

**NEW MEXICO ENVIRONMENT DEPARTMENT  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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**NEW MEXICO ENVIRONMENT DEPARTMENT  
OFFICIAL ROSTER  
JUNE 30, 2016**

**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. Butch Tongate  
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, 2016, 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, 2016, 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. Butch Tongate  
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, 2016, 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, 2016, 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, 2016, 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 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for 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 (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.

Mr. Butch Tongate  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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 an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 28, 2016

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**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, 2016. This overview and analysis summarizes the Department's financial activities and operations for the state fiscal year 2016, which is the period between July 1, 2015 and June 30, 2016 (*FY16*). 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.

**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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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 2016, the Department operated with four divisions within four budgetary programs. Through these programs, which include Resource Management, Resource Protection, Environmental Health and Environmental Protection, the Department was able to administer and enforce the state and federal laws with which it is charged.

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' Advocacy and the Office of Information Technology.

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 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

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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 –**

- SWQB (Surface Water Quality Bureau) conducted water quality monitoring at approximately 150 sites within the Dry Cimarron, Canadian, Upper Rio Grande, Middle Rio Grande and Gila River Basins. Monitoring included chemical, physical and biological data collection.
- SWQB awarded federal CWA §319 funding totaling approximately \$700,000 to projects located throughout the state to conduct watershed based planning or on-the-ground restoration activities.
- Three new wetlands program development projects were awarded CWA §104(b)(3) funding totaling approximately \$1,000,000 (including non-federal match) to advance the development of our statewide wetlands program.
- SWQB continued to implement the River Stewardship Program by awarding \$1 million in contracts to local governments, non-profit organizations, and for profit businesses for river restoration projects to improve surface water or river habitat statewide.
- Changes to the dairy regulations (20.6.6 NMAC) were drafted during FY15 and promulgated on August 1, 2015. Implementation of the regulations has set into motion a schedule for issuing draft and final dairy permits. The Ground Water Quality Bureau (GWQB) is working closely with the dairy industry to implement the changes to the rule and issue permits in a timely and solicitous manner. The GWQB agriculture program permits and inspects nearly 250 facilities and has funding for only 5 staff positions. These positions are critical to the continued operations and timely responses to applications filed for dairy permits and to offer assistance to dairy operators and the public.
- In order to identify possible non-point source water quality problems in rural New Mexico communities, the GWQB conducted free testing of domestic wells throughout the state. GWQB conducted ten Water Fairs and tested more than 500 wells in FY16.
- The GWQB has initiated a long overdue and desperately needed regulation revision. Last revised in 2004, NMAC 20.6.2 contained in its current form several standards in need of updating as well as updates and revisions to the provisions for alternative abatement. The revised regulations have been shared with the public, will be the subject of several “listening sessions” across the state and will be provided again to the public for comment prior to submitting the final proposal to the Water Quality Control Commission.

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**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.

- Construction Program Bureau (CPB) will oversee another \$64.8 million from Clean Water State Revolving Fund (CWSRF), \$6 million from the Rural Infrastructure Program (RIP) and \$67.7 million from Capital Outlay for the projects in construction in these programs as of June 30, 2016.
- Grant subsidies will be available through the RIP fund to be used in conjunction with loan funding to eligible entities. This will allow more funding to be available to smaller and more rural entities around the state that have little debt capacity and should bolster available infrastructure funding to build complete projects and to supplement capital outlay and other grant funds which are becoming scarcer.
- The Hazardous Waste Bureau (HWB) has implemented a document conversion plan that allows public access to HWB records in a prompt and efficient manner, as well as enabling the paper records to be transferred to the State Records Center and Archives in accordance with the NMAC. This aligns with the Governor's initiative for governmental transparency.
- In FY16, HWB performed 146 compliance evaluation inspections, 15 compliance assistance visits, and 3 WIPP audits. The HWB also responded to 5 spills or complaints. HWB expedited reviews and approvals of interim actions addressing the Kirtland Air Force Base Bulk Fuels Facility spill. HWB issued Administrative Compliance Orders to both Los Alamos National Laboratory and the Waste Isolation Pilot Plant for waste management non-compliances that led to the release of mixed waste constituents within WIPP. HWB issued a final RCRA permit for Sandia National Laboratory and approved a plan to close the container storage unit at Holloman Air Force Base. HWB approved corrective action complete petitions for 21 sites at Sandia National Laboratory, 20 sites at Cannon Air Force Base and six sites at Fort Wingate Army Depot and approved five land parcels for transfer to the Bureau of Indian Affairs.
- During SFY 2016 the DWB completed 369 Sanitary Surveys to ensure public water systems were in compliance with the drinking water regulations. Ninety-seven percent (97%) of all systems had a current Sanitary Survey on record at the end of the reporting period. Compliance staff also performed approximately 4,000 assistance actions during this timeframe.

