

**NEW MEXICO ENVIRONMENT DEPARTMENT  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**



Wealth Advisory

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**NEW MEXICO ENVIRONMENT DEPARTMENT  
OFFICIAL ROSTER  
JUNE 30, 2015**

**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

Kathryn Roberts, Environmental Health Division

Trais Kliphuis, Resource Protection Division

Michael Vonderheide, Environmental Protection Division



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## INDEPENDENT AUDITORS' REPORT

Mr. Ryan Flynn  
New Mexico Environment Department and  
Mr. Tim Keller  
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 New Mexico Environment Department (the Department), as of and for the year ended June 30, 2015, 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 also have audited the financial statements of each of the Department's nonmajor governmental funds, fiduciary fund and the budgetary comparisons for the major capital project fund, all nonmajor funds and the 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, 2015, 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

Mr. Ryan Flynn  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

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, 2015, 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 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, all nonmajor funds and the major enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

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, 2015, 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.

### ***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 6 through 14 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.



Mr. Ryan Flynn  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

### *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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by Section 2.2.2 NMAC as listed in the table of contents as Supplemental Schedule of Individual Deposit Accounts (Schedule 1), Supplemental Schedule of Severance Tax Bond Appropriation Revenue (Schedule 2), Supplemental Schedule of Special Appropriations (Schedule 3), Joint Powers Agreements (Schedule 4), Memoranda of Agreement/Memoranda of Understanding (Schedule 5), Fiduciary Fund – Agency Schedule of Changes in Assets and Liabilities (Schedule 6), and Schedule of Vendor Information for Purchases Exceeding \$60,000 (Schedule 7) 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 the other schedules required by Section 2.2.2 NMAC as listed in the table of contents as Supplemental Schedule of Individual Deposit Accounts (Schedule 1), Supplemental Schedule of Severance Tax Bond Appropriation Revenue – (excluding Expenditures Reported Prior Years)-(Schedule 2), Supplemental Schedule of Special Appropriations – (excluding Expenditures Reported Prior Years)-(Schedule 3), Joint Powers Agreements (Schedule 4), Memoranda of Agreement/Memoranda of Understanding (Schedule 5), and Fiduciary Fund – Agency Schedule of Changes in Assets and Liabilities (Schedule 6) 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 auditing standards generally accepted in the United States of America. In our opinion, Schedule of Expenditures and the schedules required by Section 2.2.2 NMAC as listed in the table of contents Supplemental Schedule of Individual Deposit Accounts (Schedule 1), Supplemental Schedule of Severance Tax Bond Appropriation Revenue – (excluding Expenditures Reported Prior Years)-(Schedule 2), Supplemental Schedule of Special Appropriations – (excluding Expenditures Reported Prior Years)-(Schedule 3), Joint Powers Agreements (Schedule 4), Memoranda of Agreement/Memoranda of Understanding (Schedule 5), and Fiduciary Fund – Agency Schedule of Changes in Assets and Liabilities (Schedule 6) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplemental Schedule of Severance Tax Bond Appropriation Revenue – (Expenditures Reported Prior Years only)-(Schedule 2), Supplemental Schedule of Special Appropriations – (Expenditures Reported Prior Years only)-(Schedule 3), and Schedule of Vendor Information for Purchases Exceeding \$60,000 (Schedule 7) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of

Mr. Ryan Flynn  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 24, 2015

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**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, 2015. This overview and analysis summarizes the Department's financial activities and operations for the state fiscal year 2015, which is the period between July 1, 2014 and June 30, 2015 (*FY15*). 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 three funds as major funds: the General Fund, the Corrective Action Fund and one Capital Project Fund.

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

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

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

**Proprietary Funds.** The Wastewater Facility Construction Loan Fund, the Clean Water Administrative 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 for all funds with a legally adopted budget. 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 by the state fiscal agent. Beginning in

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

**Department Highlights**

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

During fiscal year 2015, 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 FY15 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; Office of Nuclear Workers 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.

**Resource Protection Program (P568)**

This program is comprised of the DOE Oversight, Petroleum Storage Tanks, 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

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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 2014, the Water Quality Control Commission approved a rule change allowing facilities that discharge less than 5,000 gallons per day of domestic wastewater be permitted under the Liquid Waste Program. To date, over 250 facilities have been transferred to the Liquid Waste Program, and as a result, the Ground Water Quality Bureau (GWQB) has reduced the number of permitted facilities it regulates to approximately 766 facilities.
- Surface water monitoring strategy changed from a focused 1-year sampling effort in a given watershed to a longer two-year survey, albeit with fewer sampling events in a given year. This was done to better capture wet and dry periods common in New Mexico.
- In FY15, the New Mexico Legislature allocated \$2.3 million in funds for the River Stewards program for projects that enhance the health of rivers by addressing the root causes of poor water quality and stream habitat. This funding supported eleven projects across New Mexico.

**Environmental Health Program (P569)**

This program is comprised of the Environmental Health, Hazardous Waste, Drinking Water and Construction Programs bureaus.

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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Highlights -**

- As of the close of State Fiscal Year 2015, the Clean Water State Revolving Fund (CWSRF) reported a total net position of \$292,717,080, an increase of \$16,203,105 in comparison with the prior year for the CWSRF Fund 12100 and CWSRF Admin Fund 32700 combined. This 6% annual growth demonstrates a growing, healthy fund.
- The CWSRF was awarded one cap grant for the Federal Fiscal Year 2014 allotment of \$6,853,000. Cumulative grants since inception total \$203,027,548.
- The CWSRF collected \$14,336,995 in loan repayment principal, \$2,494,341 in loan interest, and \$350,530 in administrative fees. Total principal, interest and administrative fees received were \$17,181,866.
- The CWSRF fund earned \$100,691 of interest income on overnight funds deposited at the State Treasurer's Office
- Fund 12100 disbursed \$22,764,691 for construction projects in SFY 2015.
- Fund 12100 incurred costs of \$441,311 in administrative expenses.

**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 -**

- In FY15, New Mexico employers corrected 98 percent of serious violations identified during enforcement inspections and consultation visits, exceeding the goal of 95 percent. For those violations not corrected within the designated timeframe, the bureau conducts follow-up to ensure all are eventually corrected.
- During the 2015 state fiscal year, Radiation Control Bureau (RCB) has remained in good standings, remaining adequate and compatible with respect to the agreement with the Nuclear Regulatory Commission (NRC) and the state of New Mexico. RCB inspected over 114 radioactive material licensees and processed 149 radioactive material licenses (e.g. new, renewal and amended licenses and one exemption for oil and gas exploration). The RCB completed the fiscal year completing 100% of the radioactive materials inspection in the year of performance.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**Financial Highlights**

The Department's FY15 financial portfolio included 28 funds comprised of governmental, proprietary and fiduciary funds. The governmental funds included three major funds: the General Fund (06400), the Severance Tax Bonds 2009 (89200) 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 funds, capital project fund and fiduciary fund (65200) made up the remainder of the Department's financial portfolio for the year.

During FY15, the Department recorded total net position of \$314,844,989, which represents an increase of \$14,280,069, or a 5% increase, over FY14. The Department's governmental net position decreased by \$1,952,258, while the business-type net position increased by \$16,232,327 over FY14.

The business-type activities operating revenue for FY15 was \$4,072,857 and the non-operating income was \$14,579,391. The total cost of all Department programs increased by \$13,531,024, or 19%, versus the prior fiscal year, from \$70,292,316 to \$83,823,340 during FY15.

**Analysis of Individual Balances and Transactions**

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



**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**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, 2015. Net position for the Governmental Activities and Business-type Activities was \$(11,780,313) and \$326,625,302, respectively. The total Department net position for fiscal year 2015 is \$314,844,989, 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	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
<b>Assets:</b>						
Current and other Assets	\$ 50,194,702	\$ 46,618,563	\$ 154,643,964	\$ 133,536,706	\$ 204,838,666	\$ 180,155,269
Capital and Non-Current Assets	841,834	794,807	171,981,342	167,279,511	172,823,176	168,074,318
<b>Total Assets</b>	<b>\$ 51,036,536</b>	<b>\$ 47,413,370</b>	<b>\$ 326,625,306</b>	<b>\$ 300,816,217</b>	<b>\$ 377,661,842</b>	<b>\$ 348,229,587</b>
<b>Liabilities:</b>						
Current Liabilities	\$ 10,623,118	\$ 13,982,728	\$ 4	\$ 1,735,447	\$ 10,623,122	\$ 15,718,175
Long-Term Liabilities	52,193,731	56,081,780	-	-	52,193,731	56,081,780
<b>Total Liabilities</b>	<b>62,816,849</b>	<b>70,064,508</b>	<b>4</b>	<b>1,735,447</b>	<b>62,816,853</b>	<b>71,799,955</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	841,834	794,807	-	-	841,834	794,807
Restricted	44,309,159	37,429,712	326,625,302	299,080,770	370,934,461	336,510,482
Unrestricted	(56,931,306)	(60,875,657)	-	-	(56,931,306)	(60,875,657)
<b>Total Net Position</b>	<b>(11,780,313)</b>	<b>(22,651,138)</b>	<b>326,625,302</b>	<b>299,080,770</b>	<b>314,844,989</b>	<b>276,429,632</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 51,036,536</b>	<b>\$ 47,413,370</b>	<b>\$ 326,625,306</b>	<b>\$ 300,816,217</b>	<b>\$ 377,661,842</b>	<b>\$ 348,229,587</b>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**Changes in Net Position.** Table A-2 summarizes the Department change in net position for the fiscal year ending June 30, 2015. The Department's change in net position for fiscal year 2015 decreased by \$6,217,486 over the prior period. Program revenues for governmental activities decreased by \$1,249,963, when compared to fiscal year 2014. Accordingly, program revenues for business-type activities increased by \$6,283,731. The total change in net position was primarily due to the increase in pollution remediation of approximately \$1.9 million.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 18,295,441	\$ 19,352,150	\$ 4,072,857	\$ 4,269,311	\$ 22,368,298	\$ 23,621,461
Operating Grants & Contributions	18,108,475	19,358,438	13,279,391	6,995,660	31,387,866	26,354,098
General Revenues:						
Transfers, Net	3,170,605	940,232	(529,330)	(453,079)	2,641,275	487,153
Other	19,123,023	22,450,072	-	-	19,123,023	22,450,072
Bond Proceeds/ Appropriations	21,282,947	16,473,739	1,300,000	1,400,000	22,582,947	17,873,739
Investment Income	-	3,348	-	-	-	3,348
Total Revenues	<u>79,980,491</u>	<u>78,577,979</u>	<u>18,122,918</u>	<u>12,211,892</u>	<u>98,103,409</u>	<u>90,789,871</u>
Expenses:						
Governmental	<u>81,932,749</u>	<u>69,392,629</u>	<u>1,890,591</u>	<u>899,687</u>	<u>83,823,340</u>	<u>70,292,316</u>
Total Expenses	<u>81,932,749</u>	<u>69,392,629</u>	<u>1,890,591</u>	<u>899,687</u>	<u>83,823,340</u>	<u>70,292,316</u>
Changes in Net Position	(1,952,258)	9,185,350	16,232,327	11,312,205	14,280,069	20,497,555
Beginning Net Position	(9,828,055)	(22,651,138)	310,392,975	299,080,770	300,564,920	276,429,632
Restatement	-	3,637,733	-	-	-	3,637,733
Beginning Net Position, as Restated	-	(19,013,405)	-	299,080,770	-	280,067,365
Ending Net Position	<u>\$ (11,780,313)</u>	<u>\$ (9,828,055)</u>	<u>\$ 326,625,302</u>	<u>\$ 310,392,975</u>	<u>\$ 314,844,989</u>	<u>\$ 300,564,920</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**Budgetary Highlights**

The Department's general fund appropriation increased approximately \$1 million over the prior year. Federal sources were budgeted at \$1,728,100 less than 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, 2015, the Department's net capital assets were \$841,834. This amount represents a net decrease of \$79,081 (including additions, deletions and depreciation) compared to fiscal year 2014.

As of June 30, 2015, the Department's total compensated absence liability was approximately \$1.9 million; this is an increase of \$89,306 compared to fiscal year 2014. The amount is expected to be paid from the general fund and special revenue funds and is expected to be paid within one year.

As of June 30, 2015, the Department's total pollution remediation liability was approximately \$49 million; this is an approximate \$1.9 million increase compared to fiscal year 2014. The amount expected to be paid within one year is \$563,164.

**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.

**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)

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Investment in State General Fund			
Investment Pool	\$ 35,958,909	\$ 141,278,947	\$ 177,237,856
Due from Federal Government	4,929,006	-	4,929,006
Due from Other State Agencies	7,034,749	9,970	7,044,719
Due from Other State Entities	1,273,780	-	1,273,780
Due from Governmental Funds	-	316,987	316,987
Loans for Completed Projects, Current	-	9,558,678	9,558,678
Interest on Loans	-	3,479,382	3,479,382
Other Receivables	998,258	-	998,258
Total Assets	<u>50,194,702</u>	<u>154,643,964</u>	<u>204,838,666</u>
<b>NON-CURRENT ASSETS</b>			
Projects in Progress, Noncurrent	-	49,344,558	49,344,558
Loans for Completed Projects, Noncurrent, Net	-	122,636,784	122,636,784
Capital Assets, Net of Accumulated Depreciation	841,834	-	841,834
Total Noncurrent Assets	<u>841,834</u>	<u>171,981,342</u>	<u>172,823,176</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 51,036,536</u></u>	<u><u>\$ 326,625,306</u></u>	<u><u>\$ 377,661,842</u></u>

