities no longer discharging, where all closure activities had been verified. Additionally, during FY14 the program transferred a number of small volume permits to the Liquid Waste Program, which changed their regulations and method of calculating discharge volume, effective September 2014. Even with this change in focus, the Bureau conducted more than its targeted goal of inspecting more than half of all permitted facilities during the fiscal year.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2014**

Water quality surveys are conducted on an eight-year rotational cycle and the data collected are checked for reliability. Surveys generally begin in February and end in November. Water quality sampling was performed at 60 sites/assessment units within the survey area. Some survey years include small watersheds with a dense network of sampling stations due to the high level of development and human activity. Other survey years include geographically extensive watersheds with a lower density of sampling stations due to the less-developed nature of the watershed. As a result, annual stream miles monitored annually can vary greatly. In state FY14, we were able to monitor 1,401 miles of streams and rivers - nearly twice our goal.

As part of the eight-year rotational cycle, the Groundwater Bureau monitored four to eight lakes per year depending on size, location and access issues. The number of lake acres monitored per year varies greatly depending on the size of the water bodies in the watershed(s) being studied in a given year. In FY14, a total of 26,773 acres of lakes were monitored.

In FY14, 18 petroleum storage tank release sites met applicable standards and thus achieved no further action status. This number is reflective of the time required to achieve standards (usually spanning multiple years).

The Petroleum Storage Tanks Bureau found 83% of the underground storage tank facilities that were inspected in FY14 achieved significant operational compliance with release prevention and release detection requirements of the petroleum storage tank regulations. This percentage includes facilities that corrected violations during the year.

#### **Environmental Health Program (P569)**

The purpose of the Environmental Health 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** - During SFY 2014, the Construction Programs Bureau funded 3 new projects totaling \$4,018,600 from RIP. Loans and grants from the CWSRF supported 3 new projects totaling \$29,336,364

In FY13, CPB was awarded \$6,908,000 in a CWSRF capitalization grant which requires a 20% state match of \$1,381,600, totaling \$8,289,600 to be committed in FY14. In FY14 signed grant/loan agreements totaled \$29,336,364. This resulted in 354% [ $\$29,336,364$  (FY14 executed agreements)/ $\$8,289,600$  (amount to be committed in FY14)] of the grant and associated state match funds being committed to New Mexico communities for wastewater infrastructure development.

The percent of new, modified or registered liquid waste systems granted final operating approval that were inspected by the Department in FY14 was 100%; there were 3,275 inspections performed for 3,275 systems installed and granted final operating approval. Inspections ensure proper installation and operations in order to prevent groundwater contamination.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2014**

The Environmental Health Bureau performed 208 free well water tests in FY14. Field offices continue to advertise for and perform private well water testing services on demand and through water fairs (as chemical testing reagents and staff are available) in order to provide homeowners with a test of the quality of their drinking water as well as to provide the Department with valuable information on the quality of ground water resources state-wide.

The percent of annual permitted food establishments inspected within timeframe due for FY14 was 99.6% (6,072 inspections completed out of 6,097 inspections due). The Environmental Health Bureau is required to conduct a routine inspection of all permitted facilities at a minimum of once per annual permit cycle and it is important to note that an inspection will be completed as soon as possible for those facilities not inspected timely.

The percent of high-risk food related violations corrected within the timeframes noted for FY14 was 99.3% (8,064 violations corrected out of 8,121 corrections due). As protocol allows, EHB staff must assess the severity and public health significance of any inspection result and may (1) have the high risk violation corrected on-site; (2) require a correction be made at a later follow-up inspection; or (3) issue a Notice of Corrective Action Response form that must be sent back to staff documenting and certifying a correction made. For those violations that are not corrected timely, diligent effort is made by staff to ensure the facility corrects the violations.

**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 Solid Waste Management Bureau which 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. The Air Quality Bureau protects the inhabitants and natural beauty of New Mexico by preventing the deterioration of air quality. The Radiation Control Bureau controls the beneficial uses of ionizing radiation, while providing for protection against intrinsic hazards that it can pose to workers, the public, and the environment

**Highlights** - A total of 319 hazards were issued by the Occupational Health and Safety Bureau (OSHB) and 313 were corrected timely during FY14. The compliance section within OSHB cited 268 violations and 250 were corrected timely for a 93.3% rate. The overall rate for timely correction of health and safety violations during the fiscal year was 95.9%. The Occupational Health and Safety Bureau continues to closely monitor corrective action by employers. In cases where employers fail to timely correct violations, the bureau takes appropriate follow-up enforcement action to compel correction.

The overall rate for referrals received and responded to by the Occupational Health and Safety Bureau within 10 working days for FY14 was 95.8%. The Bureau exceeded its goal of responding to 95% of referrals within 10 working days.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

In FY14, the Solid Waste Bureau's target regarding the percent of landfills compliant with groundwater sampling and reporting requirements was met with 96% compliance. The measure includes landfills that performed their ground water sampling as required in their ground water monitoring plans and submitted to the Department within the required 90 day period or were granted an extension.

**Financial Highlights**

The Department's FY14 financial portfolio included 29 funds comprised of governmental, proprietary and fiduciary funds. The governmental funds included two major funds: the General Fund (06400) 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 FY14, the Department recorded total net position of \$300,564,920, which represents an increase of \$20,497,555, or a 7% increase over FY13 restated balance. The Department's governmental net position increased by \$9,185,350, while the business-type net position increased by \$11,312,205 over FY13.

The business-type activities operating revenue for FY14 was \$4,269,311 and the non-operating income was \$8,395,660. The total cost of all Department programs decreased by \$15,328,718, or 18%, versus the prior fiscal year, from \$85,621,034 to \$70,292,316 during FY14.

**Analysis of Individual Balances and Transactions**

Governmental and business-type activities experienced a decrease in net revenue due to decreased severance tax bond appropriations 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, 2014**

**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, 2014. Net position for the Governmental Activities and Business-type Activities was (\$9,828,055) and \$310,392,975, respectively. The total Department net position for fiscal year 2014 is \$300,564,920, which is an 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	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
<b>Assets:</b>						
Current and other assets	\$ 51,619,117	\$ 46,618,563	\$ 144,713,186	\$ 133,536,706	\$ 196,332,303	\$ 180,155,269
Capital and non-current assets	920,915	794,807	165,699,299	167,279,511	166,620,214	168,074,318
<b>Total assets</b>	<b>\$ 52,540,032</b>	<b>\$ 47,413,370</b>	<b>\$ 310,412,485</b>	<b>\$ 300,816,217</b>	<b>\$ 362,952,517</b>	<b>\$ 348,229,587</b>
<b>Liabilities:</b>						
Current liabilities	\$ 12,125,948	\$ 13,982,728	\$ 19,510	\$ 1,735,447	\$ 12,145,458	\$ 15,718,175
Long-term liabilities	50,242,139	56,081,780	-	-	50,242,139	56,081,780
<b>Total liabilities</b>	<b>62,368,087</b>	<b>70,064,508</b>	<b>19,510</b>	<b>1,735,447</b>	<b>62,387,597</b>	<b>71,799,955</b>
<b>Net position:</b>						
Net investment in capital assets	920,915	794,807	-	-	920,915	794,807
Restricted	43,959,543	37,429,712	310,392,975	299,080,770	354,352,518	336,510,482
Unrestricted	(54,708,513)	(60,875,657)	-	-	(54,708,513)	(60,875,657)
<b>Total net position</b>	<b>(9,828,055)</b>	<b>(22,651,138)</b>	<b>310,392,975</b>	<b>299,080,770</b>	<b>300,564,920</b>	<b>276,429,632</b>
<b>Total liabilities and net position</b>	<b>\$ 52,540,032</b>	<b>\$ 47,413,370</b>	<b>\$ 310,412,485</b>	<b>\$ 300,816,217</b>	<b>\$ 362,952,517</b>	<b>\$ 348,229,587</b>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**Changes in Net Position.** Table A-2 summarizes the Department change in net position for the fiscal year ending June 30, 2014. The Department's change in net position for fiscal year 2014 increased by \$3,873,598 over the prior period. Program revenues for governmental activities decreased by \$45,248, when compared to fiscal year 2013. Accordingly, program revenues for business-type activities decreased by \$2,362,483. The total change in net position was due primarily due to the following reasons: 1) a decrease of special appropriations available to expend from FY13 of approximately \$2.9 million, and 2) a decrease in prior year in pollution remediation obligations of approximately \$6.2 million.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Revenues:						
Program revenues:						
Charges for services	\$ 19,352,150	\$ 18,248,803	\$ 4,269,311	\$ 4,423,073	\$ 23,621,461	\$ 22,671,876
Operating grants & contributions	19,358,438	19,403,686	6,995,660	9,358,143	26,354,098	28,761,829
General revenues:						
Transfers, net	940,232	1,210,571	(453,079)	(7,617)	487,153	1,202,954
Other	22,450,072	19,260,542	-	-	22,450,072	19,260,542
Appropriations	16,473,739	27,499,531	1,400,000	2,844,400	17,873,739	30,343,931
Investment income	3,348	3,859	-	-	3,348	3,859
Total revenues	78,577,979	85,626,992	12,211,892	16,617,999	90,789,871	102,244,991
Expenses:						
Governmental	69,392,629	83,016,383	899,687	2,604,651	70,292,316	85,621,034
Total expenses	69,392,629	83,016,383	899,687	2,604,651	70,292,316	85,621,034
Changes in net position	9,185,350	2,610,609	11,312,205	14,013,348	20,497,555	16,623,957
Beginning net position	(22,651,138)	(25,261,747)	299,080,770	285,067,422	276,429,632	259,805,675
Restatement	3,637,733	-	-	-	3,637,733	-
Beginning net position, as restated	(19,013,405)	(25,261,747)	299,080,770	285,067,422	280,067,365	259,805,675
Ending net position	\$ (9,828,055)	\$ (22,651,138)	\$ 310,392,975	\$ 299,080,770	\$ 300,564,920	\$ 276,429,632

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014**

**Budgetary Highlights**

The Department's general fund appropriation decreased approximately \$2.6 million over the prior year. Federal sources were budgeted at \$371,730 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, 2014, the Department's net capital assets were \$920,915. This amount represents a net increase of \$126,108 (including additions, deletions and depreciation) compared to fiscal year 2013.

As of June 30, 2014, the Department's total compensated absence liability was approximately \$1.9 million; this is an increase of \$23,682 compared to fiscal year 2013. The amount is expected to be paid from the general fund and is expected to be paid within one year.

As of June 30, 2014, the Department's total pollution remediation liability was approximately \$47 million; this is an approximate \$6.2m decrease compared to fiscal year 2013. The amount expected to be paid within one year is \$645,161.

**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, 2014**

**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, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Investment in state general fund investment pool	\$ 40,355,363	\$ 131,645,568	\$ 172,000,931
Due from federal government	3,625,135	-	3,625,135
Due from other state agencies	4,893,006	9,947	4,902,953
Due from enterprise funds	19,506	-	19,506
Due from governmental funds	-	330,338	330,338
Loans for completed projects, current	-	9,885,740	9,885,740
Interest on loans	-	2,841,593	2,841,593
Other receivables	2,726,098	-	2,726,098
Prepaid expenses	9	-	9
Total current assets	<u>51,619,117</u>	<u>144,713,186</u>	<u>196,332,303</u>
<b>NON-CURRENT ASSETS</b>			
Projects in progress, non-current	-	29,346,706	29,346,706
Loans for completed projects, non-current, net	-	136,352,593	136,352,593
Capital assets, net of accumulated depreciator	<u>920,915</u>	<u>-</u>	<u>920,915</u>
Total non-current assets	<u>920,915</u>	<u>165,699,299</u>	<u>166,620,214</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,540,032</u>	<u>\$ 310,412,485</u>	<u>\$ 362,952,517</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	\$ 8,367,347	\$ 4	\$ 8,367,351
Due to other state agencies	281,351	-	281,351
Due to state general fund	271,936	-	271,936
Due to enterprise funds	330,338	-	330,338
Due to governmental funds	-	19,506	19,506
Unearned revenues	365,251	-	365,251
Pollution remediation liability - due within one year	645,161	-	645,161
Compensated absences - due within one year	<u>1,864,564</u>	<u>-</u>	<u>1,864,564</u>
Total current liabilities	<u>12,125,948</u>	<u>19,510</u>	<u>12,145,458</u>
<b>NON-CURRENT LIABILITIES</b>			
Pollution remediation liability - due in more than one year	46,483,356	-	46,483,356
Contingency liability	<u>3,758,783</u>	<u>-</u>	<u>3,758,783</u>
Total non-current liabilities	<u>50,242,139</u>	<u>-</u>	<u>50,242,139</u>
Total liabilities	<u>62,368,087</u>	<u>19,510</u>	<u>62,387,597</u>
<b>NET POSITION</b>			
Net investment in capital assets	920,915	-	920,915
Restricted	43,959,543	310,392,975	354,352,518
Unrestricted	<u>(54,708,513)</u>	<u>-</u>	<u>(54,708,513)</u>
Total net position	<u>(9,828,055)</u>	<u>310,392,975</u>	<u>300,564,920</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 52,540,032</u>	<u>\$ 310,412,485</u>	<u>\$ 362,952,517</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, 2014

Functions/Programs	Expenses	Charges for Services
<b>PRIMARY GOVERNMENT</b>		
<b>GOVERNMENTAL ACTIVITIES</b>		
Resource management program	\$ 7,411,034	\$ 2,066,631
Resource protection program	21,775,582	6,072,307
Environmental health program	14,869,958	4,146,615
Environmental protection program	16,995,906	4,739,453
Other environmental initiatives	<u>8,340,149</u>	<u>2,327,144</u>
Total governmental activities	<u>69,392,629</u>	<u>19,352,150</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
12100/32700 - Clean Water State Revolving Fund	899,687	3,772,202
33700 - Rural Infrastructure Revolving Fund	<u>-</u>	<u>497,109</u>
Total business-type activities	<u>899,687</u>	<u>4,269,311</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 70,292,316</u>	<u>\$ 23,621,461</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>
\$ 2,509,101	\$ -	\$ (2,835,302)	\$ -	\$ (2,835,302)
11,053,588	-	(4,649,687)	-	(4,649,687)
2,831,586	-	(7,891,757)	-	(7,891,757)
2,964,163	-	(9,292,290)	-	(9,292,290)
-	-	(6,013,005)	-	(6,013,005)
<u>19,358,438</u>	<u>-</u>	<u>(30,682,041)</u>	<u>-</u>	<u>(30,682,041)</u>
6,995,660	-	-	9,868,175	-
-	-	-	497,109	-
<u>6,995,660</u>	<u>-</u>	<u>-</u>	<u>10,365,284</u>	<u>10,365,284</u>
<u>\$ 26,354,098</u>	<u>\$ -</u>	<u>(30,682,041)</u>	<u>10,365,284</u>	<u>(20,316,757)</u>
General revenues and transfers:				
General fund appropriations		11,468,400	1,400,000	12,868,400
Severance tax bond appropriations		5,005,339	-	5,005,339
Petroleum products loading fee		22,450,072	-	22,450,072
Investment earnings		3,348	-	3,348
Transfers in		1,478,507	-	1,478,507
Transfers out		(277,336)	(453,079)	(730,415)
Reversions FY14		(260,939)	-	(260,939)
Total general revenues and transfers		<u>39,867,391</u>	<u>946,921</u>	<u>40,814,312</u>
Change in net position		9,185,350	11,312,205	20,497,555
Net position, beginning of year		<u>(22,651,138)</u>	<u>299,080,770</u>	<u>276,429,632</u>
Restatement		3,637,733	-	3,637,733
Net assets - beginning, restated		<u>(19,013,405)</u>	<u>299,080,770</u>	<u>280,067,365</u>
Net position, end of year		<u>\$ (9,828,055)</u>	<u>\$ 310,392,975</u>	<u>\$ 300,564,920</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2014**