**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

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

- The SWB has regulatory oversight of 949 facilities. The Bureau held 5 permit hearings of which all 5 permits were issued (3 landfills, 2 transfer stations). A permit hearing was held on August 13, 2016 for Sandoval County LF, 3 hearings are upcoming-San Juan Landfill, McKinley and Buckman Road Transfer Stations. The Otero/Greentree landfill permit application was denied in May 2016. Five (5) new lined landfill cells were constructed and approved for use (Butterfield Trail, Camino Real, Rio Rancho, Roswell, and Valencia). Three (3) landfills are currently constructing new waste cell liner systems (City of Socorro, Taos, and NENMRLF (Wagon Mound). Eight (8) final closure/post-closure certificates were issued for unlined landfills (Arroyo Hondo, Cerro, Costilla-Taos County, Rainsville-Mora County, Chama LF-Rio Arriba County, Datil-Catron County, Dog Canyon-Otero County, and Hagerman-Chavez County). T or C and Reserve landfill closures are completed and certificate will soon be issued. A total of 88 old landfills are permanently closed. Open permitted facilities include 26 landfills and 18 transfer stations. During the 2016 state fiscal year, 1378 air quality permit applications were processed and 199 air quality construction permits were issued, with 100% of the permits issued within the statutory deadline. The Air Quality Bureau continued its upgrade of the state's ambient air monitoring network using EPA grant funds. The upgrade includes new advanced monitoring equipment and improved communications software.
- Air quality inspections were completed at 74 facilities with the most air pollutant emissions in the state. Also, 151 investigations were conducted pursuant to complaints. During FY16 there were 43 enforcement actions initiated. Approximately \$729,355 in penalties, and no cost benefits from supplemental environmental projects, were realized in fiscal year 2016.
- The Environmental Health Bureau (EHB) Food Program completed its regulation revision in accordance with the Federal Code which was approved by the Environmental Improvement Board in March 2016. The adoption of the Federal Code will provide the state food program consistency with national standards and will bring New Mexico in line with other states and health jurisdictions. One of the key components of the new Regulations is the requirement for all food service workers to obtain a "food handlers card". The Bureau has projected this requirement will impact approximately 70,000 individuals. The EHB Food Program applied for and received a FDA Grant for \$350,000 per year through the year 2020. The FDA Grant will assist the program in developing its manufactured food section to become a nationally recognized state program and to meet FDA standards. Part of the funding will be utilized for funding of the integrated data management system.
- During the 2016 fiscal year, the Liquid Waste Program finalized the transition of permitting systems with design flows up to 5000 gallons per day as a result of exhaustive work by EHB and GWQB as well as industry stakeholders. The new Regulatory amendments will offer a streamlined permitting process which will ease some regulatory constraints on small businesses.
- The EHB Swimming Pool Program staff continued to ensure that pools and spas are hyper-chlorinated, per the Center for Disease Control (CDC) guidelines to prevent and stop recreational water illness outbreaks, and offered statewide pool operator certification trainings to



**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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operators and staff ensuring the safe and sanitary operation of public pools and baths. The pool program staff and stakeholders completed work on the Model Aquatic Health Code (MAHC) and the Bureau presented the Model Aquatic Health Code to the Environmental Improvement Board (EIB) for their approval in May 2016. The EIB unanimously approved EHB's proposal and the new swimming pool regulations (MAHC) became effective August, 2016. Of importance to note is that New Mexico became the first state to adopt the national model code and is leading the way nationally in its implementation.