See accompanying Notes to Financial Statements.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 6,920,848	\$ 4	\$ 6,920,852
Due to Other State Agencies	203,934	-	203,934
Due to Other State Entities	18,418	-	18,418
Due to State General Fund	123,816	-	123,816
Due to Enterprise Funds	316,987	-	316,987
Unearned Revenues	522,081	-	522,081
Pollution Remediation Liability - Due Within One Year	563,164	-	563,164
Compensated Absences - Due Within One Year	1,953,870	-	1,953,870
Total Current Liabilities	10,623,118	4	10,623,122
<b>NONCURRENT LIABILITIES</b>			
Pollution Remediation Liability - Due in More Than One Year	48,434,948	-	48,434,948
Contingency Liability	3,758,783	-	3,758,783
Total Noncurrent Liabilities	52,193,731	-	52,193,731
Total Liabilities	62,816,849	4	62,816,853
<b>NET POSITION</b>			
Net Investment in Capital Assets	841,834	-	841,834
Restricted	44,309,159	326,625,302	370,934,461
Unrestricted	(56,931,306)	-	(56,931,306)
Total Net Position	(11,780,313)	326,625,302	314,844,989
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 51,036,536</b>	<b>\$ 326,625,306</b>	<b>\$ 377,661,842</b>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
Resource Management Program	\$ 7,732,612	\$ 1,726,679	\$ 2,828,606	\$ -
Resource Protection Program	16,596,701	3,706,014	8,823,276	-
Environmental Health Program	19,842,047	4,430,695	3,546,216	-
Environmental Protection Program	28,353,775	6,331,349	2,910,377	-
Other Environmental Initiatives	<u>9,407,614</u>	<u>2,100,704</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	81,932,749	18,295,441	18,108,475	-
<b>BUSINESS-TYPE ACTIVITIES</b>				
12100/32700 - Clean Water State Revolving Fund	1,890,591	3,583,802	13,279,391	-
33700 - Rural Infrastructure Revolving Fund	<u>-</u>	<u>489,055</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>1,890,591</u>	<u>4,072,857</u>	<u>13,279,391</u>	<u>-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u><u>\$83,823,340</u></u>	<u><u>\$22,368,298</u></u>	<u><u>\$31,387,866</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>			
<u>Primary Government</u>			
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	
\$ (3,177,327)	\$ -	\$ (3,177,327)	
(4,067,411)	-	(4,067,411)	
(11,865,136)	-	(11,865,136)	
(19,112,049)	-	(19,112,049)	
(7,306,910)	-	(7,306,910)	
(45,528,833)	-	(45,528,833)	
-	14,972,602	-	
-	489,055	-	
-	15,461,657	15,461,657	
(45,528,833)	15,461,657	(30,067,176)	
<b>GENERAL REVENUES AND TRANSFERS:</b>			
General Fund Appropriations	12,550,500	1,300,000	13,850,500
Severance Tax Bond Appropriations	8,732,447	-	8,732,447
Petroleum Products Loading Fee	19,123,023	-	19,123,023
Transfers:			
Transfers In	3,865,629	-	3,865,629
Transfers Out	(563,062)	(529,330)	(1,092,392)
Reversions FY15	(131,962)	-	(131,962)
Total General Revenues and Transfers	43,576,575	770,670	44,347,245
<b>CHANGE IN NET POSITION</b>	(1,952,258)	16,232,327	14,280,069
Net Position - Beginning of Year	(9,828,055)	310,392,975	300,564,920
<b>NET POSITION - END OF YEAR</b>	<u>\$ (11,780,313)</u>	<u>\$ 326,625,302</u>	<u>\$ 314,844,989</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Major Funds				
	06400	99000	89200	Other	Total
	General Fund	Corrective Action Fund	Severance Tax Bonds	Governmental Funds	
<b>ASSETS</b>					
Investment in State General Fund					
Investment Pool	\$ 1,599,908	\$ 15,653,334	\$ -	\$ 19,750,672	\$ 37,003,914
Due from Other Governmental Funds	-	227,997	-	4,216,830	4,444,827
Due from Federal Government	4,929,060	-	-	-	4,929,060
Due from Other State Agencies	2,019,121	3,279,630	1,282,557	453,441	7,034,749
Due from Other State Entities	1,273,780	-	-	-	1,273,780
Other Receivables	34,845	-	-	963,413	998,258
Total Current Assets	<u>\$ 9,856,714</u>	<u>\$ 19,160,961</u>	<u>\$ 1,282,557</u>	<u>\$ 25,384,356</u>	<u>\$ 55,684,588</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Investment in State General Fund					
Investment Pool Overdraft	\$ -	\$ -	\$ 1,045,005	\$ -	\$ 1,045,005
Accounts Payable	2,857,879	2,559,242	237,552	68,844	5,723,517
Due to Other Governmental Funds	4,444,827	-	-	-	4,444,827
Due to Other Enterprise Funds	316,987	-	-	-	316,987
Due to Federal Government	-	-	-	54	54
Due to Other State Agencies	202,434	-	-	1,500	203,934
Due to Other State Entities	18,418	-	-	-	18,418
Due to State General Fund	123,816	-	-	-	123,816
Unearned Revenues	185,906	-	-	336,175	522,081
Accrued Payroll Liabilities	1,196,146	-	-	1,185	1,197,331
Total Liabilities	<u>9,346,413</u>	<u>2,559,242</u>	<u>1,282,557</u>	<u>407,758</u>	<u>13,595,970</u>
<b>FUND BALANCES</b>					
Restricted	2,730,842	16,601,719	-	24,976,598	44,309,159
Unassigned	(2,220,541)	-	-	-	(2,220,541)
Total Fund Balances	<u>510,301</u>	<u>16,601,719</u>	<u>-</u>	<u>24,976,598</u>	<u>42,088,618</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 9,856,714</u>	<u>\$ 19,160,961</u>	<u>\$ 1,282,557</u>	<u>\$ 25,384,356</u>	<u>\$ 55,684,588</u>

See accompanying Notes to Financial Statements.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

Total Funds Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 42,088,618
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.	
Cost of Capital Assets	3,279,199
Accumulated Depreciation	(2,437,365)
Total Capital Assets	841,834
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	(48,998,112)
Contingency Liability	(3,758,783)
Compensated Absences Payable	(1,953,870)
Total Long-term and Other Liabilities	(54,710,765)
Net Position of Governmental Activities (Statement of Net Position)	\$ (11,780,313)

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Major Funds				Total Governmental
	06400 General Fund	99000 Corrective Action Fund	89200 Severance Tax Bonds	Other Governmental Funds	
<b>REVENUES</b>					
Environmental Fees	\$ -	\$ -	\$ -	\$ 18,295,440	\$ 18,295,440
Petroleum Products Loading Fee	-	19,123,023	-	-	19,123,023
Federal Grant Revenue	17,296,862	-	-	-	17,296,862
Other Revenue	795,554	1,436	-	14,624	811,614
Total Revenues	<u>18,092,416</u>	<u>19,124,459</u>	<u>-</u>	<u>18,310,064</u>	<u>55,526,939</u>
<b>EXPENDITURES</b>					
Current:					
Resource Management Program	7,604,128	-	-	-	7,604,128
Resource Protection Program	16,499,013	-	-	-	16,499,013
Environmental Health Program	19,725,257	-	-	-	19,725,257
Environmental Protection Program	13,548,502	12,110,278	-	745,181	26,403,961
Other Environmental Initiatives	671,193	-	8,732,447	-	9,403,640
Capital Outlay	258,768	-	-	-	258,768
Total Expenditures	<u>58,306,861</u>	<u>12,110,278</u>	<u>8,732,447</u>	<u>745,181</u>	<u>79,894,767</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(40,214,445)	7,014,181	(8,732,447)	17,564,883	(24,367,828)
<b>OTHER FINANCING SOURCES (USES)</b>					
General Fund Appropriation	12,550,500	-	-	-	12,550,500
Severance Tax Bond Appropriations	-	-	8,732,447	-	8,732,447
Interfund	26,460,290	-	-	-	26,460,290
Other	3,865,629	-	-	-	3,865,629
Transfers Out:					
Interfund	-	(8,370,403)	-	(18,089,887)	(26,460,290)
Other	(63,062)	(500,000)	-	-	(563,062)
Reversions-FY15	(131,962)	-	-	-	(131,962)
Net Other Financing Sources (Uses)	<u>42,681,395</u>	<u>(8,870,403)</u>	<u>8,732,447</u>	<u>(18,089,887)</u>	<u>24,453,552</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,466,950	(1,856,222)	-	(525,004)	85,724
Fund Balances - Beginning	<u>(1,956,649)</u>	<u>18,457,941</u>	<u>-</u>	<u>25,501,602</u>	<u>42,002,894</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 510,301</u>	<u>\$ 16,601,719</u>	<u>\$ -</u>	<u>\$ 24,976,598</u>	<u>\$ 42,088,618</u>

See accompanying Notes to Financial Statements.

**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, 2015**

Net Changes in Fund Balances - Total Governmental Funds  
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ 85,724

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).

Increase in Compensated Absences for the Fiscal Year was (89,306)

Increase in the Pollution Remediation Liability for the Fiscal Year was (1,869,595)

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	258,768
Depreciation Expense	(343,694)
Excess of Depreciation Expense over Capital Outlay	<u>(84,926)</u>
Gain/Adjustments on Disposal of Assets	<u>5,845</u>

Change in Net Position of Governmental Activities (Statement of Activities) \$ (1,952,258)

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES – MAJOR GOVERNMENTAL  
FUNDS BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Federal Funds	\$ 19,701,100	\$ 19,756,100	\$ 17,296,862	\$ (2,459,238)
General Fund	12,550,500	12,550,500	12,550,500	-
Other State Funds	35,438,000	35,776,750	27,163,891	(8,612,859)
Inter-agency Transfers	3,530,500	3,530,500	3,865,629	335,129
Total Revenues	<u>71,220,100</u>	<u>71,613,850</u>	<u>60,876,882</u>	<u>(10,736,968)</u>
<b>BUDGETED FUND BALANCE</b>	<u>83,781</u>	<u>403,781</u>	<u>-</u>	<u>(403,781)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 71,303,881</u>	<u>\$ 72,017,631</u>	<u>\$ 60,876,882</u>	<u>\$ (11,140,749)</u>
<b>P-567 EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 6,330,300	\$ 6,330,300	\$ 6,100,426	\$ 229,874
Contractual Services	803,200	712,200	502,573	209,627
Other	1,040,300	1,131,300	1,076,713	54,587
Total P-567 Expenditures	<u>\$ 8,173,800</u>	<u>\$ 8,173,800</u>	<u>\$ 7,679,712</u>	<u>\$ 494,088</u>
<b>P-568 EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 13,354,600	\$ 13,723,850	\$ 11,783,387	\$ 1,940,463
Contractual Services	4,734,600	4,962,400	3,190,417	1,771,983
Other	2,199,300	2,261,000	1,577,442	683,558
Other Financing Uses	100,000	100,000	63,062	36,938
Total P-568 Expenditures	<u>\$ 20,388,500</u>	<u>\$ 21,047,250</u>	<u>\$ 16,614,308</u>	<u>\$ 4,432,942</u>
<b>P-569 EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 17,444,300	\$ 17,494,300	\$ 14,992,526	\$ 2,501,774
Contractual Services	3,786,300	3,786,300	2,356,541	1,429,759
Other	2,564,900	2,569,900	2,297,093	272,807
Total P-569 Expenditures	<u>\$ 23,795,500</u>	<u>\$ 23,850,500</u>	<u>\$ 19,646,160</u>	<u>\$ 4,204,340</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES – MAJOR GOVERNMENTAL  
FUNDS BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

	GENERAL FUND - TOTAL (CONTINUED)			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>P-570 EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 12,079,900	\$ 11,957,900	\$ 11,105,459	\$ 852,441
Contractual Services	1,378,600	1,278,600	592,433	686,167
Other	2,263,800	2,485,800	2,002,382	483,418
Total P-570 Expenditures	<u>\$ 15,722,300</u>	<u>\$ 15,722,300</u>	<u>\$ 13,700,274</u>	<u>\$ 2,022,026</u>
<b>SPECIAL APPROPRIATION EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 115,000	\$ 115,000	\$ 113,356	\$ 1,644
Contractual Services	1,903,781	1,903,781	522,537	1,381,244
Other	1,205,000	1,205,000	1,622	1,203,378
Total Special Appropriation Expenditures	<u>\$ 3,223,781</u>	<u>\$ 3,223,781</u>	<u>\$ 637,515</u>	<u>\$ 2,586,266</u>
<b>ALL EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 49,324,100	\$ 49,621,350	44,095,154	\$ 5,526,196
Contractual Services	12,606,481	12,643,281	7,164,501	5,478,780
Other	9,273,300	9,653,000	6,817,288	2,835,712
Other Financing Uses	100,000	100,000	63,062	36,938
Total All Expenditures	<u>\$ 71,303,881</u>	<u>\$ 72,017,631</u>	58,140,005	<u>\$ 13,877,626</u>
<b>NET CHANGE IN FUND BALANCE</b>			2,736,877	
<b>REQUEST TO PAY PRIOR YEAR BILLS</b>				
<b>FY15 BILLS PAID IN FY16</b>			(137,965)	
<b>IN-KIND REVENUE</b>			91,953	
<b>IN-KIND EXPENSE</b>			(91,953)	
<b>REVERSIONS TO STATE GENERAL</b>				
<b>FUND (NOT BUDGETED)</b>			<u>(131,962)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 2,466,950</u>	

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES – MAJOR GOVERNMENTAL  
FUNDS BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

	CORRECTIVE ACTION FUND (99000)			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	18,847,400	18,847,400	19,124,459	277,059
Inter-agency Transfers	-	-	-	-
Total Revenues	<u>18,847,400</u>	<u>18,847,400</u>	<u>19,124,459</u>	<u>277,059</u>
<b>BUDGETED FUND BALANCE</b>	<u>4,651,000</u>	<u>4,651,000</u>	<u>-</u>	<u>(4,651,000)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 23,498,400</u>	<u>\$ 23,498,400</u>	<u>\$ 19,124,459</u>	<u>\$ (4,373,941)</u>
<b>EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	3,000,000	3,000,000	1,384,187	1,615,813
Other	11,400,000	11,400,000	10,676,676	723,324
Other Financing Uses	9,098,400	9,098,400	8,870,403	227,997
<b>TOTAL EXPENDITURES</b>	<u>\$ 23,498,400</u>	<u>\$ 23,498,400</u>	<u>20,931,266</u>	<u>\$ 2,567,134</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER NET CHANGE IN FUND BALANCE</b>			(1,806,807)	
<b>REQUEST TO PAY PRIOR YEAR BILLS FY15 BILLS PAID IN FY16</b>			<u>(49,415)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (1,856,222)</u>	

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2015**

	ENTERPRISE FUNDS			Total
	(12100) Wastewater Facility Construction Loan Fund	(32700) Clean Water Administrative Fund	(33700) Rural Infrastructure Revolving Loan Fund	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Investments in State General Fund				
Investment Pool	\$ 121,967,720	\$ 1,494,371	\$ 17,816,856	\$ 141,278,947
Accounts Receivable:				
Loans for Completed Projects, Current	8,534,438	-	1,024,240	9,558,678
Due from Other Governmental Funds	-	150,920	166,067	316,987
Interest on Loans	3,141,811	-	337,571	3,479,382
Due from Other State Agencies	8,613	105	1,252	9,970
Total Current Assets	<u>133,652,582</u>	<u>1,645,396</u>	<u>19,345,986</u>	<u>154,643,964</u>
<b>NONCURRENT ASSETS</b>				
Projects in Progress, Noncurrent	48,692,639	-	651,919	49,344,558
Loans for Completed Projects, Noncurrent	108,726,467	-	14,288,548	123,015,015
Allowance for Uncollectible Accounts	-	-	(378,231)	(378,231)
Total Noncurrent Assets	<u>157,419,106</u>	<u>-</u>	<u>14,562,236</u>	<u>171,981,342</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 291,071,688</u></u>	<u><u>\$ 1,645,396</u></u>	<u><u>\$ 33,908,222</u></u>	<u><u>\$ 326,625,306</u></u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Other				
Accrued Liabilities	\$ 4	\$ -	\$ -	\$ 4
Total Current Liabilities	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
<b>NET POSITION</b>				
Restricted	291,071,684	1,645,396	33,908,222	326,625,302
Total Net Position	<u>291,071,684</u>	<u>1,645,396</u>	<u>33,908,222</u>	<u>326,625,302</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 291,071,688</u></u>	<u><u>\$ 1,645,396</u></u>	<u><u>\$ 33,908,222</u></u>	<u><u>\$ 326,625,306</u></u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION – PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015**