	<b>Major Funds</b>	
	<b>06400 General Fund</b>	<b>99000 Corrective Action Fund</b>
<b>ASSETS</b>		
Investment in state general fund investment pool	\$ 4,266,711	\$ 16,412,340
Due from other governmental funds	38,795	921,216
Due from enterprise funds	19,506	-
Due from federal government	3,625,135	-
Due from other state agencies	31,312	3,233,274
Other receivables	827,943	-
Prepaid expenses	9	-
<b>TOTAL ASSETS</b>	<b>\$ 8,809,411</b>	<b>\$ 20,566,830</b>
<b>LIABILITIES</b>		
Investment in state general fund investment pool overdraft	\$ -	\$ -
Accounts payable	4,558,078	2,108,889
Due to other governmental funds	4,423,387	-
Due to other enterprise funds	330,338	-
Due to other state agencies	253,456	-
Due to state general fund	210,997	-
Unearned revenues	2,626	-
Accrued payroll liabilities	987,178	-
Total liabilities	<u>10,766,060</u>	<u>2,108,889</u>
<b>FUND BALANCES</b>		
Restricted	-	18,457,941
Unassigned	(1,956,649)	-
Total fund balances	<u>(1,956,649)</u>	<u>18,457,941</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,809,411</b>	<b>\$ 20,566,830</b>



<u>Other Governmental Funds</u>	<u>Total Governmental</u>
\$ 20,203,871	\$ 40,882,922
3,508,786	4,468,797
-	19,506
-	3,625,135
1,628,420	4,893,006
1,898,155	2,726,098
-	9
<u>\$ 27,239,232</u>	<u>\$ 56,615,473</u>
\$ 527,559	\$ 527,559
711,963	7,378,930
45,410	4,468,797
-	330,338
27,895	281,351
60,939	271,936
362,625	365,251
1,239	988,417
<u>1,737,630</u>	<u>14,612,579</u>
25,501,602	43,959,543
-	(1,956,649)
<u>25,501,602</u>	<u>42,002,894</u>
<u>\$ 27,239,232</u>	<u>\$ 56,615,473</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, 2014**

**Total Fund Balance - Governmental Funds**  
**(Governmental Fund Balance Sheet)** \$ 42,002,894

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	3,022,767
Accumulated depreciation is	<u>(2,101,852)</u>
 Total capital assets	 <u>920,915</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	(47,128,517)
Contingency liability	(3,758,783)
Compensated absences payable	<u>(1,864,564)</u>
 Total long-term and other liabilities	 <u>(52,751,864)</u>

**Net position of governmental activities (Statement of Net Position)** **\$ (9,828,055)**

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, 2014

	Major Funds	
	06400 General Fund	99000 Corrective Action Fund
<b>REVENUES</b>		
Environmental fees	\$ -	\$ -
Petroleum products loading fee	-	22,450,072
Federal grant revenue	18,565,865	-
Investment earnings	-	-
Other revenue	351,008	-
Total revenues	<u>18,916,873</u>	<u>22,450,072</u>
<b>EXPENDITURES</b>		
Current:		
Resource management program	7,347,989	-
Resource protection program	21,664,399	-
Field operations and infrastructure program	14,794,035	-
Environmental protection program	13,120,161	9,501,273
Other environmental initiatives	2,968,450	-
Capital outlay	435,144	-
Total expenditures	<u>60,330,178</u>	<u>9,501,273</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(41,413,305)</b>	<b>12,948,799</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
General fund appropriation	11,468,400	-
Severance tax bond appropriations	-	-
Other appropriations	-	-
Transfers in:		
Interfund	26,329,391	-
Other	1,142,481	-
Transfers out:		
Interfund	-	(8,269,175)
Other	(221,686)	-
Reversions-FY14	(200,000)	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>38,518,586</b>	<b>(8,269,175)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,894,719)</b>	<b>4,679,624</b>
<b>FUND BALANCES, BEGINNING</b>	<b>938,070</b>	<b>10,750,624</b>
<b>RESTATEMENT</b>	<b>-</b>	<b>3,027,693</b>
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<b>938,070</b>	<b>13,778,317</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ (1,956,649)</b>	<b>\$ 18,457,941</b>

Other Governmental Funds	Total Governmental
\$ 19,352,150	\$ 19,352,150
441,565	22,450,072
3,348	19,007,430
-	3,348
	<u>351,008</u>
<u>19,797,063</u>	<u>61,164,008</u>
-	7,347,989
-	21,664,399
-	14,794,035
551,584	23,173,018
5,356,465	8,324,915
-	<u>435,144</u>
<u>5,908,049</u>	<u>75,739,500</u>
13,889,014	(14,575,492)
-	11,468,400
5,005,339	5,005,339
-	-
-	26,329,391
336,026	1,478,507
(18,060,216)	(26,329,391)
(55,650)	(277,336)
<u>(60,939)</u>	<u>(260,939)</u>
<u>(12,835,440)</u>	<u>17,413,971</u>
1,053,574	2,838,479
23,837,988	35,526,682
610,040	<u>3,637,733</u>
<u>24,448,028</u>	<u>39,164,415</u>
<u>\$ 25,501,602</u>	<u>\$ 42,002,894</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, 2014**

<b>Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)</b>	<b>\$ 2,838,479</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 increase in compensated absences for the fiscal year was:	(23,682)
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The decrease in the pollution remediation liability (Note 12) for the fiscal year was:	6,244,445
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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	435,144
Depreciation expense	<u>(307,383)</u>
Excess of depreciation expense over capital outlay	<u>127,761</u>
Loss/Adjustments on disposal of assets	<u>(1,653)</u>

<b>Change in net position of governmental activities (Statement of Activities)</b>	<b>\$ <u>9,185,350</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, 2014

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ 21,334,200	\$ 21,484,200	\$ 18,565,865	\$ (2,918,335)
General fund	11,468,400	11,468,400	11,468,400	-
Other state funds	34,062,500	34,888,700	26,680,399	(8,208,301)
Inter-agency transfers	3,167,000	3,167,000	1,142,481	(2,024,519)
<b>TOTAL REVENUES</b>	<u>70,032,100</u>	<u>71,008,300</u>	<u>57,857,145</u>	<u>(13,151,155)</u>
<b>BUDGETED FUND BALANCE</b>	<u>2,841,100</u>	<u>2,841,100</u>	<u>-</u>	<u>(2,841,100)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 72,873,200</u>	<u>\$ 73,849,400</u>	<u>\$ 57,857,145</u>	<u>\$ (15,992,255)</u>
<b>P-567 EXPENDITURES</b>				
Personal services and employee benefits	\$ 6,434,500	\$ 6,585,500	\$ 5,811,501	\$ 773,999
Contractual services	745,700	815,700	747,659	68,041
Other	879,200	879,200	788,828	90,372
<b>TOTAL P-567 EXPENDITURES</b>	<u>\$ 8,059,400</u>	<u>\$ 8,280,400</u>	<u>\$ 7,347,989</u>	<u>\$ 932,411</u>
<b>P-568 EXPENDITURES</b>				
Personal services and employee benefits	\$ 17,452,000	\$ 17,312,015	\$ 15,118,650	\$ 2,193,365
Contractual services	6,890,000	7,456,900	4,505,544	2,951,356
Other	2,690,100	2,785,100	2,225,023	560,077
Other financing uses	-	233,285	221,686	11,599
<b>TOTAL P-568 EXPENDITURES</b>	<u>\$ 27,032,100</u>	<u>\$ 27,787,300</u>	<u>\$ 22,070,903</u>	<u>\$ 5,716,397</u>
<b>P-569 EXPENDITURES</b>				
Personal services and employee benefits	\$ 13,277,800	\$ 13,248,100	\$ 10,991,716	\$ 2,256,384
Contractual services	2,396,100	2,450,800	2,004,768	446,032
Other	2,161,500	2,136,500	1,797,549	338,951
<b>TOTAL P-569 EXPENDITURES</b>	<u>\$ 17,835,400</u>	<u>\$ 17,835,400</u>	<u>\$ 14,794,034</u>	<u>\$ 3,041,366</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, 2014

	GENERAL FUND - TOTAL (CONTINUED)			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>P-570 EXPENDITURES</b>				
Personal services and employee benefits	\$ 11,821,000	\$ 11,348,000	\$ 10,465,884	\$ 882,116
Contractual services	1,129,800	1,161,100	593,846	567,254
Other	2,314,400	2,756,100	2,305,657	450,443
<b>TOTAL P-570 EXPENDITURES</b>	<u>\$ 15,265,200</u>	<u>\$ 15,265,200</u>	<u>\$ 13,365,386</u>	<u>\$ 1,899,814</u>
<b>SPECIAL APPROPRIATION EXPENDITURES</b>				
Personal services and employee benefits	\$ 185,000	\$ 185,000	\$ 86,645	\$ 98,355
Contractual services	4,241,037	4,241,037	2,852,389	1,388,648
Other	255,063	255,063	34,517	220,546
<b>TOTAL SPECIAL APPROPRIATION EXPENDITURES</b>	<u>\$ 4,681,100</u>	<u>\$ 4,681,100</u>	<u>\$ 2,973,551</u>	<u>\$ 1,707,549</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, 2014

	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	\$ 49,170,300	\$ 48,678,615	\$ 42,474,396	\$ 6,204,219
Contractual services	15,402,637	16,125,537	10,704,207	5,421,330
Other	8,300,263	8,811,963	7,151,574	1,660,389
Other financing uses	-	233,285	221,686	11,599
<b>TOTAL ALL EXPENDITURES</b>	<b>\$ 72,873,200</b>	<b>\$ 73,849,400</b>	<b>60,551,864</b>	<b>\$ 13,297,536</b>
<b>NET CHANGE IN FUND BALANCE</b>			(2,694,719)	
<b>REVERSIONS TO STATE GENERAL FUND (NOT BUDGETED)</b>			(200,000)	
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ (2,894,719)</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, 2014

	CORRECTIVE ACTION FUND (99000)			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General fund	-	-	-	-
Other state funds	18,608,500	18,608,500	22,450,072	3,841,572
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>18,608,500</u>	<u>18,608,500</u>	<u>22,450,072</u>	<u>3,841,572</u>
<b>BUDGETED FUND BALANCE</b>	<u>314,500</u>	<u>1,314,500</u>	<u>-</u>	<u>(1,314,500)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 18,923,000</u>	<u>\$ 19,923,000</u>	<u>\$ 22,450,072</u>	<u>\$ 2,527,072</u>
<b>EXPENDITURES</b>				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	3,500,000	2,500,000	2,086,986	413,014
Other	7,000,000	9,000,000	7,348,462	1,651,538
Other financing uses	8,423,000	8,423,000	8,269,175	153,825
<b>TOTAL EXPENDITURES</b>	<u>\$ 18,923,000</u>	<u>\$ 19,923,000</u>	<u>17,704,623</u>	<u>\$ 2,218,377</u>
<b>NET CHANGE IN FUND BALANCE</b>			4,745,449	
<b>REQUEST TO PAY PRIOR YEAR BILLS FY13 BILLS PAID IN FY14</b>			<u>(65,825)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 4,679,624</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, 2014**

	<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>ASSETS</b>				
Current assets:				
Investments in State General Fund				
Investment Pool	\$ 113,682,949	\$ 1,345,000	\$ 16,617,619	\$ 131,645,568
Accounts receivable:				
Loans for completed projects, current	8,816,721	-	1,069,019	9,885,740
Due from other governmental funds	-	18,053	312,285	330,338
Interest on loans	2,503,571	-	338,022	2,841,593
Due from other state agencies	<u>8,580</u>	<u>102</u>	<u>1,265</u>	<u>9,947</u>
Total current assets	<u>125,011,821</u>	<u>1,363,155</u>	<u>18,338,210</u>	<u>144,713,186</u>
Non-current assets:				
Projects in progress, non-current	28,327,228	-	1,019,478	29,346,706
Loans for completed projects, non-current	121,831,179	-	14,899,645	136,730,824
Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>(378,231)</u>	<u>(378,231)</u>
Total non-current assets	<u>150,158,407</u>	<u>-</u>	<u>15,540,892</u>	<u>165,699,299</u>
<b>TOTAL ASSETS</b>	<u>\$ 275,170,228</u>	<u>\$ 1,363,155</u>	<u>\$ 33,879,102</u>	<u>\$ 310,412,485</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and other accrued liabilities	\$ 4	\$ -	\$ -	\$ 4
Due to other governmental funds	<u>19,404</u>	<u>-</u>	<u>102</u>	<u>19,506</u>
Total liabilities	<u>19,408</u>	<u>-</u>	<u>102</u>	<u>19,510</u>
<b>NET POSITION</b>				
Restricted	<u>275,150,820</u>	<u>1,363,155</u>	<u>33,879,000</u>	<u>310,392,975</u>
Total net position	<u>275,150,820</u>	<u>1,363,155</u>	<u>33,879,000</u>	<u>310,392,975</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 275,170,228</u>	<u>\$ 1,363,155</u>	<u>\$ 33,879,102</u>	<u>\$ 310,412,485</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, 2014**