- During the 2016 fiscal year, the Occupational Health and Safety Bureau (OHSB) continued to focus enforcement and cooperative program efforts in high hazard industries including healthcare, construction, manufacturing, and oil and gas well drilling and servicing. OHSB conducted 462 enforcement inspections, issued citations for 594 safety and health violations, and assessed \$543,000 in penalties during the 2016 fiscal year. In the area of Cooperative Programs, OHSB provided onsite consultation at 202 worksites, identified 486 hazards, and performed more than 200 compliance assistance interventions at establishments statewide.
- During the 2016 fiscal year, the Radiation Control Bureau (RCB) remained in good standing, and adequate and compatible with respect to the agreement with the U.S. Nuclear Regulatory Commission (NRC) and the state of New Mexico. RCB inspected 136 radioactive material licensees, 870 radiation machines, and 435 facilities; and issued over 1050 technologist certificates, 181 radioactive material licenses (e.g. new, renewal and amended licenses), and 461 radiation machine registrations.

### **Financial Highlights**

The Department's FY16 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 FY16, the Department recorded total net position of \$328,918,593, which represents an increase of \$14,073,604, or a 4% increase, over FY15. The Department's governmental net position increased by \$5,705,646, while the business-type net position increased by \$8,367,958 over FY15.

The business-type activities operating revenue for FY16 was \$4,162,163 and the non-operating income was \$8,210,609. The total cost of all Department programs increased by \$4,941,200, or 6%, versus the prior fiscal year, from \$83,823,340 to \$88,764,540 during FY16.

### **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, 2016**

**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, 2016. Net position for the Governmental Activities and Business-type Activities was \$(6,074,667) and \$334,993,260, respectively. The total Department net position for fiscal year 2016 is \$328,918,593, which is an increase over the previous fiscal year. The Department decreased its assets and liabilities over the prior period. The net restricted assets and unrestricted balance decreased over the prior period, resulting in a decrease of total liabilities and net position, mainly attributable to governmental activities.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
<b>Assets:</b>						
Current and other Assets	\$ 46,856,749	\$ 50,194,702	\$ 162,930,253	\$ 154,643,964	\$ 209,787,002	\$ 204,838,666
Capital and Non-Current Assets	684,796	841,834	172,095,149	171,981,342	172,779,945	172,823,176
<b>Total Assets</b>	<b>\$ 47,541,545</b>	<b>\$ 51,036,536</b>	<b>\$ 335,025,402</b>	<b>\$ 326,625,306</b>	<b>\$ 382,566,947</b>	<b>\$ 377,661,842</b>
<b>Liabilities:</b>						
Current Liabilities	\$ 9,719,405	\$ 10,623,118	\$ 32,142	\$ 4	\$ 9,751,547	\$ 10,623,122
Long-Term Liabilities	43,896,807	52,193,731	-	-	43,896,807	52,193,731
<b>Total Liabilities</b>	<b>53,616,212</b>	<b>62,816,849</b>	<b>32,142</b>	<b>4</b>	<b>53,648,354</b>	<b>62,816,853</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	684,796	841,834	-	-	684,796	841,834
Restricted	41,602,643	44,309,159	334,993,260	326,625,302	376,595,903	370,934,461
Unrestricted	(48,362,106)	(56,931,306)	-	-	(48,362,106)	(56,931,306)
<b>Total Net Position</b>	<b>(6,074,667)</b>	<b>(11,780,313)</b>	<b>334,993,260</b>	<b>326,625,302</b>	<b>328,918,593</b>	<b>314,844,989</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 47,541,545</b>	<b>\$ 51,036,536</b>	<b>\$ 335,025,402</b>	<b>\$ 326,625,306</b>	<b>\$ 382,566,947</b>	<b>\$ 377,661,842</b>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**Changes in Net Position.** Table A-2 summarizes the Department change in net position for the fiscal year ending June 30, 2016. The Department's change in net position for fiscal year 2016 decreased by \$206,465 over the prior period. Program revenues for governmental activities increased by \$2,684,220, when compared to fiscal year 2015. Program revenues for business-type activities decreased by \$6,279,476. The total change in net position was primarily due to the decrease in pollution remediation estimated liability of approximately \$4.7 million.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 18,978,058	\$ 18,295,441	\$ 4,162,163	\$ 4,072,857	\$ 23,140,221	\$ 22,368,298
Operating Grants & Contributions	20,110,078	18,108,475	6,910,609	13,279,391	27,020,687	31,387,866
General Revenues:						
Transfers, Net	1,982,762	3,170,605	(1,738,577)	(529,330)	244,185	2,641,275
Other	19,250,427	19,123,023	-	-	19,250,427	19,123,023
Bond Proceeds/ Appropriations	31,882,624	21,282,947	1,300,000	1,300,000	33,182,624	22,582,947
Investment Income	-	-	-	-	-	-
Total Revenues	<u>92,203,949</u>	<u>79,980,491</u>	<u>10,634,195</u>	<u>18,122,918</u>	<u>102,838,144</u>	<u>98,103,409</u>
Expenses:						
Governmental	<u>86,498,303</u>	<u>81,932,749</u>	<u>2,266,237</u>	<u>1,890,591</u>	<u>88,764,540</u>	<u>83,823,340</u>
Total Expenses	<u>86,498,303</u>	<u>81,932,749</u>	<u>2,266,237</u>	<u>1,890,591</u>	<u>88,764,540</u>	<u>83,823,340</u>
Changes in Net Position	5,705,646	(1,952,258)	8,367,958	16,232,327	14,073,604	14,280,069
Beginning 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>
Ending Net Position	<u>\$ (6,074,667)</u>	<u>\$ (11,780,313)</u>	<u>\$ 334,993,260</u>	<u>\$ 326,625,302</u>	<u>\$ 328,918,593</u>	<u>\$ 314,844,989</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**Budgetary Highlights**