	ENTERPRISE FUNDS			Total
	(12100) Wastewater Facility Construction Loan Fund	(32700) Clean Water Administrative Fund	(33700) Rural Infrastructure Revolving Loan Fund	
<b>OPERATING REVENUES</b>				
Interest and Investment Revenue	\$ 3,232,064	\$ 1,208	\$ 489,055	\$ 3,722,327
Debt Service Fees	-	350,530	-	350,530
Total Operating Revenues	<u>3,232,064</u>	<u>351,738</u>	<u>489,055</u>	<u>4,072,857</u>
<b>OPERATING EXPENSES</b>				
Transfers (06400) Admin Expenses	-	69,497	459,833	529,330
Administrative Expenses	441,311	-	-	441,311
Total Operating Expenses	<u>441,311</u>	<u>69,497</u>	<u>459,833</u>	<u>970,641</u>
<b>OPERATING INCOME (LOSS)</b>	2,790,753	282,241	29,222	3,102,216
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grants and contributions	13,279,391	-	-	13,279,391
Severance Tax Bond Appropriations	1,300,000	-	-	1,300,000
Grants to other organizations	(1,449,280)	-	-	(1,449,280)
Total non-operating revenues (expenses)	<u>13,130,111</u>	<u>-</u>	<u>-</u>	<u>13,130,111</u>
<b>CHANGE IN NET POSITION</b>	15,920,864	282,241	29,222	16,232,327
Total Net Position - Beginning	<u>275,150,820</u>	<u>1,363,155</u>	<u>33,879,000</u>	<u>310,392,975</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 291,071,684</u>	<u>\$ 1,645,396</u>	<u>\$ 33,908,222</u>	<u>\$ 326,625,302</u>

See accompanying Notes to Financial Statements.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015**

	ENTERPRISE FUNDS			Total
	(12100) Wastewater Facility Construction Loan Fund	(32700) Clean Water Administrative Fund	(33700) Rural Infrastructure Revolving Loan Fund	
<b>CASH FLOWS PROVIDED (USED) BY</b>				
<b>OPERATING ACTIVITIES:</b>				
Cash Received on Repayment of Loan Principal	\$ 14,336,995	\$ -	\$ 1,140,634	\$ 15,477,629
Cash Received on Interest from Loans	2,494,341	-	474,996	2,969,337
Interest Payments Received from Banks/STO	99,450	1,205	14,523	115,178
Cash Received for Debt Service Fees	-	350,530	-	350,530
Cash Received from Other Funds	-	-	312,285	312,285
Cash Payments for Administrative Expenses	(460,715)	(202,364)	(626,002)	(1,289,081)
Cash Payments Made to Borrowers	(21,315,411)	-	(117,199)	(21,432,610)
Net Cash Provided (Used) by Operating Activities	(4,845,340)	149,371	1,199,237	(3,496,732)
<b>CASH FLOWS PROVIDED (USED) BY</b>				
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Grant Proceeds - EPA	13,279,391	-	-	13,279,391
Grants to Other Organizations	(1,449,280)	-	-	(1,449,280)
Severance Tax Bond Appropriations	1,300,000	-	-	1,300,000
Net Cash Provided by Noncapital Financing Activities	13,130,111	-	-	13,130,111
<b>NET INCREASE IN CASH</b>	8,284,771	149,371	1,199,237	9,633,379
Investments in State General Fund Investment Pool - Beginning of Year	113,682,949	1,345,000	16,617,619	131,645,568
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL - END OF YEAR</b>	<u>\$ 121,967,720</u>	<u>\$ 1,494,371</u>	<u>\$ 17,816,856</u>	<u>\$ 141,278,947</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

	ENTERPRISE FUNDS (CONTINUED)			Total
	(12100) Wastewater Facility Construction Loan Fund	(32700) Clean Water Administrative Fund	(33700) Rural Infrastructure Revolving Loan Fund	
<b>RECONCILIATION OF CHANGES IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 2,790,753	\$ 282,241	\$ 29,222	\$ 3,102,216
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Change in Assets and Liabilities:				
Loans Receivable	(6,978,416)	-	1,023,435	(5,954,981)
Loan Interest Receivable	(638,240)	-	451	(637,789)
Interest on Investments Receivable	(33)	(3)	13	(23)
Due to Other Governmental Funds	(19,404)	-	(102)	(19,506)
Due from Other Governmental Funds	-	(132,867)	146,218	13,351
Total Reconciling Adjustments	<u>(7,636,093)</u>	<u>(132,870)</u>	<u>1,170,015</u>	<u>(6,598,948)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (4,845,340)</u>	<u>\$ 149,371</u>	<u>\$ 1,199,237</u>	<u>\$ (3,496,732)</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND  
JUNE 30, 2015**

	(65200) Agency Fund
<b>ASSETS</b>	
Investment in State General Fund Investment Pool	\$ <u>150,007</u>
<b>LIABILITIES</b>	
Due to State General Fund	\$ <u>150,007</u>

*See accompanying Notes to Financial Statements.*

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 DEFINITION OF REPORTING ENTITY**

The 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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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.

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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Financial Reporting Entity (Continued)**

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.

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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Basis of Presentation - Fund Accounting (Continued)**

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.

*Severance Tax Bonds – 2009 (89200)* – Created by the Laws of 2009. This Capital Project 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.

The Department reports the following non-major governmental funds:

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.

**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.

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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Basis of Presentation - Fund Accounting (Continued)**

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.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015 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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Budgets and Budgetary Accounting (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 Notes 7 and 10.

**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

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Capital Assets (Continued)**

exceeding \$5,000 that significantly extend the useful life of an asset are capitalized per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Reportable IT Maintenance	5
Reportable IT Services	5
Furniture and Fixtures	7
Data Processing Equipment	5
Machinery and Equipment	5
Library and Museum	7
Automotive	5
Buildings and Structures	27 ½

**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, 2015, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so 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, 2015.

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, 2015.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Pension Plan**

In June 2012, 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.

In January 2013, 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.

Compliant with the requirements of Government Accounting Standards Board Statement No.68 and No.71, the State of New Mexico has implemented the standards for the fiscal year ending June 30, 2015.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, the total pension liability exceeds Plan net position resulting in a Net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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**

Net investment 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**

Unrestricted assets represent assets that do not have third-party limitations on their use. The Department has an unrestricted deficit as of June 30, 2015 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.

**Restricted – Government Fund Financial Statements**

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

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Fund Balances (Continued)**

RESTRICTED - MAJOR FUNDS

Fund	Description	Enabling Legislation	Restricted Fund Balance
06400	General Fund	Laws 2014 Ch. 63	\$ 1,067,218
06400	General Fund	Laws 2014 Ch. 66	1,000,000
06400	General Fund	Laws 2015 Ch. 101	500,000
06400	General Fund	Other restricted resources-ONRT	163,624
99000	Corrective Action Fund	NM 74-6B-7	16,601,719
		Subtotal - Restricted - Major Funds	<u>19,332,561</u>

RESTRICTED - OTHER GOVERNMENTAL FUNDS

Fund	Description	Enabling Legislation	Restricted Fund Balance
02600	Recycling & Illegal Dumping Fund	NM 74-13-19	1,405,436
06600	Voluntary Remediation Fund	NM 74-4G-11	98,687
09200	Air Quality Title V Fund	NM 74-2-15	7,212,090
10980	Nuclear Workers Assistance Fund	NM 74-1-17	119,890
11900	Brownfields Cleanup Revolving Loan Fund	NM 74-4G-11.1	1,485,166
24800	Responsible Parties Fund	NM 74-6B-7	314,674
33900	Hazardous Waste Fund	NM 74-4-4.5	1,786,447
34000	Liquid Waste Fund	NM 74-1-15	618,369
34100	Water Quality Management Fund	NM 74-6-5.2	564,007
40000	Water Recreation Facilities Fund	NM 74-1-16	305,671
56700	Water Conservation Fund	NM 74-1-13	3,530,448
58400	Public Water Supply System Operator and Public Wastewater Operator Fund	NM 61-33-5	262,547
59200	Radiation Protection Fund	NM 74-3-5.1	1,053,271
63100	State Air Quality Permit Fund	NM 74-2-15	2,263,175
63200	Solid Waste Facility Grant Fund	NM 74-9-41	125,777
78300	Solid Waste Permit Fees	NM 74-9-8(l)	175,118
95700	Hazardous Waste Emergency Fund	NM 74-4-8	2,038,877
98700	Radiologic Technology Fund	NM 61-4E-10	183,547
98900	Storage Tank Fund	NM 74-4-4.8	156,991
99100	Food Service Sanitation Fund	NM 25-1-5.1	1,276,410
		Subtotal - Restricted - Other	<u>24,976,598</u>
		<b>Total - All Governmental Funds</b>	<u><u>\$ 44,309,159</u></u>

**Short-Term Debt**

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

**Eliminations**

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

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**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:

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

**NOTE 3 STATE GENERAL FUND INVESTMENT POOL**

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006 through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I, the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been applied to fiscal year-end 2014 and the months from January 2015 through June 2015.

Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 STATE GENERAL FUND INVESTMENT POOL (CONTINUED)**

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

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

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

At June 30, 2015, the Department had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool	<u><u>\$ 177,387,863</u></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, 2015.

**NOTE 5 OTHER RECEIVABLES**

Other Receivables:	
Hazardous Waste Fund (33900)	\$ 75,750
General Fund (06400)	34,836
Brownfields Cleanup Revolving Loan Fund (11900)	753,201
State Air Quality Permit Fund (63100)	37,242
Radiation Protection Fund (59200)	83,545
Storage Tank Fund (98900)	5,625
Other Receivables	8,059
Total Other Receivables, Net	<u><u>\$ 998,258</u></u>



**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 OTHER RECEIVABLES (CONTINUED)**

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, 2015, the fund consisted of one loan with a private party. Repayment of the loan amount is to be made over a 10 year term with 120 equal monthly installments of \$6,276 beginning September 27, 2016, with a final payment due on August 15, 2026. This receivable is considered fully collectible.

The receivable amount in the State Air Quality Permit Fund represents amounts billed to approximately 25 various parties within the State of New Mexico. The invoice amounts range from approximately \$926 to \$1,883. For the fiscal year ending June 30, 2015, payment fees were due March 1, 2014 or March 1, 2015. These receivables are considered fully collectible.

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 amount in the General Fund represents an amount due from FDA for services performed. 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, 2015 consist of the following:

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Construction Loans in Progress	\$ 48,692,639	\$ 651,919	\$ 49,344,558
Mortgage Loans on Completed Projects, Noncurrent and Current	117,260,905	15,312,788	132,573,693
Accrued Interest	3,141,811	337,571	3,479,382
Allowance for Uncollectible Accounts	-	(378,231)	(378,231)
	<u>\$ 169,095,355</u>	<u>\$ 15,924,047</u>	<u>\$ 185,019,402</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 three percent per annum. Construction loans in process are transferred to mortgage loans upon completion of the project.

Mortgage loans are paid in annual installments, including interest, ranging from \$2,495 to \$1,921,489 through March 19, 2035 in the Wastewater Construction Loan Fund and \$100 to \$126,784 through March 10, 2016 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, 2015:

Years Ending June 30,	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
2016	\$11,133,147	\$ 1,463,513	\$ 12,596,660
2017	11,133,147	1,446,398	12,579,545
2018	11,133,146	1,405,212	12,538,358
2019	9,991,459	1,301,921	11,293,380
2020	9,940,368	1,285,042	11,225,410
2021 and Thereafter	83,846,463	12,338,046	96,184,509
	137,177,730	19,240,132	156,417,862
Less Interest and Administrative Completed Projects	(19,916,825)	(3,927,344)	(23,844,169)
	<u>\$ 117,260,905</u>	<u>\$ 15,312,788</u>	<u>\$ 132,573,693</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015.

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	16,047,771	-	16,047,771
City of Portales	15,812,782	-	15,812,782
SSCAFCA	553,211	-	553,211
City of Las Vegas	100,484	-	100,484
Village of Chama	100,000	-	100,000
Village of Cloudcroft	-	365,884	365,884
Dona Ana MDWCA	-	258,089	258,089
Other Communities	-	27,946	27,946
<b>Total</b>	<b>\$ 48,692,639</b>	<b>651,919</b>	<b>\$ 49,344,558</b>

Mortgage loans on completed projects:

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Hobbs	\$ 26,089,421	\$ -	\$ 26,089,421
Los Lunas	18,347,155	-	18,347,155
Los Alamos County	11,717,029	-	11,717,029
Las Vegas	10,985,423	-	10,985,423
Farmington	8,817,724	-	8,817,724
Clovis	6,065,409	-	6,065,409
Espanola	5,263,883	-	5,263,883
Rio Rancho	4,947,943	-	4,947,943
Lovington	4,568,724	-	4,568,724
Aztec	3,701,892	-	3,701,892
Dona Ana County	3,509,404	-	3,509,404
Bloomfield	1,736,409	481,988	2,218,397
Dona Ana County	194,540	1,920,716	2,115,256
Belen	1,814,268	278,934	2,093,202
City of Deming	-	1,733,012	1,733,012

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

Mortgage loans on completed projects (continued):

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
City of Socorro	\$ 1,429,419	\$ -	\$ 1,429,419
Other communities	473,266	948,602	1,421,868
Bayard	956,208	364,434	1,320,642
Sandoval County	346,602	859,143	1,205,745
Grants	1,178,585	-	1,178,585
Elephant Butte	387,461	780,845	1,168,306
Taos Ski Valley	1,098,443	-	1,098,443
Town of Taos	1,080,000	-	1,080,000
Paa-Ko CSA	-	1,063,807	1,063,807
Silver City	1,062,317	-	1,062,317
Estancia Valley Solid Waste Authority	-	942,892	942,892
Portales, City of	-	930,127	930,127
El Valle de Los Ranchos	412,303	365,625	777,928
Greentree SWA	-	687,146	687,146
Navajo Dam DWS & SWA	-	417,236	417,236
Santa Rosa	400,000	-	400,000
De Baca County	-	391,844	391,844
Town of Edgewood	-	336,382	336,382
Truth or Consequences, City of	-	307,869	307,869
Otis MDWC & SWA	-	302,194	302,194
Logan	289,427	-	289,427
Jemez Springs DWA	-	282,407	282,407
Red River, Town of	-	240,543	240,543
Texico, City of	-	215,135	215,135
Chamita MDWC & SWA	-	188,238	188,238
Tularosa, Village of	-	186,113	186,113
Upper La Plata	-	179,523	179,523
Capitan, Village of	-	179,413	179,413
Eagle Nest	176,975	-	176,975
Canoncito at Apache Canyon	-	120,659	120,659
La Jara MDWCA	-	110,621	110,621
Twin Forks MDWCA	-	109,236	109,236

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

Mortgage loans on completed projects (continued):

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Gamerco Water & Sanitation District	\$ -	\$ 107,225	\$ 107,225
Tucumcari	80,000	20,348	100,348
Total	<u>\$ 117,260,905</u>	<u>\$ 15,312,788</u>	<u>\$ 132,573,693</u>

**NOTE 7 DUE FROM AND DUE TO OTHER FUNDS**

Due from and due 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, 2015 are as follows:

**NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 7 DUE FROM AND DUE TO OTHER FUNDS (CONTINUED)**

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 Funds:</b>		
Recycling and Illegal Dumping Fund	02600	\$ 201,395	General Fund	06400	\$ 201,395
Voluntary Remediation Fund	06600	37,469	General Fund	06400	37,469
Air Quality - Title V	09200	342,453	General Fund	06400	342,453
Responsible Parties Fund	24800	258,053	General Fund	06400	258,053
Clean Water Administrative Fund	32700	150,920	General Fund	06400	150,920
Rural Infrastructure Revolving Loan Prgrm	33700	166,067	General Fund	06400	166,067
Hazardous Waste Fund	33900	537,353	General Fund	06400	537,353
Liquid Waste Fund	34000	204,956	General Fund	06400	204,956
Water Quality Management Fund	34100	219,269	General Fund	06400	219,269
Water Recreation Facilities	40000	57,169	General Fund	06400	57,169
Water Conservation Fund	56700	678,531	General Fund	06400	678,531
Operator Certification Fund	58400	13,874	General Fund	06400	13,874
Radiation Protection Fund	59200	215,346	General Fund	06400	215,346
State Air Quality Permit Fund	63100	533,123	General Fund	06400	533,123
Solid Waste Permit Fees	78300	48,287	General Fund	06400	48,287
Hazardous Waste Emergency Fund	95700	84,096	General Fund	06400	84,096
Radiologic Technology Fund	98700	36,715	General Fund	06400	36,715
Storage Tank Fund	98900	63,558	General Fund	06400	63,558
Corrective Action Fund	99000	227,997	General Fund	06400	227,997
Food Service Sanitation Fund	99100	685,183	General Fund	06400	685,183
		<u>\$ 4,761,814</u>			<u>\$ 4,761,814</u>
Total All Funds		<u>\$ 4,761,814</u>	Total All Funds		<u>\$ 4,761,814</u>
Governmental Funds - Due from Other Governmental Funds		\$ 4,444,827	Governmental Funds - Due to Other Governmental Funds		\$ 4,444,827
Enterprise Funds - Due from Other Governmental Funds		316,987	Governmental Funds - Due to Enterprise Funds		316,987
Total All Funds		<u>\$ 4,761,814</u>	Total All Funds		<u>\$ 4,761,814</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 DUE FROM AND DUE TO OTHER STATE AGENCIES**

Transactions that occur among state agencies legislative mandate, exchange transactions, and other situations are accounted for in the financial statements which make up the due from and due to other state agencies. The due from and due to other agencies balances at June 30, 2015 consist of the following:

NMED Fund	Agency	Other Agency's Fund No.	Amount
<b>Due From Other State Agencies</b>			
<b>Governmental Funds:</b>			
34000	State Treasurer's Office	80100	\$ 28
58400	State Treasurer's Office	80100	17
59200	State Treasurer's Office	80100	51
63200	State Treasurer's Office	80100	9
06400	Department of Health	06100	5,000
06400	Energy, Minerals & Natural Resources	19900	14,121
06400	Office of the Attorney General	54400	2,000,000
89200	DFA - Board of Finance - (STB Capital Outlay)	11350	18,460
89200	DFA - Board of Finance - (STB Capital Outlay)	11440	2,529
89200	DFA - Board of Finance - (STB Capital Outlay)	11720	79,254
89200	DFA - Board of Finance - (STB Capital Outlay)	20610	1,182,314
99000	Taxation and Revenue Department (Tax Distrib.)	82800	3,279,630
02600	Taxation and Revenue Department (Tax Distrib.)	82500	74,809
56700	Taxation and Revenue Department (Tax Distrib.)	82800	378,527
	Total Governmental Funds		<u>7,034,749</u>
<b>Enterprise Funds:</b>			
12100	State Treasurer's Office	80100	8,613
32700	State Treasurer's Office	80100	105
33700	State Treasurer's Office	80100	1,252
	Total Enterprise Funds		<u>9,970</u>
	Total All Funds		<u><u>\$ 7,044,719</u></u>
<b>Due To Other State Agencies</b>			
<b>Governmental Funds:</b>			
34100	Energy, Minerals & Natural Resources	40120	\$ 1,500
06400	Energy, Minerals & Natural Resources	19900	19,778
06400	Department of Health	06100	174,461
06400	Office of the State Engineer	21400	8,195
	Total Governmental Funds		<u><u>\$ 203,934</u></u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 DUE FROM AND DUE TO OTHER STATE ENTITIES**

Transactions that occur among other state entities exchange transactions and other situations are accounted for in the financial statements which make up the due from and due to other state entities. The due from and due to other state entities balances at June 30, 2015 consist of the following:

NMED Fund	Entity	Other Entity's Business No.	Amount
<b>Due From Other State Entities</b>			
06400	New Mexico Finance Authority	38500	<u>\$ 1,273,780</u>
<b>Due To Other State Entities</b>			
06400	University of New Mexico	96900	\$ 6,325
06400	New Mexico Institute of Mining & Technology	95900	12,093
	Total		<u>\$ 18,418</u>

**NOTE 10 TRANSFERS**

Interfund transfers as of June 30, 2015 are as follows:

Fund	Transfers In	Transfers Out
<b>Governmental Funds Interfund Transfers:</b>		
General Fund - 06400	\$ 26,460,290	\$ -
Special Revenue Funds:		
99000	-	8,370,403
02600	-	79,405
06600	-	4,931
09200	-	5,003,347
10980	-	30,000
24800	-	143,864
33900	-	3,616,247
34000	-	236,744
34100	-	533,931
40000	-	134,831
56700	-	2,292,569
58400	-	15,926
59200	-	744,254
63100	-	2,905,177
78300	-	46,113
95700	-	122,504
98700	-	117,085
98900	-	483,842
99100	-	1,579,117
Total Governmental Funds Interfund Transfers	<u>\$ 26,460,290</u>	<u>\$ 26,460,290</u>



**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 TRANSFERS (CONTINUED)**

Fund	Transfers In	Transfers Out
<b>Other Funds Interfund Transfers:</b>		
06400	\$ 529,330	\$ -
33700	-	459,833
32700	-	69,497
Total Other Interfund Transfers *	<u>\$ 529,330</u>	<u>\$ 529,330</u>

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

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

Interagency transfers as of June 30, 2015 are as follows:

Interagency Transfers Out

NMED Fund	Agency	Other Agency's Fund	Description	Amount
06400	EMNRD - 52100	19900	MOU	\$ 63,062
99000	New Mexico State University	N/A	SB313 Water Resources	500,000
Total Other Transfers Out				<u>\$ 563,062</u>

Interagency Transfers In

NMED Fund	Agency	Other Agency's Fund	Description	Amount
06400	DFA - SGF - 34100	62000	FY15 General Comp Dist	\$ 207,299
06400	State Engineer - 55000	21400	Water Litigation-Special	129,000
06400	Attorney General - 30500	17000	SB313 Capital Outlay Project	1,000,000
06400	Attorney General - 30500	54400	Environmental Litigation-Special	2,000,000
Total Interagency Transfers in				3,336,299
Total Other Interfund Transfers in				<u>529,330</u>
Total Other Transfers In				<u>\$ 3,865,629</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance, June 30, 2014	Additions	Deletions/ Adjustments	Balance, June 30, 2015
Reportable IT Maintenance	\$ -	\$ -	\$ -	\$ -
Reportable IT Services	-	-	-	-
Furniture and Fixtures	213,685	37,889	-	251,574
Data Processing Equipment	262,643	61,214	(2,336)	321,521
Machinery and Equipment	2,505,204	147,165	-	2,652,369
Library and Museum	35,510	-	-	35,510
Buildings and Structures	5,725	12,500	-	18,225
Total	<u>3,022,767</u>	<u>258,768</u>	<u>(2,336)</u>	<u>3,279,199</u>
Accumulated Depreciation:				
Reportable IT Maintenance	(1,073)	-	1,073	-
Reportable IT Services	(4,772)	-	4,772	-
Furniture and Fixtures	(105,429)	(40,848)	-	(146,277)
Data Processing Equipment	(184,705)	(43,874)	2,336	(226,243)
Machinery and Equipment	(1,768,233)	(258,493)	-	(2,026,726)
Library and Museum	(35,510)	-	-	(35,510)
Buildings and Structures	(2,130)	(479)	-	(2,609)
Total Accumulated Depreciation	<u>(2,101,852)</u>	<u>(343,694)</u>	<u>8,181</u>	<u>(2,437,365)</u>
Net Capital Assets	<u>\$ 920,915</u>	<u>\$ (84,926)</u>	<u>\$ 5,845</u>	<u>\$ 841,834</u>

Depreciation expense for the year ended June 30, 2015 was allocated to the following:

Resource Management Program	\$ 45,023
Resource Protection Program	97,688
Environmental Health Program	116,790
Environmental Protection Program	80,219
Other Environmental Initiatives	<u>3,974</u>
Total Depreciation Expense	<u>\$ 343,694</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 12 COMPENSATED ABSENCES**

The following is a summary of compensated absences of the Department for the year ended June 30, 2015:

	Balance, June 30, 2014	Additions	Deletions	Balance, June 30, 2015
Amount Due Within One Year	\$ 1,864,564	\$ 1,888,216	\$ (1,798,910)	\$ 1,953,870
Amount Due in More Than One Year	-	-	-	-
Accrued Compensated Absence	<u>\$ 1,864,564</u>	<u>\$ 1,888,216</u>	<u>\$ (1,798,910)</u>	<u>\$ 1,953,870</u>

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

**NOTE 13 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.

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**NOTE 13 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 the majority of LPST sites includes other identified responsible parties or sites in which there is not an imminent danger to the public health or environment and is limited as noted in section 74-6B-7 to available funds in the corrective action fund and the Department has not recorded a remediation liability related to these sites as of June 30, 2015. However, for priority 1 State Lead sites, in which there is an imminent danger to the public health or environment and the Department has obligated itself to begin remediation clean-up activities as a result of an unwilling or unable property owner or operator the Department has recorded a remediation liability in the amount of \$688,132 as of June 30, 2015.

**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 5 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% of the investigation costs and 90% of the cleanup costs for up to 10 years. The state must assure payment of 10% of the cleanup costs for the first 10 years and 100% 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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 13 POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)**

**Superfund (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, 2015, the estimated pollution remediation liability for Superfund sites is \$48,309,980.

	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
Amount Due Within One Year	\$ 645,161	\$ 1,107,967	\$ (1,189,964)	\$ 563,164
Amount Due in More Than One Year	<u>46,483,356</u>	<u>1,951,592</u>	<u>-</u>	<u>48,434,948</u>
Total Pollution Remediation Liabilities	<u>\$ 47,128,517</u>	<u>\$ 3,059,559</u>	<u>\$ (1,189,964)</u>	<u>\$ 48,998,112</u>

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

**NOTE 14 REVERSIONS**

The following reversions are special appropriations accrued during fiscal year 2015:

FY15 Reversions - Amount Payable to State General Fund	\$ 123,767
FY15 Reversions - Amount Payable to Other State Agency	<u>8,195</u>
Total Reversions Due	<u>\$ 131,962</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 FY15. In addition, the Department had another payable to the State General Fund of \$49, for a total of \$123,816 payable at June 30, 2015 and due by September 30, 2015 For governmental funds. The agency fund had an amount payable in the amount of \$150,007 as of June 30, 2015. These payables may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

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**NOTE 15 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>\$ 19,123,023</u>
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**NOTE 16 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**

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, 2015, 2014, and 2013 were \$5,373,223, \$4,880,336, and \$4,344,688, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 17 POSTEMPLOYMENT 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.

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**NOTE 17 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

**Plan Description (Continued)**

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

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

**Funding Policy**

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

The 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, 2015, 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, 2015, 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

**NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 17 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

**Funding Policy (Continued)**

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, 2015, 2014 and 2013 were \$634,360, \$590,371, and \$580,596, respectively, which equal the required contributions for each year.

**NOTE 18 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, 2015, the Department has executed binding commitments to disburse \$26,815,861 for future loans.

**Rural Infrastructure Loan Fund** - As of June 30, 2015, the Department has executed binding commitments to disburse \$6,168,680 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:		
2016	\$	2,364,748
2017		2,190,415
2018		1,750,889
2019		1,583,584
2020		1,431,035
2021 and Thereafter		1,143,837
Total	<u>\$</u>	<u>10,464,508</u>

Rental expenditures for the fiscal year ended June 30, 2015 were \$2,821,846.



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**NOTE 19 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:

- 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 (EPA) 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. The Department has submitted further certifications and supporting documents to the EPA in FY15. The EPA is in the process of reviewing the documentation. 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 20 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).

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**NOTE 21 SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS**

GASB has issued the following statements, which are applicable in future years. At this time, management has not determined the impact, if any on the District.

**Statement No. 72**

***Fair Value Measurement and Application***

Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

**Statement No. 73**

***Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***

Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan

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

assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues:

1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
3. Timing of employer recognition of revenue for the support of nonemployer contributing entities *not* in a special funding situation.

**Statement No. 74**

***Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities

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The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.
- This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria.

***GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

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**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 non-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 Brownsfield Clean-up Revolving Loan Fund. The funds are obtained through a grant from the Environmental Protection Agency. The funds are for the repayments of loans and interest. Income is accrued on the balance of the fund. This fund is non-reverting.

Responsible 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 non-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 74-1-15. 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.

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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 non-reverting.

Solid Waste Facility Grant Fund (63200) - Created by NMSA 1978, Section 74-9-41. The Solid Waste Facility Grant Fund was administratively established to administer grants to New Mexico counties and municipalities to construct solid waste facilities. This fund is non-reverting.

Solid Waste Permit Fees (78300) - Created by State Statute NMSA 1978, Section 74-9-8I, the Solid Waste Act to Administer the Solid Waste Penalty Fees. The Statute established an applicant fee schedule for processing permit applications that is based on costs of application review incurred by the division. This fund is non-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.