	<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	\$ 3,406,773	\$ 753	\$ 497,109	\$ 3,904,635
Debt service fees	-	364,676	-	364,676
Total operating revenues	<u>3,406,773</u>	<u>365,429</u>	<u>497,109</u>	<u>4,269,311</u>
<b>OPERATING EXPENSES</b>				
Transfers (06400) Admin expenses	-	122,364	330,715	453,079
Administrative expenses	293,796	-	-	293,796
Total operating expenses	<u>293,796</u>	<u>122,364</u>	<u>330,715</u>	<u>746,875</u>
<b>OPERATING INCOME (LOSS)</b>	3,112,977	243,065	166,394	3,522,436
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grants and contributions	6,995,660	-	-	6,995,660
Severance tax bond appropriations	1,400,000	-	-	1,400,000
Grants to other organizations	(605,891)	-	-	(605,891)
Total non-operating revenues (expenses)	<u>7,789,769</u>	<u>-</u>	<u>-</u>	<u>7,789,769</u>
<b>CHANGE IN NET POSITION</b>	10,902,746	243,065	166,394	11,312,205
<b>TOTAL NET POSITION, BEGINNING</b>	<u>264,248,074</u>	<u>1,120,090</u>	<u>33,712,606</u>	<u>299,080,770</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$275,150,820</u>	<u>\$ 1,363,155</u>	<u>\$ 33,879,000</u>	<u>\$310,392,975</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, 2014**

	<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>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES:</b>				
Cash received on repayment of loan principal	\$ 10,240,460	\$ -	\$ 1,404,028	\$ 11,644,488
Cash received on interest from loans	2,817,348	-	436,378	3,253,726
Interest payments received from banks/STO	77,118	720	12,606	90,444
Cash received for debt service fees	-	364,676	-	364,676
Cash payments for administrative expenses	(608,055)	51,966	(644,682)	(1,200,771)
Cash payments made to borrowers	(6,459,540)	-	(3,212,833)	(9,672,373)
Net cash provided by (used in) operating activities	<u>6,067,331</u>	<u>417,362</u>	<u>(2,004,503)</u>	<u>4,480,190</u>
<b>CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>				
Grant proceeds - EPA	7,309,915	-	-	7,309,915
Grants to other organizations	(605,887)	-	-	(605,887)
Net cash provided by non-capital financing activities	<u>6,704,028</u>	<u>-</u>	<u>-</u>	<u>6,704,028</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	12,771,359	417,362	(2,004,503)	11,184,218
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL, BEGINNING OF YEAR</b>	<u>100,911,590</u>	<u>927,638</u>	<u>18,622,122</u>	<u>120,461,350</u>
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL, END OF YEAR</b>	<u>\$ 113,682,949</u>	<u>\$ 1,345,000</u>	<u>\$ 16,617,619</u>	<u>\$ 131,645,568</u>

	<b>ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>(12100)</b>	<b>(32700)</b>	<b>(33700)</b>	
	<b>Wastewater Facility Construction Loan Fund</b>	<b>Clean Water Administrative Fund</b>	<b>Rural Infrastructure Revolving Loan Fund</b>	
<b>RECONCILIATION OF CHANGES IN NET POSITION TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income	\$ 3,112,977	\$ 243,065	\$ 166,394	\$ 3,522,436
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Loans receivable	3,780,920	-	(1,808,805)	1,972,115
Loan interest receivable	(512,084)	-	(48,537)	(560,621)
Interest on investments receivable	(223)	(33)	412	156
Due to other governmental funds	-	-	-	-
Due from other governmental funds	-	174,330	(312,285)	(137,955)
Accounts payable and accrued liabilities	(314,259)	-	(1,682)	(315,941)
Total reconciling adjustments	<u>2,954,354</u>	<u>174,297</u>	<u>(2,170,897)</u>	<u>957,754</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 6,067,331</u>	<u>\$ 417,362</u>	<u>\$ (2,004,503)</u>	<u>\$ 4,480,190</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, 2014**

	<b>(65200) Agency Fund</b>
<b>ASSETS</b>	
Investment in state general fund investment pool	\$ <u>344,007</u>
<b>LIABILITIES</b>	
Funds held for others	\$ <u>344,007</u>

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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.

Environmental Health Program (P-569) – The purpose of the Environmental Health 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, 2014**

**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 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). The Department does not currently employ indirect cost allocation systems.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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 emphasis 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, 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 are used by the Department:

**Governmental Fund Types**

All governmental fund types are accounted for on a spending or financial flow measurement focus.

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

**Governmental Fund Types** (continued)

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.

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.** Special revenue funds account for the proceeds of revenue sources that are limited to specific expenditures. These revenue sources must provide a "substantial" amount of (defined as 50% or more) the funding accounted for in a special revenue fund. The standard further limits the use of this fund to expenditures that are not related to capital outlay or debt service.

**Capital Projects Funds.** Capital projects funds accounts for resources that are limited to expenditures for capital outlays. Types of expenditures made from this fund include the acquisition of capital facilities and capital assets.

**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.

**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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2014**

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

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.

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. The net position balance is restricted by state statute for future loans. 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 net position balance is restricted by state statute for administering 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. The net position balance is restricted by state statute for future loans. This fund is non-reverting.

**Fiduciary Fund Types**

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

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

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**Basis of Accounting**

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

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

Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2014 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 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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**

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 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

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

**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, 2014, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

**Deferred Outflows/Inflows of Resources**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (effective for periods beginning after December 15, 2012), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Implementation of GASB 65 had no effect on the Department's net position or changes in net position for the fiscal year ended June 30, 2014.

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 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, 2014.

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, 2014.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**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, 2014 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, 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**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
99000	Corrective Action Fund	NM 74-6B-7	\$ 18,457,941
Subtotal - Restricted - Major Funds			<u>18,457,941</u>

**RESTRICTED - OTHER GOVERNMENTAL FUNDS**

Fund	Description	Enabling Legislation	Restricted Fund Balance
02600	Recycling & Illegal Dumping Fund	Laws 2013 Ch. 227	1,311,554
06600	Voluntary Remediation Fund	NM 74-4G-11	94,714
09200	Air Quality Title V Fund	NM 74-2-15	7,219,635
10980	Nuclear Workers Assistance Fund	NM 74-1-17	123,552
11900	Brownfields Cleanup Revolving Loan Fund	NM-74-1-17	1,485,166
24800	Responsible Parties Fund	NM 74-6B-7	313,702
33900	Hazardous Waste Fund	NM 74-4-4.5	2,933,771
34000	Liquid Waste Fund	NM 74-1-15	481,193
34100	Water Quality Management Fund	NM 74-6-5.2	499,263
40000	Water Recreation Facilities Fund	NM 74-1-16	286,152
56700	Water Conservation Fund	NM 74-1-13	3,668,071
58400	Public Water Supply System Operator and Public Wastewater Operator Fund	NM 61-33-5	208,615
59200	Radiation Protection Fund	NM 74-3-5.1	1,037,129
63100	State Air Quality Permit Fund	NM 74-2-15	2,037,586
63200	Solid Waste Facility Grant Fund	NM 74-9-41	80,811
78300	Solid Waste Permit Fees	NM 74-9-81	142,595
95700	Hazardous Waste Emergency Fund	NM 74-4-8	1,880,780
98700	Radiologic Technology Fund	NM 61-4E-10	175,322
98900	Storage Tank Fund	NM 74-4-4.8	185,244
99100	Food Service Sanitation Fund	NM 25-1-5.1	<u>1,336,747</u>
Subtotal - Restricted - Other			<u>25,501,602</u>
<b>Total - All Governmental Funds</b>			<b>\$ <u>43,959,543</u></b>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

**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**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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.

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 any of the historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences will be reported in the State General Fund.

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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2014, the Department had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool	<u>\$ 172,344,938</u>
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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, 2014.

**NOTE 5. OTHER RECEIVABLES**

Other receivables:

Hazardous Waste Fund (33900)	\$ 898,743
General Fund (06400)	827,943
Brownfields Cleanup Revolving Loan Fund (11900)	761,970
State Air Quality Permit Fund (63100)	123,880
Radiation Protection Fund (59200)	62,400
Storage Tank Fund (98900)	23,490
Air Quality Title V Operating Permit Fees (09200)	20,832
Other receivables	<u>6,840</u>

<b>Total other receivables, net</b>	<b><u>\$ 2,726,098</u></b>
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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, 2014, 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, 2014, each owner or operator's annual payment fee was due June 1, 2014.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 5. OTHER RECEIVABLES (CONTINUED)**

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, 2014 consist of the following:

	<b>(12100)</b>	<b>(33700)</b>	
	<b>Wastewater Facility Construction Loan Fund</b>	<b>Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
Construction loans in progress	\$ 28,327,228	\$ 1,019,478	\$ 29,346,706
Mortgage loans on completed projects, non-current and current	130,647,900	15,968,664	146,616,564
Accrued interest	2,503,571	338,022	2,841,593
Allowance for uncollectible accounts	<u>-</u>	<u>(378,231)</u>	<u>(378,231)</u>
	<u>\$ 161,478,699</u>	<u>\$ 16,947,933</u>	<u>\$ 178,426,632</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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

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

Mortgage loans are paid in annual installments, including interest, ranging from \$2,495 to \$1,921,489 through May 14, 2034 in the Wastewater Construction Loan Fund and \$85 to \$414,141 through December 13, 2033 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, 2014:

<b>Years Ending June 30,</b>	<b>(12100) Wastewater Facility Construction Loan Fund</b>	<b>(33700) Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
2015	\$ 11,777,791	\$ 1,553,719	\$ 13,331,510
2016	11,732,791	1,506,963	13,239,754
2017	11,732,791	1,424,559	13,157,350
2018	11,732,791	1,382,953	13,115,744
2019	10,591,104	1,279,662	11,870,766
2020 and thereafter	<u>96,909,698</u>	<u>13,074,827</u>	<u>109,984,525</u>
	154,476,966	20,222,683	174,699,649
Less interest and administrative	<u>(23,829,066)</u>	<u>(4,254,019)</u>	<u>(28,083,085)</u>
<b>Completed projects</b>	<u>\$ 130,647,900</u>	<u>\$ 15,968,664</u>	<u>\$ 146,616,564</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2014.

Construction loans in progress:

	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
City of Carlsbad	\$ 16,078,391	\$ -	\$ 16,078,391
City of Rio Rancho	12,012,494	-	12,012,494
Village of Chama	100,000	-	100,000
City of Las Vegas	88,761	-	88,761
SSCAFCA	47,582	-	47,582
Village of Cloudcroft	-	365,884	365,884
Village of Cloudcroft	-	264,960	264,960
De Baca County	-	250,000	250,000
Otis MDWC & SWA	-	110,688	110,688
Other Communities	-	27,946	27,946
<b>Total</b>	<b><u>\$ 28,327,228</u></b>	<b><u>\$ 1,019,478</u></b>	<b><u>\$ 29,346,706</u></b>

Mortgage loans on completed projects:

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Hobbs	\$ 27,461,676	\$ -	\$ 27,461,676
Los Lunas	19,603,861	-	19,603,861
Los Alamos County	12,327,865	-	12,327,865
Las Vegas	11,780,082	-	11,780,082
Farmington	9,486,137	-	9,486,137
Clovis	6,470,473	-	6,470,473
Albuquerque	5,987,785	-	5,987,785
Dona Ana County	3,965,607	2,000,000	5,965,607
Espanola	5,773,200	-	5,773,200
Rio Rancho	5,488,164	-	5,488,164
Lovington	4,827,732	-	4,827,732
Aztec	3,929,094	-	3,929,094

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

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

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Bloomfield	\$ 1,868,034	\$ 514,039	\$ 2,382,073
Belen	2,021,504	278,934	2,300,438
Deming, City of	-	1,800,000	1,800,000
Grants	1,556,142	-	1,556,142
Other communities	404,563	1,043,819	1,448,382
Silver City	1,262,448	-	1,262,448
Elephant Butte	407,841	823,360	1,231,201
Taos Ski Valley	1,173,587	-	1,173,587
Town of Taos	1,140,000	-	1,140,000
Paa-Ko CSA	-	1,132,045	1,132,045
Estancia	45,000	1,061,291	1,106,291
Bayard	1,019,546	-	1,019,546
Portales, City of	-	978,680	978,680
Sandoval County Landfill	-	900,524	900,524
Greentree SWA	-	715,638	715,638
City of Socorro	618,716	-	618,716
Navajo Dam DWS & SWA	-	485,297	485,297
Bayard, City of	-	446,603	446,603
El Valle de Los Ranchos	430,000	-	430,000
Santa Rosa	425,000	-	425,000
De Baca County	-	406,990	406,990
El Valle de Los Ranchos W&SD	-	379,758	379,758
Truth or Consequences, City of	-	364,981	364,981
Sandoval County	360,000	-	360,000
Edgewood, Town of	-	353,942	353,942
Otis MDWC & SWA	-	313,875	313,875
Logan	307,516	-	307,516
Red River, Town of	-	253,099	253,099
Texico, City of	-	229,852	229,852
Tularosa, Village of	-	221,281	221,281
Capitan, Village of	-	187,417	187,417
Eagle Nest	184,870	-	184,870
Jemez Springs	135,726	32,496	168,222
San Antonio MDWCA	-	144,418	144,418
Canoncito at Apache Canyon	-	133,557	133,557
Upper La Plata	-	132,524	132,524
Lordsburg, City of	-	130,021	130,021

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

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

<b>Community</b>	<b>(12100) Wastewater Facility Construction Loan Fund</b>	<b>(33700) Rural Infrastructure Revolving Loan Fund</b>	<b>Total</b>
Lower Arroyo Hondo MDWCA	\$ -	\$ 126,574	\$ 126,574
Twin Forks MDWCA	-	125,632	125,632
La Jara MDWCA	-	115,557	115,557
Gamerco Water & Sanitation District	-	113,891	113,891
Tucumcari	85,000	22,569	107,569
Raton	100,731	-	100,731
<b>Total</b>	<b>\$ 130,647,900</b>	<b>\$ 15,968,664</b>	<b>\$ 146,616,564</b>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**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 12100 to 06400 are a result of indirect expenditures allocated to fund 12100. All interfund balances are expected to be paid within one year. Due from/to other Department funds as of June 30, 2014 are as follows:

Amount Due From Other Funds			Amount Due To Other Funds		
Fund Name	Fund No.	Amount	Fund Name	Fund No.	Amount
<b>Governmental and Enterprise Funds:</b>			<b>Governmental and Enterprise Funds:</b>		
Recycling and Illegal Dumping Fund	02600	\$ 102,029	General Fund	06400	\$ 102,029
Voluntary Remediation Fund	06600	22,300	General Fund	06400	22,300
Air Quality - Title V	09200	508,802	General Fund	06400	508,802
Severance Tax Bonds 2008	10360	-	General Fund	06400	-
Responsible Parties Fund	24800	-	General Fund	06400	-
Clean Water Administrative Fund	32700	18,053	General Fund	06400	18,053
Rural Infrastructure Revolving Loan Prc	33700	312,285	General Fund	06400	312,285
Hazardous Waste Fund	33900	724,586	General Fund	06400	724,586
Hazardous Waste Fund	33900	4,140	Hazardous Waste Fund	33900	4,140
Liquid Waste Fund	34000	144,730	General Fund	06400	144,730
Water Quality Management Fund	34100	67,644	General Fund	06400	67,644
Water Recreation Facilities	40000	80,846	General Fund	06400	80,846
Water Recreation Facilities	40000	200	Food Service Sanitation Fund	99100	200
Water Conservation Fund	56700	269,617	General Fund	06400	269,617
Operator Certification Fund	58400	150	General Fund	06400	150
Radiation Protection Fund	59200	314,380	General Fund	06400	314,380
State Air Quality Permit Fund	63100	531,518	General Fund	06400	531,518
Solid Waste Permit Fees	78300	38,938	General Fund	06400	38,938
Hazardous Waste Emergency Fund	95700	326,466	General Fund	06400	326,466
Radiologic Technology Fund	98700	65,705	General Fund	06400	65,705
Storage Tank Fund	98900	26,059	General Fund	06400	26,059
Storage Tank Fund	98900	250	Food Service Sanitation Fund	99100	250
Corrective Action Fund	99000	921,216	General Fund	06400	921,216
Food Service Sanitation Fund	99100	2,025	Water Recreation Facilities	40000	2,025
Food Service Sanitation Fund	99100	278,401	General Fund	06400	278,401
General Fund	06400	21,823	Responsible Parties Prepayment	24800	21,823
General Fund	06400	13,589	Operator Certification Fund	58400	13,589
General Fund	06400	3,383	Storage Tank Fund	98900	3,383
General Fund	06400	102	Rural Infrastruc. Revolving Loan Prgm.	33700	102
General Fund	06400	19,404	Wastewater Facil. Construc. Loan Func	12100	19,404
<b>Total all funds</b>		<b>\$ 4,818,641</b>	<b>Total all funds</b>		<b>\$ 4,818,641</b>
Governmental funds - Due from other governmental funds		\$ 4,468,797	Governmental funds - Due to other governmental funds		\$ 4,468,797
Governmental funds - Due from enterprise funds		19,506	Governmental funds - Due to enterprise funds		330,338
Enterprise funds - Due from other governmental funds		330,338	Enterprise funds - Due to other governmental funds		19,506
<b>Total all funds</b>		<b>\$ 4,818,641</b>	<b>Total all funds</b>		<b>\$ 4,818,641</b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**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, 2014 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	\$ 28
58400	State Treasurer's Office	80100	17
59200	State Treasurer's Office	80100	54
63200	State Treasurer's Office	80100	15
89200	Energy & Minerals - (STB Capital Outlay)	89200	135,214
06400	Energy, Minerals & Natural Resources	20010	150
06400	Commission for the Blind	04700	4,856
06400	Department of Health	06100	10,000
06400	Energy, Minerals & Natural Resources	19900	16,306
89200	DFA - Board of Finance - (STB Capital Outlay)	11350	8,256
89200	DFA - Board of Finance - (STB Capital Outlay)	11440	58,741
89200	DFA - Board of Finance - (STB Capital Outlay)	11720	753,762
89200	DFA - Board of Finance - (STB Capital Outlay)	60900	1,495
89200	DFA - Board of Finance - (STB Capital Outlay)	60910	97,642
99000	Taxation and Revenue Department (Tax Distrib.)	82800	3,233,274
02600	Taxation and Revenue Department (Tax Distrib.)	82500	80,870
56700	Taxation and Revenue Department (Tax Distrib.)	82800	<u>492,326</u>
Total Governmental Funds			<u>4,893,006</u>
<b>Enterprise Funds:</b>			
12100	State Treasurer's Office	80100	8,580
32700	State Treasurer's Office	80100	102
33700	State Treasurer's Office	80100	<u>1,265</u>
Total Enterprise Funds			<u>9,947</u>
<b>Total all funds</b>			<u>\$ 4,902,953</u>

**Due To Other State Agencies**

<b>Governmental Funds:</b>			
34100	Energy, Minerals & Natural Resources	40120	\$ 1,650
89200	Energy, Minerals & Natural Resources	89200	26,246
06400	General Services Department	35204	66,660
06400	General Services Department	35703	3,901
06400	Department of Health	06100	182,875
06400	Taxation and Revenue	89200	<u>19</u>
Total governmental funds			<u>\$ 281,351</u>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014

**NOTE 9. TRANSFERS (CONTINUED)**

Inter-agency transfers as of June 30, 2014 are as follows:

**Inter-agency Transfers Out**

NMED Fund	Agency	Other Agency's Fund	Description	Amount
06400	EMNRD - 52100	19900	MOU	\$ 71,686
06400	ONRT - 66800	90000	Transfer funds to ORNT	150,000
34100	EMNRD - 52100	51200	Transfer EMNRD portion from Water Quality Fund	<u>55,650</u>
<b>Total Other Transfers Out</b>				<b>\$ <u>277,336</u></b>

**Inter-agency Transfers In**

NMED Fund	Agency	Other Agency's Fund	Description	Amount
89200	EMNRD - 52100	89200	MOU	\$ 336,026
06400	DFA - SGF - 34100	62000	FY14 General Comp Dist	74,400
06400	State Engineer - 55000	21400	Water Litigation-Special	340,000
06400	ONRT - 66800	90000	San Vincente Creek Mill - (13-668-0100-0002)	<u>275,002</u>
Total inter-agency transfers in				<u>1,025,428</u>
Total other interfund transfers in				<u>453,079</u>
<b>Total Other Transfers In</b>				<b>\$ <u>1,478,507</u></b>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 10 . CAPITAL ASSETS**

A summary of changes in capital assets follows:

<u>Governmental Type Activities</u>	<u>Balance, June 30, 2013</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance, June 30, 2014</u>
Reportable IT maintenance	\$ 52,475	\$ -	\$ (52,475)	\$ -
Reportable IT services	158,698	-	(158,698)	-
Furniture and fixtures	222,843	48,169	(57,327)	213,685
Data processing equipment	1,855,970	-	(1,593,327)	262,643
Machinery and equipment	3,539,844	386,975	(1,421,615)	2,505,204
Library and museum	37,890	-	(2,380)	35,510
Automotive	1,199	-	(1,199)	-
Buildings and structures	16,809	-	(11,084)	5,725
<b>Total</b>	<u>5,885,728</u>	<u>435,144</u>	<u>(3,298,105)</u>	<u>3,022,767</u>
Accumulated depreciation:				
Reportable IT maintenance	(53,548)	-	52,475	(1,073)
Reportable IT services	(154,993)	(8,477)	158,698	(4,772)
Furniture and fixtures	(127,739)	(35,017)	57,327	(105,429)
Data processing equipment	(1,731,379)	(46,653)	1,593,327	(184,705)
Machinery and equipment	(2,976,775)	(213,073)	1,421,615	(1,768,233)
Library and museum	(37,890)	-	2,380	(35,510)
Automotive	(1,105)	(94)	1,199	-
Buildings and structures	(7,492)	(4,069)	9,431	(2,130)
<b>Total accumulated depreciation</b>	<u>(5,090,921)</u>	<u>(307,383)</u>	<u>3,296,452</u>	<u>(2,101,852)</u>
<b>Net capital assets</b>	<u>\$ 794,807</u>	<u>\$ 127,761</u>	<u>\$ (1,653)</u>	<u>\$ 920,915</u>

Depreciation expense for the year ended June 30, 2014 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.

Resource management program	\$ 37,710
Resource protection program	111,183
Field operations and infrastructure program	75,923
Environmental protection program	67,333
Other environmental initiatives	15,234
<b>Total depreciation expense</b>	<u>\$ 307,383</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 11. COMPENSATED ABSENCES**

The following is a summary of compensated absences of the Department for the year ended June 30, 2014:

	<u>Balance, June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
Amount due within one year	\$ 1,840,882	\$ 1,823,570	\$ (1,799,888)	\$ 1,864,564
Amount due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued compensated absence	<u>\$ 1,840,882</u>	<u>\$ 1,823,570</u>	<u>\$ (1,799,888)</u>	<u>\$ 1,864,564</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  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2014**

**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. The corrective action fund is intended to provide for financial assurance coverage and shall be used by the department to the extent revenues are available to make payments on behalf of owners and operators for corrective action in accordance with section 74-6B-13 NMSA. However, per section 74-6B-7: 1) when revenues are limited and the fund can no longer be approved as a financial responsibility mechanism, priorities for expenditures from the fund shall be based on financial need. 2) nothing in this section authorizes payments or commitments for payments in excess of the funds available and 3) within 60 days after receipt of notification that the corrective action fund has become incapable of paying assured corrective actions, the owner or operator shall obtain alternative financial assurance acceptable to the Department. The nature of these LPST sites includes other identified responsible parties or sites in which there is not an imminent danger to the public and is limited as noted in section 74-6B-7 to available funds in the corrective action fund. As such the Department has not established an estimated remediation liability related to the clean-up of these sites as of June 30, 2014.

**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 15 listed Superfund sites 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2014, the estimated pollution remediation liability for Superfund sites is \$47,128,518.

	<u>Balance,</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2014</u>
Amount due within one year	\$ 1,049,965	\$ 321,616	\$ (726,420)	\$ 645,161
Amount due in more than one year	<u>52,322,997</u>	<u>-</u>	<u>(5,839,641)</u>	<u>46,483,356</u>
<b>Total pollution remediation liabilities</b>	<u>\$ 53,372,962</u>	<u>\$ 321,616</u>	<u>\$ (6,566,061)</u>	<u>\$ 47,128,517</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 2014:

Fiscal year 2014	\$ 260,939
Other amounts due to State General Fund	<u>10,997</u>
<b>Total reversions – due to State General Fund</b>	<u>\$ 271,936</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 FY14. \$271,936 is payable at June 30, 2014 and due by September 30, 2014. 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>\$ 22,450,072</u>
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**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2014, 2013 and 2012 were \$4,880,336, \$4,344,688 and \$3,855,704, 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  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2014**

**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, 2014, 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, 2014, 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, 2014, 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, 2014, 2013 and 2012 were \$590,371, \$580,596 and \$528,005, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**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, 2014, the Department has executed binding commitments to disburse \$29,336,364 for future loans.

Rural Infrastructure Loan Fund - As of June 30, 2014, the Department has executed binding commitments to disburse \$4,460,121 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:

2015	\$ 2,374,820
2016	1,675,809
2017	1,192,793
2018	1,029,394
2019	887,340
2020 and thereafter	<u>604,803</u>
<b>Total</b>	<b><u>\$ 7,764,959</u></b>

Rental expenditures for the fiscal year ended June 30, 2014 were \$2,811,139.

**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, 2014**

**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. The recommendation by the OIG to the Regional Administrator is to disallow and recover these costs. However, a final determination by the Regional Administrator has not been determined. 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. RESTATEMENTS**

The June 30, 2013 financial statements understated the year-end tax receivable accruals due from the New Mexico Taxation and Revenue Department for fund 02600 (Recycling and Illegal Dumping Fund), fund 56700 (Water Conservation Fund) and fund 99000 (Corrective Action Fund). As a result, the following summarizes the restatements required to the beginning fund balances and net position of the Department.

STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

**NOTE 20. RESTATEMENTS (CONTINUED)**

***Fund 02600 (Recycling and Illegal Dumping Fund)***

Beginning fund balance, July 1, 2013	\$ 714,706
Restatement	<u>77,616</u>
<b>Beginning fund balance, July 1, 2013, as restated</b>	<b><u>\$ 792,322</u></b>

***56700 (Water Conservation Fund)***

Beginning fund balance, July 1, 2013	\$ 3,232,992
Restatement	<u>532,424</u>
<b>Beginning fund balance, July 1, 2013, as restated</b>	<b><u>\$ 3,765,416</u></b>

***99000 (Corrective Action Fund)***

Beginning fund balance, July 1, 2013	\$ 10,750,624
Restatement	<u>3,027,693</u>
<b>Beginning fund balance, July 1, 2013, as restated</b>	<b><u>\$ 13,778,317</u></b>

***Governmental Activities***

Beginning fund balance, July 1, 2013	\$ (22,651,138)
Restatement	<u>3,637,733</u>
<b>Beginning fund balance, July 1, 2013, as restated</b>	<b><u>\$ (19,013,405)</u></b>

**NOTE 21. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements. GASBS No. 68 will require the

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 21. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS (CONTINUED)**

Department to record its proportionate share of the unfunded pension plan liabilities in the New Mexico State Retirement System and other plans. Although the amount of the liability is unknown, it is presumed to be material.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact (if any) of this pronouncement on its financial statements.

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, 2014**

**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, 2014**

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 74-9-81, 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, 2014**

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, 2014**

**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.

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, 2014

	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	\$ 1,222,578	\$ 71,514	\$ 6,690,001	\$ 123,552	\$ 723,196
Due from other governmental funds	102,029	22,300	508,802	-	-
Due from federal government	-	-	-	-	-
Due from other state agencies	80,870	-	-	-	-
Other receivables	-	900	20,832	-	761,970
<b>TOTAL ASSETS</b>	<b><u>\$ 1,405,477</u></b>	<b><u>\$ 94,714</u></b>	<b><u>\$ 7,219,635</u></b>	<b><u>\$ 123,552</u></b>	<b><u>\$ 1,485,166</u></b>
<b>LIABILITIES</b>					
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	93,923	-	-	-	-
Due to other governmental funds	-	-	-	-	-
Due to other state agencies	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Total liabilities	<u>93,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	<u>1,311,554</u>	<u>94,714</u>	<u>7,219,635</u>	<u>123,552</u>	<u>1,485,166</u>
Total fund balances	<u>1,311,554</u>	<u>94,714</u>	<u>7,219,635</u>	<u>123,552</u>	<u>1,485,166</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,405,477</u></b>	<b><u>\$ 94,714</u></b>	<b><u>\$ 7,219,635</u></b>	<b><u>\$ 123,552</u></b>	<b><u>\$ 1,485,166</u></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
\$ 335,525	\$ 1,310,442	\$ 336,435	\$ 432,769	\$ 207,131	\$ 2,900,728
-	728,726	144,730	67,644	81,046	269,617
-	-	-	-	-	-
-	-	28	-	-	492,326
-	898,743	-	500	-	5,400
<u>\$ 335,525</u>	<u>\$ 2,937,911</u>	<u>\$ 481,193</u>	<u>\$ 500,913</u>	<u>\$ 288,177</u>	<u>\$ 3,668,071</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
21,823	4,140	-	-	2,025	-
-	-	-	1,650	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,823</u>	<u>4,140</u>	<u>-</u>	<u>1,650</u>	<u>2,025</u>	<u>-</u>
<u>313,702</u>	<u>2,933,771</u>	<u>481,193</u>	<u>499,263</u>	<u>286,152</u>	<u>3,668,071</u>
<u>313,702</u>	<u>2,933,771</u>	<u>481,193</u>	<u>499,263</u>	<u>286,152</u>	<u>3,668,071</u>
<u>\$ 335,525</u>	<u>\$ 2,937,911</u>	<u>\$ 481,193</u>	<u>\$ 500,913</u>	<u>\$ 288,177</u>	<u>\$ 3,668,071</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**June 30, 2014**

	<b>58400</b>	<b>59200</b>	<b>63100</b>	<b>SPECIAL 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	\$ 222,037	\$ 660,295	\$ 1,382,188	\$ 186,901
Due from other governmental funds	150	314,380	531,518	-
Due from federal government	-	-	-	-
Due from other state agencies	17	54	-	15
Other receivables	-	62,400	123,880	-
<b>TOTAL ASSETS</b>	<b>\$ 222,204</b>	<b>\$ 1,037,129</b>	<b>\$ 2,037,586</b>	<b>\$ 186,916</b>
<b>LIABILITIES</b>				
Investment in state general fund investment pool overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	106,105
Due to other governmental funds	13,589	-	-	-
Due to other state agencies	-	-	-	-
Due to state general fund	-	-	-	-
Unearned revenues	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Total liabilities	13,589	-	-	106,105
<b>FUND BALANCES</b>				
Restricted	208,615	1,037,129	2,037,586	80,811
Total fund balances	208,615	1,037,129	2,037,586	80,811
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 222,204</b>	<b>\$ 1,037,129</b>	<b>\$ 2,037,586</b>	<b>\$ 186,916</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
\$ 103,657	\$ 1,239	\$ 1,554,314	\$ 109,687	\$ 501,453	\$ 1,056,771	\$ 20,132,413
38,938	-	326,466	65,705	26,309	280,426	3,508,786
-	-	-	-	-	-	-
-	-	-	-	-	-	573,310
-	-	-	40	23,490	-	1,898,155
<u>\$ 142,595</u>	<u>\$ 1,239</u>	<u>\$ 1,880,780</u>	<u>\$ 175,432</u>	<u>\$ 551,252</u>	<u>\$ 1,337,197</u>	<u>\$ 26,112,664</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	110	-	-	200,138
-	-	-	-	3,383	450	45,410
-	-	-	-	-	-	1,650
-	-	-	-	-	-	-
-	-	-	-	362,625	-	362,625
-	1,239	-	-	-	-	1,239
-	1,239	-	110	366,008	450	611,062
<u>142,595</u>	<u>-</u>	<u>1,880,780</u>	<u>175,322</u>	<u>185,244</u>	<u>1,336,747</u>	<u>25,501,602</u>
<u>142,595</u>	<u>-</u>	<u>1,880,780</u>	<u>175,322</u>	<u>185,244</u>	<u>1,336,747</u>	<u>25,501,602</u>
<u>\$ 142,595</u>	<u>\$ 1,239</u>	<u>\$ 1,880,780</u>	<u>\$ 175,432</u>	<u>\$ 551,252</u>	<u>\$ 1,337,197</u>	<u>\$ 26,112,664</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
 June 30, 2014

	<b>CAPITAL PROJECT FUNDS</b>			<b>Total All Non-Major Funds</b>
	<b>89200</b>	<b>93100</b>	<b>Total Capital Project Funds</b>	
	<b>Severance Tax Bonds 2009</b>	<b>General Fund Capital Outlay</b>		
<b>ASSETS</b>				
Investment in state general fund investment pool	\$ -	\$ 71,458	\$ 71,458	\$ 20,203,871
Due from other governmental funds	-	-	-	3,508,786
Due from federal government	-	-	-	-
Due from other state agencies	1,055,110	-	1,055,110	1,628,420
Other receivables	-	-	-	1,898,155
<b>TOTAL ASSETS</b>	<b><u>\$ 1,055,110</u></b>	<b><u>\$ 71,458</u></b>	<b><u>\$ 1,126,568</u></b>	<b><u>\$ 27,239,232</u></b>
<b>LIABILITIES</b>				
Investment in state general fund investment pool overdraft	\$ 527,559	\$ -	\$ 527,559	\$ 527,559
Accounts payable	501,306	10,519	511,825	711,963
Due to other governmental funds	-	-	-	45,410
Due to other state agencies	26,245	-	26,245	27,895
Due to state general fund	-	60,939	60,939	60,939
Unearned revenues	-	-	-	362,625
Accrued payroll liabilities	-	-	-	1,239
Total liabilities	<u>1,055,110</u>	<u>71,458</u>	<u>1,126,568</u>	<u>1,375,005</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	25,501,602
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,501,602</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,055,110</u></b>	<b><u>\$ 71,458</u></b>	<b><u>\$ 1,126,568</u></b>	<b><u>\$ 27,239,232</u></b>



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2014

	<b>SPECIAL</b>				
	<b>02600</b>	<b>06600</b>	<b>09200</b>	<b>10980</b>	<b>11900</b>
	<b>Recycling and Illegal Dumping Fund</b>	<b>Voluntary Remediation Fund</b>	<b>Air Quality Title V Fund</b>	<b>Nuclear Workers Assistance Fund</b>	<b>Brownfields Cleanup Revolving Loan Fund</b>
<b>REVENUES</b>					
Environmental fees	\$ 943,299	\$ 12,895	\$ 5,119,200	\$ 43,125	\$ -
Federal grant revenue	-	-	-	-	344,715
Investment earnings	-	-	-	-	2,422
Total revenues	<u>943,299</u>	<u>12,895</u>	<u>5,119,200</u>	<u>43,125</u>	<u>347,137</u>
<b>EXPENDITURES</b>					
Current:					
Environmental protection	263,596	-	-	-	-
Other environmental initiatives	-	-	-	-	-
Total expenditures	<u>263,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	679,703	12,895	5,119,200	43,125	347,137
<b>OTHER FINANCING SOURCES</b>					
Severance tax bond appropriations	-	-	-	-	-
Transfers in:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Transfers out:					
Interfund	(160,471)	-	(4,451,298)	-	-
Other	-	-	-	-	-
Reversions-FY14	-	-	-	-	-
Total other financing sources	<u>(160,471)</u>	<u>-</u>	<u>(4,451,298)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>					
	519,232	12,895	667,902	43,125	347,137
<b>FUND BALANCES, BEGINNING</b>					
	714,706	81,819	6,551,733	80,427	1,138,029
<b>RESTATEMENT</b>					
	<u>77,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING AS RESTATED</b>					
	<u>792,322</u>	<u>81,819</u>	<u>6,551,733</u>	<u>80,427</u>	<u>1,138,029</u>
<b>FUND BALANCES, ENDING</b>					
	<u>\$ 1,311,554</u>	<u>\$ 94,714</u>	<u>\$ 7,219,635</u>	<u>\$ 123,552</u>	<u>\$ 1,485,166</u>

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
\$ 409,217	\$ 3,739,583	\$ 363,425	\$ 286,142	\$ 129,775	\$ 2,440,538
-	-	-	-	-	-
-	-	223	-	-	-
<u>409,217</u>	<u>3,739,583</u>	<u>363,648</u>	<u>286,142</u>	<u>129,775</u>	<u>2,440,538</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
409,217	3,739,583	363,648	286,142	129,775	2,440,538
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(449,556)	(3,469,774)	(320,470)	(360,172)	(122,304)	(2,537,883)
-	-	-	(55,650)	-	-
-	-	-	-	-	-
<u>(449,556)</u>	<u>(3,469,774)</u>	<u>(320,470)</u>	<u>(415,822)</u>	<u>(122,304)</u>	<u>(2,537,883)</u>
(40,339)	269,809	43,178	(129,680)	7,471	(97,345)
354,041	2,663,962	438,015	628,943	278,681	3,232,992
-	-	-	-	-	532,424
<u>354,041</u>	<u>2,663,962</u>	<u>438,015</u>	<u>628,943</u>	<u>278,681</u>	<u>3,765,416</u>
\$ <u>313,702</u>	\$ <u>2,933,771</u>	\$ <u>481,193</u>	\$ <u>499,263</u>	\$ <u>286,152</u>	\$ <u>3,668,071</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, 2014

	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	\$ 71,870	\$ 778,424	\$ 2,885,058	\$ 70,626
Federal grant revenue	-	-	-	-
Investment earnings	136	428	-	139
Total revenues	<u>72,006</u>	<u>778,852</u>	<u>2,885,058</u>	<u>70,765</u>
<b>EXPENDITURES</b>				
Current:				
Environmental protection	-	-	-	191,138
Other environmental initiatives	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,138</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	72,006	778,852	2,885,058	(120,373)
<b>OTHER FINANCING SOURCES</b>				
Severance tax bond appropriations	-	-	-	-
Transfers in:				
Interfund	-	-	-	-
Other	-	-	-	-
Transfers out:				
Interfund	(42,589)	(684,920)	(3,004,682)	-
Other	-	-	-	-
Reversions-FY14	-	-	-	-
Total other financing sources	<u>(42,589)</u>	<u>(684,920)</u>	<u>(3,004,682)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	29,417	93,932	(119,624)	(120,373)
<b>FUND BALANCES, BEGINNING</b>	179,198	943,197	2,157,210	201,184
<b>RESTATEMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING AS RESTATED</b>	<u>179,198</u>	<u>943,197</u>	<u>2,157,210</u>	<u>201,184</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 208,615</u>	<u>\$ 1,037,129</u>	<u>\$ 2,037,586</u>	<u>\$ 80,811</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
\$ 107,899	\$ -	\$ 22,988	\$ 96,181	\$ 472,395	\$ 1,359,510	\$ 19,352,150
-	96,850	-	-	-	-	441,565
-	-	-	-	-	-	3,348
<u>107,899</u>	<u>96,850</u>	<u>22,988</u>	<u>96,181</u>	<u>472,395</u>	<u>1,359,510</u>	<u>19,797,063</u>
-	96,850	-	-	-	-	551,584
-	-	-	-	-	-	-
-	<u>96,850</u>	-	-	-	-	<u>551,584</u>
107,899	-	22,988	96,181	472,395	1,359,510	19,245,479
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(68,762)	-	(172,874)	(145,295)	(488,492)	(1,580,674)	(18,060,216)
-	-	-	-	-	-	(55,650)
-	-	-	-	-	-	-
<u>(68,762)</u>	<u>-</u>	<u>(172,874)</u>	<u>(145,295)</u>	<u>(488,492)</u>	<u>(1,580,674)</u>	<u>(18,115,866)</u>
39,137	-	(149,886)	(49,114)	(16,097)	(221,164)	1,129,613
103,458	-	2,030,666	224,436	201,341	1,557,911	23,761,949
-	-	-	-	-	-	610,040
<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>24,371,989</u>
\$ 142,595	\$ -	\$ 1,880,780	\$ 175,322	\$ 185,244	\$ 1,336,747	\$ 25,501,602

**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, 2014**

	89200	93100	Total Capital Project Funds	Total All Non-Major Funds
	Severance Tax Bonds 2009	General Fund Capital Outlay		
<b>REVENUES</b>				
Environmental fees	\$ -	\$ -	\$ -	\$ 19,352,150
Federal grant revenue	-	-	-	441,565
Investment earnings	-	-	-	3,348
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,797,063</u>
<b>EXPENDITURES</b>				
Current:				
Environmental protection	-	-	-	551,584
Other environmental initiatives	5,341,365	15,100	5,356,465	5,356,465
Total expenditures	<u>5,341,365</u>	<u>15,100</u>	<u>5,356,465</u>	<u>5,908,049</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,341,365)	(15,100)	(5,356,465)	13,889,014
<b>OTHER FINANCING SOURCES</b>				
Severance tax bond appropriations	5,005,339	-	5,005,339	5,005,339
Transfers in:				
Interfund	-	-	-	-
Other	336,026	-	336,026	336,026
Transfers out:				
Interfund	-	-	-	(18,060,216)
Other	-	-	-	(55,650)
Reversions-FY14	-	(60,939)	(60,939)	(60,939)
Total other financing sources	<u>5,341,365</u>	<u>(60,939)</u>	<u>5,280,426</u>	<u>(12,835,440)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(76,039)	(76,039)	1,053,574
<b>FUND BALANCES, BEGINNING</b>	-	76,039	76,039	23,837,988
<b>RESTATEMENT</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,040</u>
<b>FUND BALANCES, BEGINNING AS RESTATED</b>	<u>-</u>	<u>76,039</u>	<u>76,039</u>	<u>24,448,028</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,501,602</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, 2014

	<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	\$ 562,500	\$ 562,500	\$ 943,299	\$ 380,799
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 562,500</u>	<u>\$ 562,500</u>	<u>943,299</u>	<u>\$ 380,799</u>
<b>EXPENDITURES - current</b>				
Contractual services	-	-	-	-
Other	300,000	300,000	263,596	36,404
Other financing uses	<u>262,500</u>	<u>262,500</u>	<u>160,471</u>	<u>102,029</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 562,500</u>	<u>\$ 562,500</u>	<u>424,067</u>	<u>\$ 138,433</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 519,232</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, 2014

	<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	\$ 5,200	\$ 5,200	\$ 12,895	\$ 7,695
<b>TOTAL REVENUES</b>	5,200	5,200	12,895	7,695
<b>BUDGETED FUND BALANCE</b>	<u>17,100</u>	<u>17,100</u>	<u>-</u>	<u>(17,100)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 22,300</u>	<u>\$ 22,300</u>	<u>12,895</u>	<u>\$ (9,405)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 22,300	\$ 22,300	<u>-</u>	<u>\$ 22,300</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 22,300</u>	<u>\$ 22,300</u>	<u>-</u>	<u>\$ 22,300</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 12,895</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, 2014