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NON-MAJOR GOVERNMENTAL FUNDS  
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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-10. 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 non-reverting.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING BALANCE SHEET – NON-MAJOR  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	SPECIAL REVENUE FUNDS				
	02600	06600	09200	10980	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	\$ 1,197,576	\$ 61,218	\$ 6,869,637	\$ 119,890	\$ 731,965
Due from Other Governmental Funds	201,395	37,469	342,453	-	-
Due from Other State Agencies	74,809	-	-	-	-
Other Receivables	-	-	-	-	753,201
Total Assets	<u>\$ 1,473,780</u>	<u>\$ 98,687</u>	<u>\$ 7,212,090</u>	<u>\$ 119,890</u>	<u>\$ 1,485,166</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 68,344	\$ -	\$ -	\$ -	\$ -
Due to Federal Government	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-	-
Total Liabilities	<u>68,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	<u>1,405,436</u>	<u>98,687</u>	<u>7,212,090</u>	<u>119,890</u>	<u>1,485,166</u>
Total Fund Balances	<u>1,405,436</u>	<u>98,687</u>	<u>7,212,090</u>	<u>119,890</u>	<u>1,485,166</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					
	<u>\$ 1,473,780</u>	<u>\$ 98,687</u>	<u>\$ 7,212,090</u>	<u>\$ 119,890</u>	<u>\$ 1,485,166</u>



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
\$ 56,621	\$ 1,173,344	\$ 413,385	\$ 346,238	\$ 248,452	\$ 2,470,590
258,053	537,353	204,956	219,269	57,169	678,531
-	-	28	-	-	378,527
-	75,750	-	-	50	2,800
<u>\$ 314,674</u>	<u>\$ 1,786,447</u>	<u>\$ 618,369</u>	<u>\$ 565,507</u>	<u>\$ 305,671</u>	<u>\$ 3,530,448</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,500	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,500	-	-
314,674	1,786,447	618,369	564,007	305,671	3,530,448
<u>314,674</u>	<u>1,786,447</u>	<u>618,369</u>	<u>564,007</u>	<u>305,671</u>	<u>3,530,448</u>
<u>\$ 314,674</u>	<u>\$ 1,786,447</u>	<u>\$ 618,369</u>	<u>\$ 565,507</u>	<u>\$ 305,671</u>	<u>\$ 3,530,448</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING BALANCE SHEET – NON-MAJOR  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2015**

	SPECIAL REVENUE FUNDS (CONTINUED)				
	58400	59200	63100	63200	78300
	Public Water Supply System Operator and Public Wastewater Facility Operator Fund	Radiation Protection Fund	State Air Quality Permit Fund	Solid Waste Facility Grant Fund	Solid Waste Permit Fees
<b>ASSETS</b>					
Investment in State General					
Fund Investment Pool	\$ 248,656	\$ 754,329	\$ 1,693,310	\$ 125,768	\$ 126,831
Due from Other Governmental Funds	13,874	215,346	533,123	-	48,287
Due from Other State Agencies	17	51	-	9	-
Other Receivables	-	83,545	37,242	-	-
Total Assets	<u>\$ 262,547</u>	<u>\$ 1,053,271</u>	<u>\$ 2,263,675</u>	<u>\$ 125,777</u>	<u>\$ 175,118</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ 500	\$ -	\$ -
Due to Federal Government	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	<u>262,547</u>	<u>1,053,271</u>	<u>2,263,175</u>	<u>125,777</u>	<u>175,118</u>
Total Fund Balances	<u>262,547</u>	<u>1,053,271</u>	<u>2,263,175</u>	<u>125,777</u>	<u>175,118</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					
	<u>\$ 262,547</u>	<u>\$ 1,053,271</u>	<u>\$ 2,263,675</u>	<u>\$ 125,777</u>	<u>\$ 175,118</u>

89000	95700	98700	98900	99100	
ARRA	Hazardous Waste	Radiologic	Storage	Food	Total
Fund	Emergency	Technology	Tank	Service	All Non-Major
Fund	Fund	Fund	Fund	Sanitation	Funds
\$ 1,239	\$ 1,954,781	\$ 146,832	\$ 423,983	\$ 586,027	\$ 19,750,672
-	84,096	36,715	63,558	685,183	4,216,830
-	-	-	-	-	453,441
-	-	-	5,625	5,200	963,413
<u>\$ 1,239</u>	<u>\$ 2,038,877</u>	<u>\$ 183,547</u>	<u>\$ 493,166</u>	<u>\$ 1,276,410</u>	<u>\$ 25,384,356</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,844
54	-	-	-	-	54
-	-	-	-	-	1,500
-	-	-	336,175	-	336,175
1,185	-	-	-	-	1,185
<u>1,239</u>	<u>-</u>	<u>-</u>	<u>336,175</u>	<u>-</u>	<u>407,758</u>
-	2,038,877	183,547	156,991	1,276,410	24,976,598
-	2,038,877	183,547	156,991	1,276,410	24,976,598
<u>\$ 1,239</u>	<u>\$ 2,038,877</u>	<u>\$ 183,547</u>	<u>\$ 493,166</u>	<u>\$ 1,276,410</u>	<u>\$ 25,384,356</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – NON-MAJOR GOVERNMENT FUNDS  
YEAR ENDED JUNE 30, 2015**

	SPECIAL REVENUE FUNDS				
	02600	06600	09200	10980	11900
	Recycling and Illegal Dumping Fund	Voluntary Remediation Fund	Air Quality Title V Fund	Nuclear Workers Assistance Fund	Brownfields Cleanup Revolving Loan Fund
<b>REVENUES</b>					
Environmental Fees	\$ 918,468	\$ 8,904	\$ 4,995,802	\$ 26,338	\$ -
Other Revenue	-	-	-	-	-
Total Revenues	<u>918,468</u>	<u>8,904</u>	<u>4,995,802</u>	<u>26,338</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
Environmental Protection	745,181	-	-	-	-
Other Environmental Initiatives	-	-	-	-	-
Total Expenditures	<u>745,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	173,287	8,904	4,995,802	26,338	-
<b>OTHER FINANCING SOURCES</b>					
Severance Tax Bond					
Appropriations	-	-	-	-	-
Transfers In:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Transfers Out:					
Interfund	(79,405)	(4,931)	(5,003,347)	(30,000)	-
Other	-	-	-	-	-
Total Other Financing Sources	<u>(79,405)</u>	<u>(4,931)</u>	<u>(5,003,347)</u>	<u>(30,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	93,882	3,973	(7,545)	(3,662)	-
Fund Balances - Beginning of Year	<u>1,311,554</u>	<u>94,714</u>	<u>7,219,635</u>	<u>123,552</u>	<u>1,485,166</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,405,436</u>	<u>\$ 98,687</u>	<u>\$ 7,212,090</u>	<u>\$ 119,890</u>	<u>\$ 1,485,166</u>

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
\$ 144,836	\$ 2,468,023	\$ 373,625	\$ 597,324	\$ 154,350	\$ 2,154,946
-	900	295	1,351	-	-
144,836	2,468,923	373,920	598,675	154,350	2,154,946
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
144,836	2,468,923	373,920	598,675	154,350	2,154,946
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(143,864)	(3,616,247)	(236,744)	(533,931)	(134,831)	(2,292,569)
-	-	-	-	-	-
(143,864)	(3,616,247)	(236,744)	(533,931)	(134,831)	(2,292,569)
972	(1,147,324)	137,176	64,744	19,519	(137,623)
313,702	2,933,771	481,193	499,263	286,152	3,668,071
\$ 314,674	\$ 1,786,447	\$ 618,369	\$ 564,007	\$ 305,671	\$ 3,530,448

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – NON-MAJOR GOVERNMENT FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

	SPECIAL REVENUE FUNDS				
	58400	59200	63100	63200	78300
	Public Water Supply System Operator and Public Wastewater Facility Operator Fund	Radiation Protection Fund	State Air Quality Permit Fund	Solid Waste Facility Grant Fund	Solid Waste Permit Fees
<b>REVENUES</b>					
Environmental Fees	\$ 69,660	\$ 759,861	\$ 3,130,766	\$ 44,875	\$ 78,636
Other Revenue	198	535	-	91	-
Total Revenues	<u>69,858</u>	<u>760,396</u>	<u>3,130,766</u>	<u>44,966</u>	<u>78,636</u>
<b>EXPENDITURES</b>					
Current:					
Environmental Protection	-	-	-	-	-
Other Environmental Initiatives	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	69,858	760,396	3,130,766	44,966	78,636
<b>OTHER FINANCING SOURCES</b>					
Severance Tax Bond					
Bond Appropriations	-	-	-	-	-
Transfers In:					
Interfund	-	-	-	-	-
Other	-	-	-	-	-
Transfers Out:					
Interfund	(15,926)	(744,254)	(2,905,177)	-	(46,113)
Other	-	-	-	-	-
Total Other Financing Sources	<u>(15,926)</u>	<u>(744,254)</u>	<u>(2,905,177)</u>	<u>-</u>	<u>(46,113)</u>
<b>NET CHANGE IN FUND BALANCES</b>	53,932	16,142	225,589	44,966	32,523
Fund Balances - Beginning of Year	<u>208,615</u>	<u>1,037,129</u>	<u>2,037,586</u>	<u>80,811</u>	<u>142,595</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 262,547</u>	<u>\$ 1,053,271</u>	<u>\$ 2,263,175</u>	<u>\$ 125,777</u>	<u>\$ 175,118</u>

89000	95700	98700	98900	99100	Total
ARRA	Hazardous Waste	Radiologic	Storage	Food	Special
Fund	Emergency	Technology	Tank	Service	Revenue
Fund	Fund	Fund	Fund	Sanitation	Funds
Fund	Fund	Fund	Fund	Fund	Funds
\$ -	\$ 269,347	\$ 125,310	\$ 455,589	\$ 1,518,780	\$ 18,295,440
-	11,254	-	-	-	14,624
-	280,601	125,310	455,589	1,518,780	18,310,064
-	-	-	-	-	745,181
-	-	-	-	-	-
-	-	-	-	-	745,181
-	280,601	125,310	455,589	1,518,780	17,564,883
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(122,504)	(117,085)	(483,842)	(1,579,117)	(18,089,887)
-	-	-	-	-	-
-	(122,504)	(117,085)	(483,842)	(1,579,117)	(18,089,887)
-	158,097	8,225	(28,253)	(60,337)	(525,004)
-	1,880,780	175,322	185,244	1,336,747	25,501,602
\$ -	\$ 2,038,877	\$ 183,547	\$ 156,991	\$ 1,276,410	\$ 24,976,598

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SEVERANCE TAX BONDS 2009 (89200) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	-	-	-	-
Interagency Transfers	80,717,750	80,717,750	8,732,447	(71,985,303)
<b>TOTAL REVENUES</b>	80,717,750	80,717,750	8,732,447	(71,985,303)
<b>BUDGETED FUND BALANCE</b>	-	-	-	-
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 80,717,750</u>	<u>\$ 80,717,750</u>	8,732,447	<u>\$ (71,985,303)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	189,596	189,596	-
Other	80,717,750	80,528,154	8,542,851	71,985,303
Other Financing Uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 80,717,750</u>	<u>\$ 80,717,750</u>	8,732,447	<u>\$ 71,985,303</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	



**NEW MEXICO ENVIRONMENT DEPARTMENT  
 RECYCLING AND ILLEGAL DUMPING FUND (02600) –  
 STATEMENT OF REVENUES AND EXPENDITURES –  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	880,800	880,800	918,468	37,668
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 880,800</u>	<u>\$ 880,800</u>	918,468	<u>\$ 37,668</u>
<b>BUDGETED FUND BALANCE</b>	-	200,000	-	(200,000)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 880,800</u>	<u>\$ 1,080,800</u>	918,468	<u>\$ (162,332)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	600,000	800,000	745,181	54,819
Other Financing Uses	280,800	280,800	79,405	201,395
<b>TOTAL EXPENDITURES</b>	<u>\$ 880,800</u>	<u>\$ 1,080,800</u>	824,586	<u>\$ 256,214</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 93,882</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
VOLUNTARY REMEDIATION FUND (06600) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	6,800	6,800	8,904	2,104
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>6,800</u>	<u>6,800</u>	<u>8,904</u>	<u>2,104</u>
<b>BUDGETED FUND BALANCE</b>	<u>35,600</u>	<u>35,600</u>	<u>-</u>	<u>(35,600)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 42,400</u>	<u>\$ 42,400</u>	<u>8,904</u>	<u>\$ (33,496)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	42,400	42,400	4,931	37,469
<b>TOTAL EXPENDITURES</b>	<u>\$ 42,400</u>	<u>\$ 42,400</u>	<u>4,931</u>	<u>\$ 37,469</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 3,973</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
AIR QUALITY TITLE V FUND (09200) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	4,768,400	4,768,400	4,995,802	227,402
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	4,768,400	4,768,400	4,995,802	227,402
<b>BUDGETED FUND BALANCE</b>	577,400	577,400	-	(577,400)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 5,345,800</u>	<u>\$ 5,345,800</u>	4,995,802	<u>\$ (349,998)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	5,345,800	5,345,800	5,003,347	342,453
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,345,800</u>	<u>\$ 5,345,800</u>	5,003,347	<u>\$ 342,453</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (7,545)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NUCLEAR WORKERS ASSISTANCE FUND (10980) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	30,000	30,000	26,338	(3,662)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	26,338	<u>\$ (3,662)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	30,000	30,000	30,000	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	30,000	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (3,662)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
 BROWNFIELDS CLEANUP REVOLVING LOAN FUND (11900) –  
 STATEMENT OF REVENUES AND EXPENDITURES –  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	-	-	-	-
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
RESPONSIBLE PARTIES FUND (24800) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	482,300	482,300	144,836	(337,464)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<b>482,300</b>	<b>482,300</b>	<b>144,836</b>	<b>(337,464)</b>
<b>BUDGETED FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<b>\$ 482,300</b>	<b>\$ 482,300</b>	<b>144,836</b>	<b>\$ (337,464)</b>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	482,300	482,300	143,864	338,436
<b>TOTAL EXPENDITURES</b>	<b>\$ 482,300</b>	<b>\$ 482,300</b>	<b>143,864</b>	<b>\$ 338,436</b>
<b>NET CHANGE IN FUND BALANCE</b>			<b>\$ 972</b>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
HAZARDOUS WASTE FUND (33900) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	3,171,500	3,171,500	2,468,923	(702,577)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	3,171,500	3,171,500	2,468,923	(702,577)
<b>BUDGETED FUND BALANCE</b>	982,100	982,100	-	(982,100)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 4,153,600</u>	<u>\$ 4,153,600</u>	2,468,923	<u>\$ (1,684,677)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	4,153,600	4,153,600	3,616,247	537,353
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,153,600</u>	<u>\$ 4,153,600</u>	3,616,247	<u>\$ 537,353</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (1,147,324)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
LIQUID WASTE FUND (34000) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	354,400	354,400	373,920	19,520
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>354,400</u>	<u>354,400</u>	<u>373,920</u>	<u>19,520</u>
<b>BUDGETED FUND BALANCE</b>	<u>87,300</u>	<u>87,300</u>	<u>-</u>	<u>(87,300)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 441,700</u>	<u>\$ 441,700</u>	<u>373,920</u>	<u>\$ (67,780)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	441,700	441,700	236,744	204,956
<b>TOTAL EXPENDITURES</b>	<u>\$ 441,700</u>	<u>\$ 441,700</u>	<u>236,744</u>	<u>\$ 204,956</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 137,176</u>	



**NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER QUALITY MANAGEMENT FUND (34100) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	476,900	476,900	598,675	121,775
Inter-agency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	476,900	476,900	598,675	121,775
<b>BUDGETED FUND BALANCE</b>	276,300	414,550	-	(414,550)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 753,200</u>	<u>\$ 891,450</u>	598,675	<u>\$ (292,775)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	753,200	891,450	533,931	357,519
<b>TOTAL EXPENDITURES</b>	<u>\$ 753,200</u>	<u>\$ 891,450</u>	533,931	<u>\$ 357,519</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 64,744</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER RECREATION FACILITIES FUND (40000) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	125,200	125,200	154,350	29,150
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	125,200	125,200	154,350	29,150
<b>BUDGETED FUND BALANCE</b>	66,800	66,800	-	(66,800)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 192,000</u>	<u>\$ 192,000</u>	154,350	<u>\$ (37,650)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	192,000	192,000	134,831	57,169
<b>TOTAL EXPENDITURES</b>	<u>\$ 192,000</u>	<u>\$ 192,000</u>	134,831	<u>\$ 57,169</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 19,519</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER CONSERVATION FUND (56700) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	2,635,200	2,635,200	2,154,946	(480,254)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	2,635,200	2,635,200	2,154,946	(480,254)
<b>BUDGETED FUND BALANCE</b>	335,900	335,900	-	(335,900)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 2,971,100</u>	<u>\$ 2,971,100</u>	2,154,946	<u>\$ (816,154)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	2,971,100	2,971,100	2,292,569	678,531
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,971,100</u>	<u>\$ 2,971,100</u>	2,292,569	<u>\$ 678,531</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (137,623)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
PUBLIC WATER SUPPLY OPERATOR AND PUBLIC WASTEWATER OPERATOR FUND (58400) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	29,800	29,800	69,858	40,058
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>29,800</u>	<u>29,800</u>	69,858	40,058
<b>BUDGETED FUND BALANCE</b>	<u>-</u>	<u>500</u>	-	(500)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 29,800</u>	<u>\$ 30,300</u>	69,858	<u>\$ 39,558</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	29,800	30,300	15,926	14,374
<b>TOTAL EXPENDITURES</b>	<u>\$ 29,800</u>	<u>\$ 30,300</u>	15,926	<u>\$ 14,374</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 53,932</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
RADIATION PROTECTION FUND (59200) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	713,000	713,000	760,396	47,396
Interagency Transfers			-	-
<b>TOTAL REVENUES</b>	713,000	713,000	760,396	47,396
<b>BUDGETED FUND BALANCE</b>	246,600	246,600	-	(246,600)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 959,600</u>	<u>\$ 959,600</u>	760,396	<u>\$ (199,204)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	959,600	959,600	744,254	215,346
<b>TOTAL EXPENDITURES</b>	<u>\$ 959,600</u>	<u>\$ 959,600</u>	744,254	<u>\$ 215,346</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 16,142</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATE AIR QUALITY PERMIT FUND (63100) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	2,766,900	2,766,900	3,130,766	363,866
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>2,766,900</u>	<u>2,766,900</u>	<u>3,130,766</u>	<u>363,866</u>
<b>BUDGETED FUND BALANCE</b>	<u>671,400</u>	<u>671,400</u>	<u>-</u>	<u>(671,400)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 3,438,300</u>	<u>\$ 3,438,300</u>	<u>3,130,766</u>	<u>\$ (307,534)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	3,438,300	3,438,300	2,905,177	533,123
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,438,300</u>	<u>\$ 3,438,300</u>	<u>2,905,177</u>	<u>\$ 533,123</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 225,589</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SOLID WASTE FACILITY GRANT FUND (63200) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	-	-	44,966	44,966
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	44,966	44,966
<b>BUDGETED FUND BALANCE</b>	-	-	-	-
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	44,966	<u>\$ 44,966</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Contractual Services	-	-	-	-
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 44,966</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SOLID WASTE PERMIT FEES (78300) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	46,800	46,800	78,636	31,836
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>46,800</u>	<u>46,800</u>	<u>78,636</u>	<u>31,836</u>
<b>BUDGETED FUND BALANCE</b>	<u>47,600</u>	<u>47,600</u>	<u>-</u>	<u>(47,600)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 94,400</u>	<u>\$ 94,400</u>	<u>78,636</u>	<u>\$ (15,764)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	94,400	94,400	46,113	48,287
<b>TOTAL EXPENDITURES</b>	<u>\$ 94,400</u>	<u>\$ 94,400</u>	<u>46,113</u>	<u>\$ 48,287</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 32,523</u>	



**NEW MEXICO ENVIRONMENT DEPARTMENT  
HAZARDOUS WASTE EMERGENCY FUND (95700) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	101,400	101,400	280,601	179,201
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>101,400</u>	<u>101,400</u>	<u>280,601</u>	<u>179,201</u>
<b>BUDGETED FUND BALANCE</b>	<u>105,200</u>	<u>105,200</u>	<u>-</u>	<u>(105,200)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 206,600</u>	<u>\$ 206,600</u>	<u>280,601</u>	<u>\$ 74,001</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	206,600	206,600	122,504	84,096
<b>TOTAL EXPENDITURES</b>	<u>\$ 206,600</u>	<u>\$ 206,600</u>	<u>122,504</u>	<u>\$ 84,096</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 158,097</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
RADIOLOGIC TECHNOLOGY FUND (98700) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	116,000	116,000	125,310	9,310
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	116,000	116,000	125,310	9,310
<b>BUDGETED FUND BALANCE</b>	37,800	37,800	-	(37,800)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 153,800</u>	<u>\$ 153,800</u>	125,310	<u>\$ (28,490)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	153,800	153,800	117,085	36,715
<b>TOTAL EXPENDITURES</b>	<u>\$ 153,800</u>	<u>\$ 153,800</u>	117,085	<u>\$ 36,715</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 8,225</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STORAGE TANK FUND (98900) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	510,400	510,400	455,589	(54,811)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>510,400</u>	<u>510,400</u>	455,589	(54,811)
<b>BUDGETED FUND BALANCE</b>	<u>37,000</u>	<u>37,000</u>	-	(37,000)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 547,400</u>	<u>\$ 547,400</u>	455,589	<u>\$ (91,811)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	547,400	547,400	483,842	63,558
<b>TOTAL EXPENDITURES</b>	<u>\$ 547,400</u>	<u>\$ 547,400</u>	483,842	<u>\$ 63,558</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (28,253)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
FOOD SERVICE SANITATION FUND (99100) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	1,483,900	1,483,900	1,518,780	34,880
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,483,900</u>	<u>1,483,900</u>	<u>1,518,780</u>	<u>34,880</u>
<b>BUDGETED FUND BALANCE</b>	<u>780,400</u>	<u>780,400</u>	<u>-</u>	<u>(780,400)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 2,264,300</u>	<u>\$ 2,264,300</u>	<u>1,518,780</u>	<u>\$ (745,520)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	2,264,300	2,264,300	1,579,117	685,183
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,264,300</u>	<u>\$ 2,264,300</u>	<u>1,579,117</u>	<u>\$ 685,183</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (60,337)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
WASTEWATER FACILITY CONSTRUCTION LOAN FUND (12100) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ 13,279,391	\$ 13,279,391
Other State Funds	-	-	3,232,064	3,232,064
Interagency Transfers	-	-	1,300,000	1,300,000
<b>TOTAL REVENUES</b>	-	-	17,811,455	17,811,455
<b>BUDGETED NET POSITION</b>	4,646,500	4,646,500	-	4,646,500
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 4,646,500</u>	<u>\$ 4,646,500</u>	17,811,455	<u>\$ 22,457,955</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	4,646,500	4,646,500	1,449,280	3,197,220
Other Financing Uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,646,500</u>	<u>\$ 4,646,500</u>	1,449,280	<u>\$ 3,197,220</u>
<b>NET CHANGE IN NET POSITION</b>			16,362,175	
<b>ADMINISTRATIVE EXPENSES (CAP GRANT) BUDGETED IN FUND 06400</b>			<u>(441,311)</u>	
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 15,920,864</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
 CLEAN WATER ADMINISTRATIVE FUND (32700) –  
 STATEMENT OF REVENUES AND EXPENDITURES –  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	264,500	264,500	351,738	87,238
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>264,500</u>	<u>264,500</u>	<u>351,738</u>	<u>87,238</u>
<b>BUDGETED NET POSITION</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 264,500</u>	<u>\$ 264,500</u>	<u>351,738</u>	<u>\$ 87,238</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	264,500	264,500	69,497	195,003
<b>TOTAL EXPENDITURES</b>	<u>\$ 264,500</u>	<u>\$ 264,500</u>	<u>69,497</u>	<u>\$ 195,003</u>
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 282,241</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
RURAL INFRASTRUCTURE REVOLVING LOAN FUND (33700) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	419,200	419,200	489,055	69,855
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	419,200	419,200	489,055	69,855
<b>BUDGETED NET POSITION</b>	206,700	206,700	-	(206,700)
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 625,900</u>	<u>\$ 625,900</u>	489,055	<u>\$ (136,845)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	625,900	625,900	459,833	166,067
<b>TOTAL EXPENDITURES</b>	<u>\$ 625,900</u>	<u>\$ 625,900</u>	459,833	<u>\$ 166,067</u>
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 29,222</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 1 – SUPPLEMENTAL SCHEDULE OF  
INDIVIDUAL DEPOSIT ACCOUNTS  
JUNE 30, 2015**

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books
<b>Governmental Funds with State Treasurer</b>				
<b>(with SHARE Fund Numbers):</b>				
General Fund	06400	State Treasurer	\$ 1,599,908	\$ - \$ 1,599,908
Corrective Action Fund	99000	State Treasurer	15,653,334	- 15,653,334
Recycling and Illegal Dumping Fund	02600	State Treasurer	1,197,576	- 1,197,576
Voluntary Remediation Fund	06600	State Treasurer	61,218	- 61,218
Air Quality Title V Fund	09200	State Treasurer	6,869,637	- 6,869,637
Severance Tax Bonds 2009	89200	State Treasurer	(1,045,005)	- (1,045,005)
Brownfields Cleanup Revolving Loan Fund	11900	State Treasurer	731,965	- 731,965
Responsible Parties Fund	24800	State Treasurer	56,621	- 56,621
Hazardous Waste Fund	33900	State Treasurer	1,173,344	- 1,173,344
Liquid Waste Fund	34000	State Treasurer	413,385	- 413,385
Water Quality Management Fund	34100	State Treasurer	346,238	- 346,238
Water Recreation Facilities Fund	40000	State Treasurer	248,452	- 248,452
Water Conservation Fund	56700	State Treasurer	2,470,590	- 2,470,590
Public Wastewater Facility Operator Fund	58400	State Treasurer	248,656	- 248,656
Radiation Protection Fund	59200	State Treasurer	754,329	- 754,329
State Air Quality Permit Fund	63100	State Treasurer	1,693,310	- 1,693,310
Solid Waste Facility Grant Fund	63200	State Treasurer	125,768	- 125,768
Solid Waste Permit Fees	78300	State Treasurer	126,831	- 126,831
ARRA Fund	89000	State Treasurer	1,239	- 1,239
Nuclear Workers Assistance Fund	10980	State Treasurer	119,890	- 119,890
Hazardous Waste Emergency Fund	95700	State Treasurer	1,954,781	- 1,954,781
Radiologic Technology Fund	98700	State Treasurer	146,832	- 146,832
Storage Tank Fund	98900	State Treasurer	423,983	- 423,983
Food Service Sanitation Fund	99100	State Treasurer	586,027	- 586,027
<b>Total Governmental Funds with State Treasurer</b>			<u>35,958,909</u>	<u>- 35,958,909</u>
<b>Governmental Funds Petty Cash -</b>				
<b>General Fund - 06400</b>			<u>-</u>	<u>-</u>
<b>Total Governmental Funds</b>			<u>35,958,909</u>	<u>- 35,958,909</u>



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 1 – SUPPLEMENTAL SCHEDULE OF  
INDIVIDUAL DEPOSIT ACCOUNTS (CONTINUED)  
JUNE 30, 2015**

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books
<b>Proprietary Funds with State Treasurer (with SHARE Fund Numbers):</b>				
Clean Water State Revolving Fund	12100	\$ 121,967,720	\$ -	\$ 121,967,720
Clean Water State Administrative Fund	32700	1,494,371	-	1,494,371
Rural Infrastructure Loan Fund	33700	17,816,856	-	17,816,856
<b>Total Proprietary Funds with State Treasurer</b>		<b>141,278,947</b>	<b>-</b>	<b>141,278,947</b>
<b>Trust and Agency Funds with State Treasurer (with SHARE Fund Numbers):</b>				
Fiduciary Fund - 65200	65200	150,007	-	150,007
<b>Total Trust and Agency Funds with State Treasurer</b>		<b>150,007</b>	<b>-</b>	<b>150,007</b>
<b>Department Total - All Funds</b>		<b>\$ 177,387,863</b>	<b>\$ -</b>	<b>\$ 177,387,863</b>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 2 – SUPPLEMENTAL SCHEDULE OF  
SEVERANCE TAX BOND APPROPRIATION REVENUE  
YEAR ENDED JUNE 30, 2015**

Laws	Chapter	Amount Authorized	Amount Reverted	Art in Public Places	Amount Available	Expenditures Reported Prior Years (unaudited)	Expenditures Reported Current Year	6/30/15 Balance Available
2011	183	\$ 1,850,000	\$ -	\$ (6,000)	\$ 1,844,000	\$ (458,005)	\$ (502,274)	\$ 883,721
2012	63/64	6,268,016	(100,000)	(4,000)	6,164,016	(3,669,061)	(669,211)	1,825,744
2013	226	18,098,840	(575,341)	(1,750)	17,521,749	(2,655,651)	(3,757,162)	11,108,936
2014	66	51,664,737	(6,416,994)	(1,050)	45,246,693	-	(3,803,800)	41,442,893
2015	147/3	16,724,009	-	-	16,724,009	-	-	16,724,009
		<u>\$ 94,605,602</u>	<u>\$ (7,092,335)</u>	<u>\$ (12,800)</u>	<u>\$ 87,500,467</u>	<u>\$ (6,782,717)</u>	<u>\$ (8,732,447)</u>	<u>\$ 71,985,303</u>

**Reconciliation to the Financial Statements:**

Governmental Funds - Severance Tax Bond Appropriation Revenue \$ 8,732,447

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 3 – SUPPLEMENTAL SCHEDULE OF  
SPECIAL APPROPRIATIONS  
YEAR ENDED JUNE 30, 2015**

Description	Authority	Appropriation Period	SHARE Fund	Total Appropriation
<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 63, Laws 2014	2014-2015	06400	140,000
Environmental Litigation	Ch 63, Laws 2014	2014-2016	06400	1,500,000
Environmental Litigation	Ch 101, Laws 2015	2015-2016	06400	500,000
Total General Fund				<u>4,981,100</u>
Capital Project Appropriations	Ch 66, Laws 2014	2014-2018	06400	1,000,000
Total Capital Project Funds				<u>1,000,000</u>
Total All Funds				<u><u>\$ 5,981,100</u></u>

<u>Reauthorization / Adjustment</u>	<u>Total Appropriation</u>	<u>Expenditures Reported Prior Years (unaudited)</u>	<u>Current Year Expenditures</u>	<u>Encumbrances</u>	<u>Current Year Reversion Amount</u>	<u>Remaining Balance</u>
\$ -	\$ 2,841,100	\$ (2,717,333)	\$ -	\$ -	\$ (123,767)	\$ -
72,781	212,781	-	(204,586)	-	(8,195)	-
-	1,500,000	-	(432,782)	(173,432)	-	893,786
-	500,000	-	-	-	-	500,000
<u>72,781</u>	<u>5,053,881</u>	<u>(2,717,333)</u>	<u>(637,368)</u>	<u>(173,432)</u>	<u>(131,962)</u>	<u>1,393,786</u>
-	1,000,000	-	-	-	-	1,000,000
-	1,000,000	-	-	-	-	1,000,000
<u>\$ 72,781</u>	<u>\$ 6,053,881</u>	<u>\$ (2,717,333)</u>	<u>\$ (637,368)</u>	<u>\$ (173,432)</u>	<u>\$ (131,962)</u>	<u>\$ 2,393,786</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 4 – JOINT POWERS AGREEMENTS  
YEAR ENDED JUNE 30, 2015**

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

JPA #	Participants / Description	Ending Date of Agreement	Total Estimated Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY15	Fiscal Agent	Agency Reporting Rev. & Exp.
13-667-5000-0013	NMED/EMNRD Natural Resources Reimbursement	9/30/2014	\$ 100,000	\$ 100,000	\$ -	NMED	NMED
15-667-2000-0012	NMED/EMNRD Oversight Restoration San Vicente Creek	9/30/2016	\$ 175,000	\$ -	\$ -	NMED	NMED

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING  
YEAR ENDED JUNE 30, 2015**