	<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	\$ 4,853,300	\$ 4,853,300	\$ 5,119,200	\$ 265,900
<b>TOTAL REVENUES</b>	4,853,300	4,853,300	5,119,200	265,900
<b>BUDGETED FUND BALANCE</b>	<u>106,800</u>	<u>106,800</u>	-	<u>(106,800)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 4,960,100</u>	<u>\$ 4,960,100</u>	<u>5,119,200</u>	<u>\$ 159,100</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 4,960,100	\$ 4,960,100	4,451,298	\$ 508,802
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,960,100</u>	<u>\$ 4,960,100</u>	<u>4,451,298</u>	<u>\$ 508,802</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 667,902</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, 2014

	<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	-	-	43,125	43,125
Inter-agency transfers	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>43,125</u>	<u>\$ 43,125</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 43,125</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, 2014

	<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>				
Federal funds	\$ 344,715	\$ 344,715	\$ 344,715	\$ -
General Fund	-	-	-	-
Other state funds	-	-	2,422	2,422
Inter-agency transfers	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL REVENUES</b>	<u>\$ 344,715</u>	<u>\$ 344,715</u>	<u>347,137</u>	<u>\$ 2,422</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	344,715	344,715	-	344,715
Other financing uses	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 344,715</u>	<u>\$ 344,715</u>	<u>-</u>	<u>\$ 344,715</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 347,137</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, 2014

	<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	\$ 376,500	\$ 376,500	\$ 409,217	\$ 32,717
<b>TOTAL REVENUES</b>	376,500	376,500	409,217	32,717
<b>BUDGETED FUND BALANCE</b>	<u>265,100</u>	<u>265,100</u>	-	<u>(265,100)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 641,600</u>	<u>\$ 641,600</u>	<u>409,217</u>	<u>\$ (232,383)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 641,600	\$ 641,600	449,556	\$ 192,044
<b>TOTAL EXPENDITURES</b>	<u>\$ 641,600</u>	<u>\$ 641,600</u>	<u>449,556</u>	<u>\$ 192,044</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (40,339)</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, 2014

	<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	\$ 3,528,100	\$ 3,528,100	\$ 3,739,583	\$ 211,483
<b>TOTAL REVENUES</b>	3,528,100	3,528,100	3,739,583	211,483
<b>BUDGETED FUND BALANCE</b>	<u>670,400</u>	<u>670,400</u>	-	<u>(670,400)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 4,198,500</u>	<u>\$ 4,198,500</u>	<u>3,739,583</u>	<u>\$ (458,917)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 4,198,500	\$ 4,198,500	3,469,774	\$ 728,726
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,198,500</u>	<u>\$ 4,198,500</u>	<u>3,469,774</u>	<u>\$ 728,726</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 269,809</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, 2014

	<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	\$ 336,900	\$ 336,900	\$ 363,648	\$ 26,748
<b>TOTAL REVENUES</b>	336,900	336,900	363,648	26,748
<b>BUDGETED FUND BALANCE</b>	<u>128,300</u>	<u>128,300</u>	-	<u>(128,300)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 465,200</u>	<u>\$ 465,200</u>	363,648	<u>\$ (101,552)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 465,200	\$ 465,200	320,470	\$ 144,730
<b>TOTAL EXPENDITURES</b>	<u>\$ 465,200</u>	<u>\$ 465,200</u>	320,470	<u>\$ 144,730</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 43,178</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, 2014

	<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	\$ 409,800	\$ 409,800	\$ 286,142	\$ (123,658)
<b>TOTAL REVENUES</b>	409,800	409,800	286,142	(123,658)
<b>BUDGETED FUND BALANCE</b>	<u>357,100</u>	<u>357,100</u>	-	<u>(357,100)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 766,900</u>	<u>\$ 766,900</u>	286,142	<u>\$ (480,758)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 766,900	\$ 766,900	415,822	\$ 351,078
<b>TOTAL EXPENDITURES</b>	<u>\$ 766,900</u>	<u>\$ 766,900</u>	415,822	<u>\$ 351,078</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (129,680)</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, 2014

	<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	\$ 139,300	\$ 139,300	\$ 129,775	\$ (9,525)
<b>TOTAL REVENUES</b>	139,300	139,300	129,775	(9,525)
<b>BUDGETED FUND BALANCE</b>	63,800	63,800	-	(63,800)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 203,100</u>	<u>\$ 203,100</u>	129,775	<u>\$ (73,325)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 203,100	\$ 203,100	122,304	\$ 80,796
<b>TOTAL EXPENDITURES</b>	<u>\$ 203,100</u>	<u>\$ 203,100</u>	122,304	<u>\$ 80,796</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 7,471</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, 2014

	<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	\$ 2,752,100	\$ 2,752,100	\$ 2,440,538	\$ (311,562)
<b>TOTAL REVENUES</b>	2,752,100	2,752,100	2,440,538	(311,562)
<b>BUDGETED FUND BALANCE</b>	<u>55,400</u>	<u>55,400</u>	<u>-</u>	<u>(55,400)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 2,807,500</u>	<u>\$ 2,807,500</u>	<u>2,440,538</u>	<u>\$ (366,962)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 2,807,500	\$ 2,807,500	2,537,883	\$ 269,617
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,807,500</u>	<u>\$ 2,807,500</u>	<u>2,537,883</u>	<u>\$ 269,617</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (97,345)</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, 2014**

	<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	\$ 29,000	\$ 29,000	\$ 72,006	\$ 43,006
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>72,006</u>	<u>\$ 43,006</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 29,000	\$ 55,200	42,589	\$ 12,611
<b>TOTAL EXPENDITURES</b>	<u>\$ 29,000</u>	<u>\$ 55,200</u>	<u>42,589</u>	<u>\$ 12,611</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 29,417</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, 2014

	<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	\$ 635,500	\$ 635,500	\$ 778,852	\$ 143,352
<b>TOTAL REVENUES</b>	635,500	635,500	778,852	143,352
<b>BUDGETED FUND BALANCE</b>	<u>363,800</u>	<u>363,800</u>	-	<u>(363,800)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 999,300</u>	<u>\$ 999,300</u>	778,852	<u>\$ (220,448)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 999,300	\$ 999,300	684,920	\$ 314,380
<b>TOTAL EXPENDITURES</b>	<u>\$ 999,300</u>	<u>\$ 999,300</u>	684,920	<u>\$ 314,380</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 93,932</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, 2014

	<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	\$ 2,427,400	\$ 2,427,400	\$ 2,885,058	\$ 457,658
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	2,427,400	2,427,400	2,885,058	457,658
<b>BUDGETED FUND BALANCE</b>	<u>1,108,800</u>	<u>1,108,800</u>	-	<u>(1,108,800)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 3,536,200</u>	<u>\$ 3,536,200</u>	2,885,058	<u>\$ (651,142)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 3,536,200	\$ 3,536,200	3,004,682	\$ 531,518
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,536,200</u>	<u>\$ 3,536,200</u>	<u>3,004,682</u>	<u>\$ 531,518</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (119,624)</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, 2014

	<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	\$ 275,700	\$ 275,700	\$ 70,765	\$ (204,935)
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>275,700</u>	<u>275,700</u>	<u>70,765</u>	<u>(204,935)</u>
<b>BUDGETED FUND BALANCE</b>	<u>24,300</u>	<u>24,300</u>	<u>-</u>	<u>(24,300)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>70,765</u>	<u>\$ (229,235)</u>
<b>EXPENDITURES - current</b>				
Contractual services	\$ -	\$ -	-	\$ -
Other	<u>300,000</u>	<u>300,000</u>	<u>191,138</u>	<u>108,862</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>191,138</u>	<u>\$ 108,862</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (120,373)</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, 2014

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 43,600	\$ 43,600	\$ 107,899	\$ 64,299
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	43,600	43,600	107,899	64,299
<b>BUDGETED FUND BALANCE</b>	64,100	64,100	-	(64,100)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 107,700</u>	<u>\$ 107,700</u>	107,899	<u>\$ 199</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 107,700	\$ 107,700	68,762	\$ 38,938
<b>TOTAL EXPENDITURES</b>	<u>\$ 107,700</u>	<u>\$ 107,700</u>	68,762	<u>\$ 38,938</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 39,137</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ 96,850	\$ 96,850	\$ 96,850	\$ -
General fund	-	-	-	-
Other state funds	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 96,850</u>	<u>\$ 96,850</u>	<u>96,850</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Personal services and employee benefits	\$ 23,039	\$ 23,039	23,039	\$ -
Contractual services	-	-	-	-
Other	73,811	73,811	73,811	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 96,850</u>	<u>\$ 96,850</u>	<u>96,850</u>	<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, 2014

	<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	\$ 81,500	\$ 81,500	\$ 22,988	\$ (58,512)
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	81,500	81,500	22,988	(58,512)
<b>BUDGETED FUND BALANCE</b>	413,700	413,700	-	(413,700)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 495,200</u>	<u>\$ 495,200</u>	<u>22,988</u>	<u>\$ (472,212)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 495,200	\$ 495,200	172,874	\$ 322,326
<b>TOTAL EXPENDITURES</b>	<u>\$ 495,200</u>	<u>\$ 495,200</u>	<u>172,874</u>	<u>\$ 322,326</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (149,886)</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, 2014

	<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	\$ 107,400	\$ 107,400	\$ 96,181	\$ (11,219)
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	107,400	107,400	96,181	(11,219)
<b>BUDGETED FUND BALANCE</b>	<u>103,600</u>	<u>103,600</u>	-	<u>(103,600)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 211,000</u>	<u>\$ 211,000</u>	<u>96,181</u>	<u>\$ (114,819)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 211,000	\$ 211,000	145,295	\$ 65,705
<b>TOTAL EXPENDITURES</b>	<u>\$ 211,000</u>	<u>\$ 211,000</u>	<u>145,295</u>	<u>\$ 65,705</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (49,114)</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, 2014

	<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	\$ 513,800	\$ 513,800	\$ 472,395	\$ (41,405)
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	513,800	513,800	472,395	(41,405)
<b>BUDGETED FUND BALANCE</b>	<u>800</u>	<u>800</u>	-	<u>(800)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 514,600</u>	<u>\$ 514,600</u>	<u>472,395</u>	<u>\$ (42,205)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 514,600	\$ 514,600	488,492	\$ 26,108
<b>TOTAL EXPENDITURES</b>	<u>\$ 514,600</u>	<u>\$ 514,600</u>	<u>488,492</u>	<u>\$ 26,108</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (16,097)</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, 2014

	<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	\$ 1,437,000	\$ 1,437,000	\$ 1,359,510	\$ (77,490)
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,437,000</u>	<u>1,437,000</u>	<u>1,359,510</u>	<u>(77,490)</u>
<b>BUDGETED FUND BALANCE</b>	<u>424,100</u>	<u>424,100</u>	<u>-</u>	<u>(424,100)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 1,861,100</u>	<u>\$ 1,861,100</u>	<u>1,359,510</u>	<u>\$ (501,590)</u>
<b>EXPENDITURES - current</b>				
Other financing uses	\$ 1,861,100	\$ 1,861,100	1,580,674	\$ 280,426
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,861,100</u>	<u>\$ 1,861,100</u>	<u>1,580,674</u>	<u>\$ 280,426</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (221,164)</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, 2014

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	76,327,441	76,327,441	5,341,365	(70,986,076)
Budgeted fund balance	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$76,327,441</u>	<u>\$76,327,441</u>	<u>5,341,365</u>	<u>\$ (70,986,076)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	336,025	336,025	336,025	-
Other	75,991,416	75,991,416	5,005,340	70,986,076
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$76,327,441</u>	<u>\$76,327,441</u>	<u>5,341,365</u>	<u>\$ 70,986,076</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, 2014

	<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	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
<b>BUDGETED FUND BALANCE</b>	<u>76,039</u>	<u>76,039</u>	-	<u>(76,039)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 76,039</u>	<u>\$ 76,039</u>	-	<u>\$ (76,039)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	76,039	76,039	15,100	60,939
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 76,039</u>	<u>\$ 76,039</u>	<u>15,100</u>	<u>\$ 60,939</u>
<b>NET CHANGE IN FUND BALANCE</b>			(15,100)	
<b>REVERSIONS (NON-BUDGETED)</b>			<u>(60,939)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (76,039)</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal funds	\$ -	\$ -	\$ 6,995,660	\$ 6,995,660
Other state funds	-	-	3,406,773	3,406,773
Inter-agency transfers	-	-	1,400,000	1,400,000
<b>TOTAL REVENUES</b>	-	-	11,802,433	11,802,433
<b>BUDGETED NET POSITION</b>	-	4,835,929	-	4,835,929
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ -</u>	<u>\$ 4,835,929</u>	<u>11,802,433</u>	<u>\$ 16,638,362</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	4,835,929	605,891	4,230,038
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 4,835,929</u>	<u>605,891</u>	<u>\$ 4,230,038</u>
<b>NET CHANGE IN NET POSITION</b>			11,196,542	
<b>ADMINISTRATIVE EXPENSES (CAP GRANT) BUDGETED IN FUND 06400</b>			<u>(293,796)</u>	
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 10,902,746</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, 2014**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 235,900	\$ 235,900	\$ 365,429	\$ 129,529
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	235,900	235,900	365,429	129,529
<b>BUDGETED NET POSITION</b>	<u>101,100</u>	<u>101,100</u>	-	<u>(101,100)</u>
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 337,000</u>	<u>\$ 337,000</u>	365,429	<u>\$ 28,429</u>
<b>EXPENDITURES - current</b>				
Other financing uses	<u>\$ 337,000</u>	<u>\$ 337,000</u>	<u>122,364</u>	<u>\$ 214,636</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 337,000</u>	<u>\$ 337,000</u>	<u>122,364</u>	<u>\$ 214,636</u>
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 243,065</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, 2014

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Other state funds	\$ 470,000	\$ 470,000	\$ 497,109	\$ 27,109
Inter-agency transfers	-	-	-	-
<b>TOTAL REVENUES</b>	470,000	470,000	497,109	27,109
<b>BUDGETED NET POSITION</b>	<u>173,000</u>	<u>173,000</u>	-	<u>(173,000)</u>
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 643,000</u>	<u>\$ 643,000</u>	497,109	<u>\$ (145,891)</u>
<b>EXPENDITURES - current</b>				
Personal services & employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	<u>643,000</u>	<u>643,000</u>	<u>330,715</u>	<u>312,285</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 643,000</u>	<u>\$ 643,000</u>	<u>330,715</u>	<u>\$ 312,285</u>
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 166,394</u>	

**SUPPLEMENTAL INFORMATION REQUIRED BY SECTION 2.2.2 NMAC**



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 1 - SUPPLEMENTAL SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS**  
**June 30, 2014**