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

MOA/MOU #	Participants / Description	Ending Date of Agreement	Total Estimated Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY15	Fiscal Agent	Agency Reporting Rev. & Exp.
05-MOU	NMED/State Personnel Office Collective Bargaining Negotiations	9/30/2014 Until Terminated	\$ -	\$ -	\$ -	NMED	NMED
09-667-MOA-001	NMED/Town of Silver City San Vicente Creek Restoration	12/31/2022	\$ -	\$ -	Match	NMED	N/A
09-667-MOA-002	NMED/NM Taxation & Revenue Department Office of the Governor - Initiative Compliance	Until Terminated	\$ -	\$ -	\$ -	NMED	N/A
10-667-MOA-0001	NMED/DFA Integrating Streams Restoration (SWQB)	10/1/2021	\$ 165,675	\$ 165,675	\$ -	NMED	NMED
10-667-5000-0016	U.S. Forest Service Restore in stream ecosystem function & watershed health	6/30/2015	\$ 110,017	\$ 110,017	\$ -	NMED	
12-667-5000-0021	U.S. Department of Agriculture Survey, restore & protect degraded sloped wetlands	12/31/2015	\$ 11,000	\$ 11,000	\$ -	NMED	
12-667-5000-0023	University of New Mexico Assess for the mid montane subclass of riverine wetlands - Gila	10/30/2015	\$ 189,690	\$ -	\$ -	NMED	
13-667-5000-0037	University of New Mexico Develop the NMRAM for NM State's wetlands	10/30/2016	\$ 202,000	\$ 202,000	\$ -	NMED	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY15	Fiscal Agent	Agency Reporting Rev. & Exp.
15-667-1500-0002	UNM (Regents of the UNM) Develop and implement an Internship program	9/30/2015	\$ 20,000	\$ 20,000	\$ -	NMED	
11-668-MOA-0001	NMED/ORNT Assist low income homes in abandoning cesspools	11/16/2014	\$ 22,500	\$ 22,500	\$ -	NMED	
13-667-3000-0004	NMED/NMSU Project planning, collection, analysis and reporting	11/15/2014	\$ 271,069	\$ 271,069	\$ 201,858	NMED	
13-667-5000-0008	USDA Forest Service Document cooperation in implementing watershed restoration	9/31/2017	\$ -	\$ -	\$ -	NMED	
13-668-0100-0002	NMED/ORNT Replacement of failing sewer lines	12/31/2014	\$ 1,261,361	\$ 1,261,361	\$ -	NMED	
14-667-1800-0004	NMED and ONRT Clean up actions at LANL	9/30/2014	\$ 150,000	\$ 150,000	\$ -	NMED	
15-667-1800-0008	Rio Rancho Public Schools MOA to develop Sustainability Mgmt Plan	5/30/2016	\$ -	\$ -	\$ -	NMED	
15-667-5000-0001	NM Institute of Mining and Technology Develop online geologic & hydrologic references for the Source Water Protection Atlas	8/26/2015	\$ 100,000	\$ 100,000	\$ -	NMED	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY15	Fiscal Agent	Agency Reporting Rev. & Exp.
no number issued	NMED/NMSU Liaison to facilitate and collaborate with SW Border Food Safety	9/15/2014	\$ 85,000	\$ -	\$ -		
no number issued	NMED/COLLECTIVE BARGAINING Legal representation in labor litigation	Governor	\$ 1,944	\$ 10,511	\$ -	NMED	
no number issued	NMED/GWQB/US DEPT OF ENERGY NMED to implement and carry out its regulatory duties under the NM Water Quality Act	9/30/2018	\$ 200,000	\$ 200,000	\$ -	US DOE	
15-667-5000-0003	NMED/Eastern Plains Council Facilitate the creation of a regional Source Water Protection Plan	11/12/2015	\$ 60,000	\$ -	\$ -		
15-667-1800-0006	NMED/PED Innovative Digital Education and Learning	5/30/2016	\$ -	\$ -	\$ -	N/A	
09-667-MOU-0001	NMED/Santa Fe County Implement a USEPA wetland grant	9/30/2015	\$ -	\$ -	\$ -	N/A	
13-667-3000-0004 A1	NMED/NMSU Wind Erosion Study	11/15/2014	\$ 271,000	\$ -	\$ -	NMED	



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 6 – FIDUCIARY FUND – AGENCY SCHEDULE OF  
CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2015**

	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>2015</u>
<b>ASSETS</b>				
Investment in State General				
Fund Investment Pool	\$ 344,007	\$ 3,719,114	\$ (3,913,114)	\$ 150,007
Total Assets	<u>\$ 344,007</u>	<u>\$ 3,719,114</u>	<u>\$ (3,913,114)</u>	<u>\$ 150,007</u>
<b>LIABILITIES</b>				
Due to State General Fund	\$ 344,007	\$ 3,719,114	\$ (3,913,114)	\$ 150,007
Total Liabilities	<u>\$ 344,007</u>	<u>\$ 3,719,114</u>	<u>\$ (3,913,114)</u>	<u>\$ 150,007</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 7 – SCHEDULE OF VENDOR INFORMATION  
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) - UNAUDITED  
YEAR ENDED JUNE 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N)? For Federal Funds, Answer N/A.</i>	<i>Brief Description of the Scope of Work</i>
15 667 00 0001	RFP	Saucedo Chavez, P.C.	\$ 95,000.00		Morris J. Chavez SaucedChavez, P.C 100 Gold Ave SW Suite 206 Albuquerque, NM 87102	Y	N	Hearing Officer
15 667 00 0002	RFP	Rodey, Dickason, Sloan, Akin & Robb, P.A	\$ 150,000.00		Henry M. Bohnhoff Rodey, Dickason, Sloan, Akin, & Rob, P.A. 201 Third Streer NW Suite 2200 Albuquerque, NM 87102	Y	N	Legal Services Attorney
					Gabriela M. Stewart Cuddy & McCarthy, LLP 1701 Old Pecos Trail Santa Fe, NM 87502-4160	Y	N	
					Susan C. Kerry Sheehan & Sheehan. P.A. 40 First Plaza NW Suite 740 Albuquerque, NM 87103	Y	N	
15-667-00-0006	RFP	Daniel B. Stephen's & Associates	\$ 2,000,000.00	N/A	Daniel B. Stephens & Associates, Inc., 6020 Academy NE, Suite 100, Albuquerque, NM 87109	Y	N	The Contractor shall provide professional services required to conduct remediation activities and related corrective action at
15-667-00-0006	RFP	Daniel B. Stephen's & Associates	\$ 2,000,000.00	N/A	Golder Associates Inc., 5200 Pasadena NE, Suite C, Albuquerque, NM 87113	Y	N	<b>Moberg's Garage</b> where threats to public health and the environment exist and/ or where public or private water supplies are threatened by petroleum hydrocarbon contamination.
15-667-00-0006	RFP	Daniel B. Stephen's & Associates	\$ 2,000,000.00	N/A	Intera Incorporated, 6000 Uptown Blvd. NE, Suite 220, Albuquerque, NM 87110	Y	N	
15-667-00-0006	RFP	Daniel B. Stephen's & Associates	\$ 2,000,000.00	N/A	AMEC Environment & Infrastructure, Inc., 8519 Jefferson NE, Albuquerque, NM 87113	Y	N	
15-667-00-0007	RFP	Vector Resources	\$ 1,051,250.00	\$0.00	Vector Resources, Inc. 6300 Manasota Key Road Englewood, Fl. 34223	Out-of-State		Provide technical assistance and review for the Resource Conservation and Recovery Act (RCRA) Subtitle C permit, permit modification, technical and regulatory support for documents submitted to the State of New Mexico for the Department of Energy's Waste Isolation Pilot Plant (WIPP).

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 7 – SCHEDULE OF VENDOR INFORMATION  
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N)? For Federal Funds, Answer N/A.</i>	<i>Brief Description of the Scope of Work</i>
15-667-00-0007	RFP	Trinity Engineering Associates, Inc.	\$ 1,051,250.00	\$0.00	Trinity Engineering Associates, Inc. 8832 Falmouth Drive Cincinnati, Ohio 45231-5011	Out-of-State		Provide technical assistance and review for the Resource Conservation and Recovery Act (RCRA) Subtitle C permit, permit modification, technical and regulatory support for documents submitted to the State of New Mexico for the Department of Energy's Waste Isolation Pilot Plant (WIPP).
15-667-00-0007	RFP	Not awarded	Not Awarded	N/A	Pecos Management Services, Inc. PO Box 13343 Albuquerque, NM 87192	In-State	In-State but did not chose veterans preference.	Same as above
15-667-00-0008	RFP	Souder Miller & Associates	\$ 2,000,000.00	N/A	Daniel B. Stephens & Associates, Inc., 6020 Academy NE, Suite 100, Albuquerque, NM 87109	Y	N	The Contractor shall provide professional services required to conduct remediation activities and related corrective action at <b><u>Santa Fe County Judicial Complex</u></b> where threats to public health and the environment exist and/ or where public or private water supplies are threatened by petroleum hydrocarbon contamination.
15-667-00-0008	RFP	Souder Miller & Associates	\$ 2,000,000.00	N/A	Souder, Miller & Associates, 401 North Seventeenth Street NE, Suite 4, Las Cruces, NM 88005	Y	N	
15-667-00-0008	RFP	Souder Miller & Associates	\$ 2,000,000.00	N/A	URS Corporation, One Park Square, 6501 America's Parkway NE, Suite 900, Albuquerque, NM 87110	Y	N	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 7 – SCHEDULE OF VENDOR INFORMATION  
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the Procurement Documentation, of ALL Vendor(s) that Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N)? For Federal Funds, Answer N/A.</i>	<i>Brief Description of the Scope of Work</i>
15-667-00-0009	RFP	Daniel B. Stephen's & Associates	\$ 2,000,000.00	N/A	Daniel B. Stephens & Associates, Inc., 6020 Academy NE, Suite 100, Albuquerque, NM 87109	Y	N	The Contractor shall provide professional services required to conduct remediation activities and related corrective action at <b>Cibola Chevron</b> where threats to public health and the environment exist and/ or where public or private water supplies are threatened by petroleum hydrocarbon contamination.
15-667-00-0009	RFP	Daniel B. Stephen's & Associates	\$ 2,000,000.00	N/A	Haller & Associates, Inc., P O Box 1667, Cedar Crest, NM 87008	Y	N	
15 667 1800 0005	Sole Source	Hinkle Shanor, LLP	\$ 95,000.00	N/A	Hinkle Shanor, LLP 218 Montezuma Ave, Santa Fe NM 87504	Y	N/A	Provide legal services to the Water Quality Control Commission (WQCC) in the Copper Mine Rule Matter, now before the New Mexico Supreme Court. The services to be provided include, but are not limited to the following: review of records, testimony and hearing transcripts; responding to writs of certiorari; preparing and filing motions and responses to motions; preparing and filing briefs; and participating in oral arguments in front of the New Mexico Supreme Court.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2015**

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	\$ 46,997
FY15 AIR POLLUTION CONTROL SEC 105 GRANT	66.001	1,178,836
FY15 Border Ozone PM	66.001	<u>3,264</u>
		1,229,097
<b>State Indoor Radon Grants</b>		
NM STATE INDOOR RADON FY 15-16	66.032	214,310
<b>Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act</b>		
FY 14 PM 2.5 PARTICULATE MATTER AMBIENT AIR MONITORING NETWORK	66.034	28,285
Air Monitoring Control Program Support (Clean Air Act, Section 103)	66.034	<u>7,126</u>
		35,411
<b>State Clean Diesel Grant Program</b>		
State Clean Diesel Grant FY15	66.040	76,897
State Clean Diesel Grant FY13	66.040	<u>4,500</u>
		81,397
<b>Congressionally Mandated Projects</b>		
Stag Set Aside	66.202	23,048
<b>Water Pollution Control State, Interstate, and Tribal Program Support</b>		
Ground Water 106	66.419	369,642
Surface Water 106	66.419	1,375,398
Surface Water 106 Supplemental	66.419	<u>176,910</u>
		1,921,950
<b>State Public Water System Supervision</b>		
Public Water Supply Supervision	66.432	893,855
<b>State Underground Water Source Protection</b>		
Pass-thru via NM Energy and Minerals		
Underground Injection Energy & Minerals - PO# 52100-0000041631	66.433	29,400
<b>Water Quality Management Planning</b>		
FY14-15 Water Quality Management and Planning 604(b)	66.454	119,320

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>Clean Water State Revolving Funds (CWSRF) Cluster</b>		
Capitalization Grants for CWSRF, Construction	66.458	\$ 12,838,080
Capitalization Grants for CWSRF, Administration	66.458	441,311
		13,279,391
<b>Nonpoint Source Implementation Grants</b>		
319 NPS Surface Water	66.460	1,219,422
319 NPS Ground Water	66.460	18,753
319 NPS Implementation	66.460	535,587
Special Project to Restore Jaramillo Creek	66.460	93,959
		1,867,721
<b>Regional Wetland Program Development Grants</b>		
NMED Wetlands	66.461	495,162
<b>Drinking Water State Revolving Funds (DWSRF) Cluster</b>		
Pass-thru via NM Finance Authority		
New Mexico Drinking Water Set-Asides - FS-99692513, FS-99692514, and FS-99692515	66.468	2,062,495
<b>Environmental Information Exchange Network Grant Program and Related Assistance</b>		
FY 13 Exchange Network	66.608	46,373
<b>Pollution Prevention Grants Program</b>		
NMED FY13 Pollution Prevention Program	66.708	17,031
NMED FY14 Pollution Prevention Program	66.708	4,118
		21,149
<b>Hazardous Waste Management State Program Support</b>		
FY15 Hazardous Waste (RCRA)	66.801	893,908

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>		
<b>Superfund State, Political Subdivision, and Indian Tribe</b>		
<b>Site-Specific Cooperative Agreements</b>		
Multi-Site Superfund Bulk Funding	66.802	\$ 710,749
McGaffey & Main Plume Gr Wtr Plume, RD	66.802	138,205
Eagle Picher, RI/FS	66.802	51,486
FY14 Superfund CMI NMED	66.802	523,342
Superfund Sites	66.802	159,058
NMED Five Year Bulk Funding 2009-2015	66.802	<u>80,827</u>
		1,663,667
<b>Underground Storage Tank Prevention, Detection and Compliance Program</b>		
UST GIS Data Gathering	66.804	397,286
<b>Leaking Underground Storage Tank Trust Fund Corrective Action Program</b>		
Leaking Underground Storage Tank (LUST)	66.805	644,977
<b>Brownfields Assessment and Cleanup Cooperative Agreements</b>		
Brownfield Cleanup	66.818	11,197
<b>State and Tribal Response Program Grants</b>		
NM State Response Program	66.817	438,953
<b>International Financial Assistance Projects Sponsored by the Office of International Affairs</b>		
Pass-thru via BECC (TAA14-038)		
FY15 Border Grant	66.unknown	<u>20,873</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>		26,390,940
<b>U.S. DEPARTMENT OF ENERGY</b>		
<b>Environmental Monitoring and Clean-up</b>		
DOE WIPP Oversight	81.214	2,292,586

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2015**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
<b>U.S. DEPARTMENT OF ENERGY (CONTINUED)</b>		
<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 - DE-FC29-88AL53813-0095	81.106	\$ 128,808
<b>Other Programs</b>		
GNOME Coach and Gasbuggy Nuclear Test Sites	81.136	<u>34,907</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		2,456,301
<b>U.S. DEPARTMENT OF DEFENSE</b>		
<b>State Memorandum of Agreement Program for the Reimbursement of Technical Services</b>		
DOD FY14-15		
	12.113	<u>112,879</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>		112,879
<b>U.S. DEPARTMENT OF LABOR</b>		
<b>Occupational Safety and Health State Program</b>		
OSHA Implementation		
	17.503	976,801
<b>Consultation Agreements</b>		
OSHA Consultation Program		
	17.504	543,386
<b>OSHA Data Initiative</b>		
OSHA Statistics		
	17.005	<u>60,631</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		1,580,818
<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>35,315</u>
<b>TOTAL BUREAU OF LAND MANAGEMENT</b>		<u>35,315</u>
<b>TOTAL EXPENDITURES FEDERAL AWARDS</b>		<u>\$ 30,576,253</u>
<b>RECONCILIATION TO FINANCIAL STATEMENTS</b>		
Governmental Funds - Federal Grant Revenue		\$ 17,296,862
Enterprise Funds - Federal Grant Revenue		13,279,391
		<u>\$ 30,576,253</u>



**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2015**

**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, 2015.

**LOANS**

The Department does not have any loans outstanding with the Federal government at June 30, 2015.