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	\$ 4,266,711	\$ -	\$ 4,266,711
Corrective Action Fund	99000	State Treasurer	16,412,340	-	16,412,340
Recycling and Illegal Dumping Fund	02600	State Treasurer	1,222,578	-	1,222,578
Voluntary Remediation Fund	06600	State Treasurer	71,514	-	71,514
Air Quality Title V Fund	09200	State Treasurer	6,690,001	-	6,690,001
Severance Tax Bonds 2009	89200	State Treasurer	(527,559)	-	(527,559)
General Fund Capital Outlay	93100	State Treasurer	71,458	-	71,458
Brownfields Cleanup Revolving Loan Fund	11900	State Treasurer	723,196	-	723,196
Responsible Parties Fund	24800	State Treasurer	335,525	-	335,525
Hazardous Waste Fund	33900	State Treasurer	1,310,442	-	1,310,442
Liquid Waste Fund	34000	State Treasurer	336,435	-	336,435
Water Quality Management Fund	34100	State Treasurer	432,769	-	432,769
Water Recreation Facilities Fund	40000	State Treasurer	207,131	-	207,131
Water Conservation Fund	56700	State Treasurer	2,900,728	-	2,900,728
Public Water Supply System Operator and Public Wastewater Facility Operator Fund	58400	State Treasurer	222,037	-	222,037
Radiation Protection Fund	59200	State Treasurer	660,295	-	660,295
State Air Quality Permit Fund	63100	State Treasurer	1,382,188	-	1,382,188
Solid Waste Facility Grant Fund	63200	State Treasurer	186,901	-	186,901
Solid Waste Permit Fees	78300	State Treasurer	103,657	-	103,657
ARRA Fund	89000	State Treasurer	1,239	-	1,239
Nuclear Workers Assistance Fund	10980	State Treasurer	123,552	-	123,552
Hazardous Waste Emergency Fund	95700	State Treasurer	1,554,314	-	1,554,314
Radiologic Technology Fund	98700	State Treasurer	109,687	-	109,687
Storage Tank Fund	98900	State Treasurer	501,453	-	501,453
Food Service Sanitation Fund	99100	State Treasurer	1,056,771	-	1,056,771
<b>Total Governmental with State Treasurer</b>			<b>40,355,363</b>	<b>-</b>	<b>40,355,363</b>
<b>Governmental Funds Petty Cash - General Fund - 06400</b>			<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Governmental Funds</b>			<b>40,355,363</b>	<b>-</b>	<b>40,355,363</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	\$ 113,682,949	\$ -	\$ 113,682,949
Clean Water State Administrative Fund	32700 State Treasurer	1,345,000	-	1,345,000
Rural Infrastructure Loan Fund	33700 State Treasurer	<u>16,617,619</u>	<u>-</u>	<u>16,617,619</u>
<b>Total Proprietary with State Treasurer</b>		<u>131,645,568</u>	<u>-</u>	<u>131,645,568</u>
<b>Trust and Agency Funds with State Treasurer (with SHARE fund numbers):</b>				
Fiduciary Fund - 65200	65200 State Treasurer	<u>344,007</u>	<u>-</u>	<u>344,007</u>
<b>Total Trust and Agency with State Treasurer</b>		<u>344,007</u>	<u>-</u>	<u>344,007</u>
<b>Department Total - all funds</b>		<u>\$ 172,344,938</u>	<u>\$ -</u>	<u>\$ 172,344,938</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 2 - SUPPLEMENTAL SCHEDULE OF SEVERANCE TAX BOND APPROPRIATION R**  
**Year Ended June 30, 2014**

<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</u>
2011	183	\$ 1,850,000	\$ -	\$ (6,000)	\$ 1,844,000	\$ (140,355)	\$ -
2012	63/64	7,139,543	(168,823)	(4,000)	6,966,720	(2,439,727)	(2,439,727)
2013	226	18,098,840	-	(1,750)	18,097,090	-	-
2014	66	<u>51,664,737</u>	<u>-</u>	<u>(1,050)</u>	<u>51,663,687</u>	<u>-</u>	<u>-</u>
		<u>\$ 78,753,120</u>	<u>\$ (168,823)</u>	<u>\$ (12,800)</u>	<u>\$ 78,571,497</u>	<u>\$ (2,580,082)</u>	<u>\$ (2,580,082)</u>

**Reconciliation to the Financial Statements:**

Governmental Funds - Severance Tax Bond Appropriation Revenue \$ 78,571,497

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 3 - SUPPLEMENTAL SCHEDULE OF SPECIAL APPROPRIATIONS**  
**Year Ended June 30, 2014**

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	\$ -
Water litigation	Ch 227, Laws 2013	2013-2014	06400	340,000	-
Environmental litigation	Ch 63, Laws 2014 *	2014-2016	06400	<u>1,500,000</u>	<u>-</u>
Total general fund				<u>4,681,100</u>	<u>-</u>
Capital project appropriations	Ch 63, 2012	2012-2014	93100	<u>-</u>	<u>1,172,448</u>
Total capital project funds				<u>-</u>	<u>1,172,448</u>
<b>TOTAL - ALL FUNDS</b>				<u>\$ 4,681,100</u>	<u>\$ 1,172,448</u>

\* This appropriation was not received during fiscal year 2014

<u>Total</u> <u>Appropriation</u>	<u>Prior Year</u> <u>Expenditures</u>	<u>Current Year</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Current Year</u> <u>Reversion</u> <u>Amount</u>	<u>Remaining</u> <u>Balance</u>
\$ 2,841,100	\$ -	\$ (2,717,333)	\$ (7,549)	\$ (116,218)	\$ -
340,000	-	(256,218)	-	(83,782)	-
<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
<u>4,681,100</u>	<u>-</u>	<u>(2,973,551)</u>	<u>(7,549)</u>	<u>(200,000)</u>	<u>-</u>
<u>1,172,448</u>	<u>(1,096,409)</u>	<u>(15,100)</u>	<u>-</u>	<u>(60,939)</u>	<u>-</u>
<u>1,172,448</u>	<u>(1,096,409)</u>	<u>(15,100)</u>	<u>-</u>	<u>(60,939)</u>	<u>-</u>
<u>\$ 5,853,548</u>	<u>\$ (1,096,409)</u>	<u>\$ (2,988,651)</u>	<u>\$ (7,549)</u>	<u>\$ (260,939)</u>	<u>\$ -</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
 SCHEDULE 4 - JOINT POWERS AGREEMENTS  
 Year Ended June 30, 2014**

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

JPA #	Participants / Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount Contrib in FY
13-667-5000-0013	NMED/NMEMNRD Natural Resources Reimbursement	9/30/2014	\$ 100,000	\$ 100,000	\$

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT / MEMORANDA OF UNDERSTANDING**  
**Year Ended June 30, 2014**

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

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY14
		9/30/2014			
05-MOU	NMED/State Personnel Office Collective Bargaining Negotiations	Until Terminated	\$ -	\$ -	
09-667-MOA-001	NMED/Town of Silver City San Vicente Creek Restoration	12/31/2022	\$ -	\$ -	Match
09-667-MOA-002	NMED/NM Taxation & Revenue Department Office of the Governor - Initiative Compliance	Until Terminated	\$ -	\$ -	\$ -
10-667-MOA-0001	NMED/DFA Integrating Streams Restoration (SWQB)	10/1/2021	\$ 165,675	\$ 165,675	\$ -
10-667-5000-0016	U.S. Forest Service	6/30/2015	\$ 110,017	\$ 110,017	\$ -
13-667-5000-0013	Energy, Minerals & Natural Resources Dept.	6/30/2014	\$ 100,000	\$ 100,000	\$ -
12-667-5000-0021	U.S. Department of Agriculture	12/31/2015	\$ 11,000	\$ 11,000	\$ -
12-667-5000-0023	University of New Mexico	10/30/2014	\$ 185,000	\$ -	
13-667-5000-0037	University of New Mexico	10/30/2016	\$ 202,000	\$ 202,000	\$ -
15-667-1500-0002	UNM (Regents of the UNM)	9/30/2015	\$ 20,000	\$ 20,000	
11-521-0100-00645	NMED/EMNRD	6/30/2014	\$ 1,365,204	\$ 1,365,204	

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 5 - MEMORANDA OF AGREEMENT / MEMORANDA OF UNDERSTANDING (CONTINUED)**  
**Year Ended June 30, 2014**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY14
11-668-MOA-0001	NMED/ORNT	11/16/2014	\$ 22,500	\$ 22,500	
13-667-3000-0004	NMED/NMSU	11/15/2014	\$ 271,069	\$ 271,069	\$ 201,858
13-667-5000-0008	USDA Forest Service	9/31/2017	no cost involved		
13-668-0100-0002	NMED/ORNT	12/31/2014	\$ 1,261,361	\$ 1,261,361	
14-667-1800-0004	NMED and ONRT	9/30/2014	\$ 150,000	\$ 150,000	
15-667-1800-0008	Rio Rancho Public Schools	5/30/2016	no cost stated on MOU		
15-667-5000-0001	NM Institute of Mining and Technology	8/26/2015	\$ 100,000	\$ 100,000	
no number issued	PED Innovative Digital Education	6/30/2015	no cost involved	\$ -	
no number issued	NMED/NMSU	9/15/2014	no budget amount		
no number issued	NMED/Collective Bargaining	Determined by Governor	\$ 10,511	\$ 10,511	
no number issued	NMED/GWQB/US Department of Energy	9/30/2018	\$ 200,000	\$ 200,000	



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE 6 - FIDUCIARY FUND - AGENCY**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**Year Ended June 30, 2014**

	<u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>2014</u>
<b>ASSETS</b>				
Investment in state general fund investment pool	\$ 651,401	\$ 1,309,763	\$ (1,617,157)	\$ 344,007
<b>TOTAL ASSETS</b>	<u>\$ 651,401</u>	<u>\$ 1,309,763</u>	<u>\$ (1,617,157)</u>	<u>\$ 344,007</u>
<b>LIABILITIES</b>				
Funds held for others	\$ 651,401	\$ 1,309,763	\$ (1,617,157)	\$ 344,007
<b>TOTAL LIABILITIES</b>	<u>\$ 651,401</u>	<u>\$ 1,309,763</u>	<u>\$ (1,617,157)</u>	<u>\$ 344,007</u>

**SINGLE AUDIT**

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

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	\$ 50,806
Air Quality 105	66.001	<u>1,138,425</u>
		<u>1,189,231</u>
<b>State Indoor Radon Grants</b>		
Indoor Radon Outreach Program FY 10	66.032	<u>139,178</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	149,030
FY 11 Green House Gas Reporting and Emissions Red Program	66.034	<u>15,985</u>
		<u>165,015</u>
<b>State Clean Diesel Grant Program</b>		
State Clean Diesel Grant	66.040	<u>116,470</u>
<b>Congressionally Mandated Projects</b>		
Stag Set Aside	66.202	<u>24,966</u>
<b>Water Pollution Control State, Interstate, and Tribal Program Support</b>		
Ground Water 106	66.419	416,281
Surface Water 106	66.419	1,335,138
Surface Water 106 Supplemental	66.419	<u>140,592</u>
		<u>1,892,011</u>
<b>State Public Water System Supervision</b>		
Public Water Supply Supervision	66.432	<u>1,193,309</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

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>84,667</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>109,690</u>
<b>Clean Water State Revolving Funds (CWSRF) Cluster</b>		
Capitalization Grants for CWSRF, Construction	66.458	6,701,864
Capitalization Grants for CWSRF, Administration	66.458	<u>293,796</u>
		<u>6,995,660</u>
<b>Nonpoint Source Implementation Grants</b>		
319 NPS Surface Water	66.460	1,380,112
319 NPS Ground Water	66.460	159,098
319 NPS Implementation	66.460	798,333
Special Project to Restore Jaramillo Creek	66.460	<u>32,406</u>
		<u>2,369,949</u>
<b>Regional Wetland Program Development Grants</b>		
La Cienega De San Vincente	66.461	71,401
NMED Wetlands	66.461	382,941
Rapid Assessment Upper RG	66.461	60,853
Cebolla Canyon	66.461	62,984
Playas Restoration	66.461	<u>137,423</u>
		<u>715,602</u>
<b>Drinking Water State Revolving Funds (DWSRF) Cluster</b>		
Pass-thru via NM Finance Authority (Pass-through identifying number not specified)		
New Mexico Drinking Water Set-Asides	66.468	<u>1,471,747</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

<b>Federal Agency/ Pass-Through Agency</b>	<b>Federal CFDA Number</b>	<b>Federal Participating Expenditures</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>Environmental Information Exchange Network Grant Program and Related Assistance</b>		
FY 11 Exchange Network	66.608	\$ 50,935
FY 13 Exchange Network	66.608	<u>2,312</u>
		<u>53,247</u>
<b>Pollution Prevention Grants Program</b>		
NMED FY13 Pollution Prevention Program	66.708	7,816
NMED FY14 Pollution Prevention Program	66.708	<u>1,363</u>
		<u>9,179</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	1,992,758
Superfund Sites	66.802	257,714
NMED Five Year Bulk Funding 2009-2015	66.802	<u>6,056</u>
		<u>2,256,528</u>
<b>Underground Storage Tank Prevention, Detection and Compliance Program</b>		
Underground Storage Tank Program	66.804	296,664
UST GIS Data Gathering	66.804	<u>20,006</u>
		<u>316,670</u>
<b>Leaking Underground Storage Tank Trust Fund Corrective Action Program</b>		
Leaking Underground Storage Tank (LUST)	66.805	<u>357,042</u>
		<u>357,042</u>

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

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	\$ 362,865
Brownfield Cleanup	66.818	<u>259,396</u>
		<u>622,261</u>
<b>State and Tribal Response Program Grants</b>		
NM State Response Program	66.817	<u>534,510</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>40,166</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		<u>21,557,098</u>
<b>U.S. DEPARTMENT OF ENERGY</b>		
<b>Environmental Monitoring and Clean-up</b>		
DOE WIPP Oversight	81.214	2,624,096
<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	125,970
<b>Other Programs</b>		
GNOME Coach and Gasbuggy Nuclear Test Sites	81.136	3,854
NM Uranium Mill Tailings Radiation Control Act Tech Support	81.unknown	<u>6,669</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		2,760,589

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<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>108,947</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>		<u>108,947</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
<b>Occupational Safety and Health State Program</b>		
OSHA Implementation	17.503	<u>966,773</u>
<b>Consultation Agreements</b>		
OSHA Consultation Program	17.504	<u>514,714</u>
<b>OSHA Data Initiative</b>		
OSHA Data Collection	17.505	- <u>57,237</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		1,538,724
<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>37,731</u>
<b>TOTAL BUREAU OF LAND MANAGEMENT</b>		<u>37,731</u>
<b>TOTAL EXPENDITURES FEDERAL AWARDS</b>		<u>\$ 26,003,090</u>
<b>RECONCILIATION TO FINANCIAL STATEMENTS</b>		
Governmental Funds - Federal Grant Revenue		\$ 19,007,430
Enterprise Funds - Federal Grant Revenue		<u>6,995,660</u>
		<u>\$ 26,003,090</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, 2014**

**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, 2014.

**LOANS**

The Department does not have any loans outstanding with the Federal government at June 30, 2014.