**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 Loans Fund of the Fund. Capitalization loans processed for CWSRF for the year ended June 30, 2015 were \$21,315,411. CWSRF outstanding loans at June 30, 2015 were \$165,953,544. In addition, as detailed in the schedule below, the Fund provided \$1,449,280 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/Administration (CFDA 66.458).

	Amount
Chama	\$ 755,346
Portales	420,000
City of Socorro	250,000
Jemez Springs	18,180
San Juan County	5,754
Total	\$ 1,449,280



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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  
New Mexico Environment Department and  
Mr. Tim Keller  
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, 2015, 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 November 24, 2015.

### 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 a certain deficiency in internal control that we consider to be a material weakness.

Mr. Ryan Flynn  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2012-003 to be a material weakness.

### **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 2014-001, 2015-004, and 2015-005.

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

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 24, 2015



## CliftonLarsonAllen

### 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

Mr. Ryan Flynn  
State of New Mexico Environment Department and  
Mr. Tim Keller  
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, 2015. 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, 2015.

Mr. Ryan Flynn  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

### ***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 2015-001, 2015-002, and 2015-003. 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 2015-001, 2015-002, and 2015-003, that we consider to be significant deficiencies.

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

Mr. Ryan Flynn  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

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  
November 24, 2015

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**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
66.458	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

Dollar threshold used to distinguish between type A and type B programs \$917,288

Auditee qualified as low-risk auditee?  yes  no

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**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 capital asset schedule provided to the auditors did not agree to the listing provided to the auditors requiring numerous revisions as identified by the auditors.
- The Department lacks a year-end process to adequately evaluate the collectability of the accounts receivable in the special revenue funds. As a result, an audit adjustment in the amount of approximately \$62K was required.
- As of June 30, 2015, the Department had Severance Tax Bond expenditures totaling approximately \$185K for which it did not identify the need for the draw and did not submit the draw to DFA/FCD until late October 2015. An AJE was posted to accrue for the amount to be drawn.
- The Pollution Remediation Obligation spreadsheet utilized by the Department to calculate the estimated liability amount contained multiple mathematical errors resulting in an approximate \$400K increase in the estimated liability amount.
- During FY15, the Department did not record a Special Appropriation related to environmental litigation from the State of New Mexico Office of the Attorney General. An accrual in the amount of \$2M was recorded as an audit adjustment.

*Management's Progress for Repeat Findings:* Management made progress on some of the issues identified in the prior year audit and while they continued to make improvements, the Department still lacks adequate internal controls over all aspects of the financial close and reporting process

**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 relating to the financial close and reporting process.

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

**Recommendation:** We recommend management evaluate all aspects of the financial close and reporting process and establish effective internal controls and procedures to ensure timely and accurate financial statements and supporting schedules.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

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

**Management's Response:** Management concurs with the finding. Management continues to review the capital assets listing for the agency and continues to remind Bureau staff of the importance of maintaining accurate information. The Department conducted a three day training for all agency staff. Capital Assets training was conducted during this training. Department staff will be conducting periodic reviews of capital assets and their locations in November to ensure that capital assets are accounted for. Financial Services Bureau staff will also be conducting at a minimum quarterly meetings commencing in February 2016 with the Bureau capital assets coordinators to ensure that proper accounting is maintained. Monthly reconciliations will be conducted by the Agency Capital Assets Coordinator in collaboration with the Bureau capital assets coordinators.

Staff turnover of two key financial staff occurred during the end of the fiscal year. Due to turnover in staff, the draw request was not submitted promptly to the State Board of Finance. Surface Water Quality Program and Bureau Financial Managers have been reminded to submit their draws in a timely manner. The General Ledger and Budget section of the Financial Services Bureau will be conducting monthly reviews of all special appropriations where request for reimbursement is necessary from the State Board of Finance and will work with the Surface Water Quality Program and Bureau financial managers to ensure that timely submittal of draws is conducted.

Staff turnover occurred during the time that the pollution remediation spreadsheet was to be finalized. Environmental Scientist staff in the Ground Water Bureau was assigned to review the spreadsheet and ensure that all information was accurate. The General Ledger section of the Financial Services Bureau will continue to work with the Ground Water Bureau Environmental Scientist and Program and Bureau financial manager staff to ensure information on the pollution remediation spreadsheet is accurate and will re-evaluate the current process to ensure internal controls are effective no later than January 2016.

The General Ledger and Budget section of the Financial Services Bureau will be reviewing all Special Appropriations appropriated to the Surface Water Quality Bureau, Construction Program Bureau and Financial Services Bureau to ensure that the transfer of funds is done prior to establishing budget authority in May 2016 for the Department's appropriations.

The Department concurs with this audit finding. The Financial Services Bureau is in the process of evaluating the outstanding accounts receivables for the Air Quality Bureau and Petroleum Storage Tank Bureau and will work with Bureau staff to ensure accounts receivables deemed uncollectible are properly recorded throughout the year.

The Chief Financial Officer is responsible for ensuring corrective action within the timeline as previously stated in the plan.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2015-003 (Original Finding Number 2006-008) Federal Program Reporting (Significant Deficiency and Noncompliance)**

**Federal Program:** CFDA 66.458 – Clean Water State Revolving Funds (CWSRF Cluster)  
CFDA 66.802 – Superfund State, Political Subdivision, and Indian Tribe  
Site-Specific Cooperative Agreements

**Federal Agency:** U.S. Environmental Protection Agency (CFDAs 66.458 and  
66.802)

**Federal Award Number/Year:** CS-35000212 (2012) (CFDA 66.458)  
V-00F62201 (2012) (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 66.458 – 1 out of 1 financial reports tested did not agree to the SHARE reports provided.
- CFDA 66.802 – 2 out of 4 financial reports tested were not filed timely.

*Management's Progress for Repeat Findings: During FY15, management did hire new staff. Management stated that the Department is up-to-date with the federal grant reporting for FY15. However, exceptions were still noted.*

**Criteria:** Per OMB Circular A-133, *Compliance Requirements Reporting – Financial Reporting*, the Department is required to maintain reports specified by the Federal agency. The financial reports are to be complete, accurate, and prepared in accordance with the required accounting basis.

**Effect:** The Department is not reporting accurate information to the federal funding agency. The Department is in violation of federal reporting requirements.

**Cause:** Department staff turnover.

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

**Management's Response:** Management concurs with this audit finding. The Budget and Grants section experienced a turnover in the grant and budget staff. Although the Department did in fact have a process in place, unfortunately due to the turnover in staff this process was not followed properly. The Department and, thus, the Budget and Grants section is currently fully staffed and has reviewed all SF-425 reports and their respective due times and are working diligently to ensure that all 425 reports are submitted timely and accurately. In regards to the CWSRF report, an amendment was completed and submitted by the Department with a date of 8/28/2015. The Chief Financial Officer is responsible for ensuring corrective action within the timeline as previously stated in the plan.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2015-001 Cash Management (Significant Deficiency and Noncompliance)**

**Federal Program:** CFDA 66.802 – Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements

**Federal Agency:** U.S. Environmental Protection Agency

**Federal Award Number/Year:** V-00F62201 (2012)

**Questioned Costs:** \$0

**Condition:** During A-133 single audit cash management test work, we noted 1 out of 3 reimbursement requests tested did not contain evidence of review and approval of the request prior to the draw being done.

**Criteria:** Per OMB Circular A-133, management is responsible for developing and maintaining effective internal controls to ensure effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

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

**Cause:** Department staff turnover.

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

**Management's Response:** Management concurs with this audit finding. The Budget and Grants section experienced a turnover in the grant and budget staff. Although the Department did in fact have a process in place, unfortunately due to the turnover in staff this process was not followed properly. The Department and, thus, the Budget and Grants section is currently fully staffed and has continued to follow the process that has been in place. The Chief Financial Officer is responsible for ensuring corrective action within the timeline as previously stated in the plan.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2015-002 Period of Performance (Significant Deficiency and Noncompliance)**

**Federal Program:** CFDA 66.802 – Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements

**Federal Agency:** U.S. Environmental Protection Agency

**Federal Award Number/Year:** V-00F62201 (2012)

**Questioned Costs:** \$667

**Condition:** During A-133 single audit period of performance test work, we noted 1 out of 2 disbursements tested had payroll disbursements charged to the grant prior to the performance period beginning date. The grant period performance date was 10/1/2014. For one of the employees tested, payroll disbursements in the amount of \$667 were charged to the grant prior to the 10/1/2014 date.

**Criteria:** Per 2 CFR §200.309 Period of performance, a non-federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency made the Federal award that were authorized by the Federal awarding agency.

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

**Cause:** Management oversight, lack of effective internal controls surrounding charges during the period of performance.

**Auditors' Recommendation:** We recommend management to establish effective internal controls to ensure that charges to Federal awards are within the period of performance as specified in the grant agreement.

**Management's Response:** The Department concurs with this finding. The Ground Water Bureau experienced staff turnover. Financial staff has been hired to evaluate all grants within Ground Water Bureau and will be responsible for review and monitoring of grant expenditures. Ground Water Bureau staff will perform monthly reconciliations and correct any discrepancies throughout the year. The Chief Financial Officer is responsible for ensuring corrective action within the timeline as previously stated in the plan.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**SECTION IV – OTHER**

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

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

- 3 out of 3 fuel purchase exception reports sampled for the Drinking Water Bureau were not reviewed monthly.
- 1 fuel purchase exception report sampled for ASD did not include the vehicle log for 2 transactions or a fuel receipt for 1 transaction.

*Management's Progress for Repeat Findings: Management stated that the Department has continued to work with the Vehicle Reconciliation Team to ensure that reconciliations are consistent with the General Services Division rules and regulations. There remains to be a lack of effective internal controls over the gas card process.*

**Criteria:** Per 1.5.3.19 NMAC, each agency will evaluate fuel purchase exceptions reports provided by the fuel credit card company on a monthly basis. According to department policy, receipts are to be maintained for fuel card purchases.

**Cause:** Management oversight, lack of effective internal controls surrounding gas cards.

**Effect:** Noncompliance with applicable laws and department policy.

**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 finding. The Drinking Water Bureau experienced staff turnover and as a result was not able to perform the monthly reconciliations in a timely basis. The Bureau is in the process of filling the vacant position. Administrative Services staff is tracking all submittals of vehicle reconciliations and sends out reminders and requests status updates to ensure that timely reconciliations are done. Administrative Services staff is currently working with staff to ensure that all receipts and proper documentation of transactions are recorded properly in the vehicle logs. The Chief Financial Officer is responsible for ensuring corrective action within the timeline as previously stated in the plan.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**SECTION IV – OTHER (CONTINUED)**

**2015-004 Untimely Reversion to State General Fund (Compliance and Other Matters)**

**Condition:** The Department has \$131,962 in unspent special appropriations that should have been reverted by September 30, 2014 and was not reverted as of June 30, 2015 as required.

**Criteria:** Per Audit Rule 2.2.2.12 A(6) authorized by Section 6-5-10(A) NMSA 1978 requires all unreserved, unassigned fund balances in reverting funds as of June 30 shall revert by September 30 to the State General Fund. The division may adjust the reversion within 45 days of the release of the audit report for that fiscal year. Failure to transfer funds in a timely manner in compliance with statute requires a finding.

**Cause:** Lack of effective internal controls and management oversight to ensure all funds subject to reversion were reverted in a timely manner as required by Statute.

**Effect:** Noncompliance with the State Auditor Rule and State Statute.

**Recommendation:** We recommend management establish effective controls and procedures to ensure all reverting funds are reverted in a timely manner.

**Management's Response:** Staff turnover of two key financial staff occurred during the end of the fiscal year in the Surface Water Quality Bureau. Due to turnover in financial staff, the reversion for 2015 was not reverted in a timely manner, however, has been included as an audit adjusting entry to revert back to the Office of State Engineers.

The reversion for 2014 was not submitted in a timely manner; however, has been included as an audit adjusting entry to revert back to the State General Fund.

The Surface Water Quality Bureau will review all Special Appropriations appropriated to the Bureau and ensure that all reversions are submitted no later than September 30 following the end of the appropriation.

The Chief Financial Officer is responsible for ensuring corrective action within the timeline as previously stated in the plan.

**2015-005 Fund Balance Deficit – General Fund (Compliance and Other Matters)**

**Condition:** As of June 30, 2015, the Department has an unrestricted deficit fund balance in the amount of approximately \$2.2M in its General Fund, which was caused prior to fiscal year 2008.

**Criteria:** The Department should have an unrestricted fund balance that approximates \$0 in its General Fund; otherwise the Department lacks adequate resources within the general fund to fulfil all obligations of the fund as of June 30, 2015.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**SECTION IV – OTHER (CONTINUED)**

**2015-005 Fund Balance Deficit – General Fund (Compliance and Other Matters) (Continued)**

**Cause:** The original cause of the deficit dates back to a fiscal year prior to 2008 and is unknown. However, the cause of the deficit still exists as of June 30, 2015 as a result of significant CFO turnover in the past 7 years.

**Effect:** The Department lacks adequate resources within the General Fund to fulfil all obligations of the fund as of June 30, 2015.

**Recommendation:** We recommend that management make it a priority during the upcoming legislative session to request some type of deficiency appropriation to eliminate the unrestricted deficit fund balance of the General Fund.

**Management's Response:** The Department concurs with the audit finding. The Department has been in contact with the Department of Finance and Administration and has made them aware of this issue. The Department has been working diligently this fiscal year to perform financial analysis to determine the amount the Department will be requesting as a deficiency appropriation during the upcoming legislative session. The Chief Financial Officer is responsible for ensuring corrective action within the timeline as previously stated in the plan.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2015**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

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

**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 \$3.6m from the Taxation and Revenue Department.
- 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.

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

**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 \$2.5m. 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.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2015**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2015-003 (Original Finding Number 2006-008) Federal Program Reporting (Significant Deficiency, Instance of Noncompliance) - Repeated and Modified**

**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.

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

**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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2015**

**SECTION IV – OTHER**

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

**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.

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

**Condition:** During 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, were not having 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.

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

**Condition:** During the internal control test work over user access as it related 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.

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

**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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
EXIT CONFERENCE  
JUNE 30, 2015**

An exit conference was held with the Department on November 23, 2015. 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

**CLIFTONLARSONALLEN LLP**

Matt Bone, CPA, CGFM, CGMA, 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.