**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, 2014 were \$6,459,540. CWSRF outstanding loans at June 30, 2014 were \$158,975,128. In addition, as detailed in the schedule below, the Fund provided \$605,891 in grants to 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>
Corrales	\$ 326,698
Jemez Springs	108,678
Chama	86,798
San Juan County	56,152
El Valle de Los Ranchos	21,824
Sandoval County/Cuba	5,741
<b>Total</b>	<b>\$ 605,891</b>





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**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 the major special revenue fund, of the New Mexico Environment Department (the Department) as of and for the year ended June 30, 2014, 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 10, 2014.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2012-003 and 2014-002).

### **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, 2013-003, 2013-004 and 2014-001.

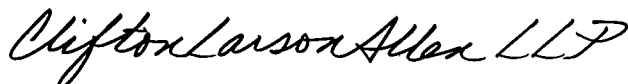
### **The Department's Responses to Findings**

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**

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

Albuquerque, New Mexico  
December 10, 2014



**CliftonLarsonAllen**

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**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, 2014. 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, 2014.

### **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 and 2012-002). 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 and 2012-002), 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 response.

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 10, 2014

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2014**

**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
66.432	State Public Water System Supervision
66.458	Clean Water State Revolving Funds (CWSRF Cluster)
66.460	Nonpoint Source Implementation Grants
66.468	Drinking Water State Revolving Funds (DWSRF) Cluster
66.802	Superfund State, Political Subdivision and Indian Tribe Site-Specific Cooperative Agreements
81.214	Environmental Monitoring/Clean-up

Dollar threshold used to distinguish between type A and type B programs \$780,093

Auditee qualified as low-risk auditee?  yes  no

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**

**Section II – Financial Statement Findings**

**2012-003 Internal Control over Financial Close and Reporting (Material Weakness)**

**Condition:** During our audit, the following exceptions were noted related to the Department's financial close and reporting process:

- The Pollution Remediation Obligation spreadsheet utilized by the Department to calculate the estimated liability amount contained multiple mathematical errors resulting in an approximate \$684,947 reduction in the estimated liability amount.
- The supporting schedule of accounts receivable for Fund 11900 at June 30 did not agree to the GL by a variance totaling approximately \$153,200. Additionally, the GL balance did not reflect the actual loan disbursements made throughout the fiscal year by a variance totaling \$347,136.
- The Department did not accrue for year-end accruals totaling approximately \$3.8m from the Taxation and Revenue Department
- During the audit there were an excessive number of client prepared and audit journal entries required to prepare the financial statements in accordance with GAAP.

**Criteria:** NMAC 2.20.5.8 requires agencies to ensure that all reporting of financial information be timely, complete and accurate.

**Cause:** Management oversight, lack of effective internal controls financial close and reporting.

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

**Auditors' Recommendation:** We recommend management evaluate all aspects of the financial close and reporting process and establish effective controls and procedures to ensure that supporting schedules are complete and accurate and agree to SHARE.

**Management's Response:** Management concurs with this audit finding. The Department will meet with financial and technical staff periodically to ensure that the pollution remediation obligation spreadsheet is updated with accurate information. The Department has also required a monthly reconciliation of all accounts receivables to ensure that accounts receivables maintained by the Bureaus agree with the Department's General Ledger. The Department will meet with financial staff at end of year to ensure proper accounting for year-end accruals.

**2014-002 Capital Assets (Material Weakness)**

**Condition:** During the period under audit, the Department removed assets from the capital asset listing which were fully depreciated with an original cost of approximately \$3.3m. These represent assets which were actually disposed of in a prior year or the Department was unable to locate during the Department's current year physical inventory. In addition, the capital asset schedule and listing provided to the auditors contained numerous material errors within the schedules which required numerous revisions as identified by the auditors.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2014

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

**2014-002 Capital Assets (Material Weakness) (continued)**

**Criteria:** NMSA 1978, section 13-6-1 requires agencies to notify the State Auditor at least 30 days prior to the disposal of the Department's assets. NMAC 2.20.5.8 requires agencies to ensure that all reporting of financial information be timely, complete and accurate. Also, NMAC 2.20.1.8 states that agencies should implement systematic and well-documented methods for accounting for their fixed assets. The information to be recorded and maintained must include, at a minimum, a fixed asset number or fixed asset number plus component unit.

**Cause:** Management oversight. Ineffective controls over capital asset management and tracking.

**Effect:** Possible misstatements of the financial statements or misappropriation of the Department's assets.

**Auditors' Recommendation:** We recommend management establish effective controls necessary to ensure that the tracking of capital assets is complete and accurate and contains all necessary information to properly identify and locate assets owned and held by the Department. This should include reconciliation of prior reported amounts and current year activity.

**Management's Response:** Management concurs with this audit finding. The Department will evaluate internal controls to ensure proper monitoring and disposal of capital assets. In addition, the Department will ensure capital assets policy is followed. The Department shall conduct training with appropriate Bureau staff to ensure staff is properly trained on the proper monitoring and disposal of capital assets.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2014**

**Section III – Federal Awards**

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

**Federal Program/Federal Agency:**

CFDA 17.503 – Occupational Safety and Health State Program (Department of Labor)  
CFDA 66.460 – Nonpoint Source Implementation Grants (Environmental Protection Agency)  
CFDA 66.802 – Comprehensive Environmental Response (Environmental Protection Agency)

**Federal Award Number/Year:**

SP-24811-SP4 (2014) (CFDA 17.503)  
C9-99610114 (2011), C9-00F31501 (2014), C9-99610115 (2013), C9-99610116 (2014) (CFDA 66.460)  
V-96687501 (2014), V-00F62201 (2013), V-00F63201 (2014), V-00F43501 (2012), V-00F443801 (2013), V-96698501 (2014) (CFDA 66.802)

**Questioned Costs:** \$0

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

- CFDA 17.503 – Occupational Safety and Health State Program (Department of Labor) – 1 out of 3 financial reports tested was not filed timely.
- CFDA 66.460 – Nonpoint Source Implementation Grants (Environmental Protection Agency) – 1 out of 2 financial reports tested was not filed.
- CFDA 66.802 – Comprehensive Environmental Response (Environmental Protection Agency) – 3 out of 7 financial reports tested were not filed.

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

**Cause:** During the later part of FY14 and the beginning of FY15, the Department's two Grant Coordinators transferred to other State Agencies, leaving the Budget Director with the responsibility of completing and filing the required financial reports. The time at which the financial reports were due was the busiest time of the year for the Budget Director as the FY15 budget annual request was due September 1. The reports not being filed or the reports filed untimely are a result of these two situations.

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

**Auditors' Recommendation:** We recommend management to staff the Grants section to appropriately meet federal reporting requirements. Also, we recommend management to monitor implemented procedures to ensure compliance.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2014**

**Section III – Federal Awards (continued)**

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

**Management's Response:** Management concurs with this audit finding. The Department had two key grant staff leave the Department. The Department is in the process of hiring two grant personnel to ensure compliance with all federal requirements.

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

**Federal Program/Federal Agency:**

CFDA 66.432 – State Public Water System Supervision (Environmental Protection Agency)  
CFDA 66.468 – Drinking Water State Revolving Fund (Environmental Protection Agency)

**Federal Award Number/Year:**

FS-00620312 (2014) (CFDA 66.432)  
FS-99692512 (2010), FS-99692513 (2011), FS-99692514 (2012) (CFDA 66.468)

**Questioned Costs:** \$0

**Condition:** During single audit payroll test work over allowable costs, the following exceptions were noted:

- CFDA 66.432 – State Public Water System Supervision (Environmental Protection Agency) – 1 out of 40 payroll transactions tested had a timesheet that did not agree to the hours charged to the grant within SHARE. As a result, the net amount undercharged to the grant totaled approximately \$340.
- CFDA 66.468 – Drinking Water State Revolving Fund (Environmental Protection Agency) – 1 out of 40 payroll transactions tested had a timesheet that did not agree to the hours charged to the grant within SHARE. As a result, the net amount undercharged to the grant totaled approximately \$39.

**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.

**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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**

**Section III – Federal Awards (continued)**

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

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

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

**Management's Response:** Management concurs with this audit finding. Periodic audits of timesheets will be conducted to ensure compliance with newly adopted policies to ensure compliance with federal rules and regulations.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2014**

**Section IV – Other**

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

**Condition:** During our walkthrough of the cash receipts process at one of the District Offices, we noted that 2 out of the 12 receipts deposited on May 27, 2014 for a total of \$300 were not deposited within 24 hours of receipt.

**Criteria:** According to the Manual of Model Accounting Practices (MAPs) Section FIN 2.1, all cash received by agencies must be recorded timely and accurately in accordance with state statute. NMSA 6-10-3 states that state agencies receiving any money in cash or by check deliver or remit to the state treasurer such receipts before the close of the next succeeding business day after the receipt of the money.

**Cause:** Lack of effective processes surrounding the receipting process to ensure timely deposits, management oversight.

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

**Auditors' 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 concurs with this audit finding. The Department has implemented desktop scanners for the entire Department whereby the deposit is scanned and the cash receipts are electronically transferred to the State's financial institution, Wells Fargo, within each bureau/field office. The Department conducted training and provided standard operating procedures (SOPs) for the use of the desktop scanners. Every bureau/field office has one main depositor and at least one backup personnel who can submit the deposit in order to ensure compliance with state statute. The Department will continue to remind staff regarding the importance of timely deposits.

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

**Condition:** During our review of personnel files, we noted the following issues:

- Of the 22 personnel files reviewed, we noted 2 in which employees qualified as covered employees under the collective bargaining agreement and, as such, should have had union dues deducted from their paycheck. The employees, however, did not have union dues deducted from their paycheck.
- Of the 22 personnel files reviewed, we noted 1 in which an employee elected vision coverage for the period tested, but applicable vision deduction was not deducted as of the pay date tested.

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**

**Section IV – Other (continued)**

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

**Cause:** Lack of effective internal controls surrounding applicable and elected payroll deductions, management oversight.

**Effect:** Without adequate controls over applicable and elected payroll deductions, the Department could not be deducting amounts as should be from employees' paychecks.

**Auditors' Recommendation:** We recommend that management establish effective controls to ensure all payroll deductions are occurring as applicable and elected.

**Management's Response:** Management concurs with the audit finding. Currently, the Risk Management Division for the State of New Mexico has hired a third party administrator (ERISA) to administer all benefits for state employees. Upon completion of the benefit enrollment or waiver benefit forms, Human Resource Bureau administrator is responsible for receiving a copy of the Enrollment Form from the employee and providing the form to the Human Resource Bureau Compensation and Classification Manager. The Manager assigns the enrollment form to the Human Resource professional which the employee is assigned to. The Human Resource professional should review the elected or waived coverages added in SHARE HCM by ERISA to validate that the coverages are consistent with what the employee requested and signed on the enrollment form. The benefit information in SHARE HCM is reviewed to ensure proper deductions are withdrawn based on the employee signed enrollment form. If any corrections are required, the Human Resource professional should notify the employee and ERISA to make the correction in either SHARE HCM or on the enrollment form. The enrollment form is filed in the employee's medical file maintained by HR. The Human Resources Bureau staff has continued to monitor the payroll deductions to ensure proper deductions are deducted correctly.

**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, we noted that 6 out of 15 employees tested did not have their access promptly disabled after their effective date of termination.

**Criteria:** The Department should have effective controls and procedures in place to ensure user access is promptly disabled 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.

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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2014**

**Section IV – Other (continued)**

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

**Management's Response:** Management concurs with this audit finding. The request to terminate network access is the responsibility of the employee's supervisor, who must then notify the Human Resources Bureau of the termination of employment. The Office of Information and Technology will terminate access based on documentation received from the Human Resources Department. The Department is currently working on an exit process for those employees who terminate employment with the Department to ensure prompt termination of network access is conducted.

**2014-001 Gas Cards (Compliance and Other Matters)**

**Condition:** During the internal control test work over gas cards, we noted the following issues:

- There were 24 vehicles that had more than one gas card assigned to them. Also, there were 6 gas cards that did not have vehicles assigned to them.
- Of the 4 gas card reconciliation months reviewed, we noted that 2 receipts were missing for two months totaling \$86.74.

**Criteria:** According to NMAC 1.5.3.16, the Director shall assign a single fuel credit card to each vehicle. Furthermore, according to NMAC 1.5.3.26, state agencies with custody of state vehicles are to develop policies regarding the inventory, administrative, operational, and replacement of state vehicles. According to department policy, receipts are to be maintained for fuel card purchases.

**Cause:** Lack of effective controls and procedures surrounding gas cards.

**Effect:** Non compliance with applicable laws and department policy.

**Auditors' Recommendation:** We recommend management establish effective controls and procedures to ensure gas cards are in compliance with applicable laws and department policy.

**Management's Response:** Management concurs with this audit finding. Currently, the Department is reviewing all gas cards to ensure vehicles are assigned one gas card per vehicle. The Department will conduct monthly audits to ensure adherence to rules and regulations. The Department has created a vehicle reconciliation team to evaluate the vehicle reconciliation process and will continue to meet with the team to review the reconciliation process to ensure compliance with rules and regulations.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2014**

**Section II – Financial Statement Findings**

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

**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.

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

**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.
- 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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2014**

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

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

**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.

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

**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.



**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2014**

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

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

**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.

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

**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

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2014**

**Section IV – Other Findings**

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

**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.

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

**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.

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

**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.

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

**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.

**STATE OF NEW MEXICO ENVIRONMENT DEPARTMENT  
EXIT CONFERENCE  
June 30, 2014**

An exit conference was held with the Department on December 8, 2014. 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**

Butch Tongate	Deputy Secretary
Stacy Y. Lopez	ASD Director
Marlene Cordova	Chief Financial Officer
Manuelita Martinez	General Ledger Manager
Cathy Herrera	Fiscal Analyst

**CLIFTONLARSONALLEN LLP**

Georgie Ortiz, CPA, CGFM, Managing Principal  
Matt Bone, CPA, CGFM, Principal  
Jane Tinker, CPA, Senior 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.