The Department's general fund appropriation increased approximately \$600,000 over the prior year. Federal sources were budgeted at \$7,182,247 more 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 to affect the Department's ability to leverage federal revenue that requires matching funds.

**Capital Assets and Debt Administration**

As of June 30, 2016, the Department's net capital assets were \$684,796. This amount represents a net decrease of \$157,038 (including additions, deletions and depreciation) compared to fiscal year 2015.

As of June 30, 2016, the Department's total compensated absence liability was approximately \$1.8 million; this is a decrease of \$150,525 compared to fiscal year 2015. 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, 2016, the Department's total pollution remediation liability was approximately \$44 million; this is an approximate \$4.7 million decrease compared to fiscal year 2015. The amount expected to be paid within one year is \$542,532.

As of June 30, 2016, the Department's total contingency liability was \$161,115; this is an approximate \$3.6 million decrease compared to fiscal year 2015 due to EPA's determination of costs the Department is responsible for.

**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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**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, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Investment in State General Fund			
Investment Pool	\$ 34,188,318	\$ 145,306,975	\$ 179,495,293
Due from Federal Government	3,100,856	-	3,100,856
Due from Other State Agencies	6,740,035	-	6,740,035
Due from Other State Entities	1,689,991	-	1,689,991
Loans for Completed Projects, Current	-	13,390,300	13,390,300
Interest on Loans	-	4,232,978	4,232,978
Other Receivables	1,137,549	-	1,137,549
Total Assets	<u>46,856,749</u>	<u>162,930,253</u>	<u>209,787,002</u>
<b>NON-CURRENT ASSETS</b>			
Projects in Progress, Noncurrent	-	63,218,027	63,218,027
Loans for Completed Projects, Noncurrent, Net	-	108,877,122	108,877,122
Capital Assets, Net of Accumulated Depreciation	<u>684,796</u>	<u>-</u>	<u>684,796</u>
Total Noncurrent Assets	<u>684,796</u>	<u>172,095,149</u>	<u>172,779,945</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 47,541,545</u></u>	<u><u>\$ 335,025,402</u></u>	<u><u>\$ 382,566,947</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	\$ 6,679,041	\$ 32,142	\$ 6,711,183
Due to Other State Agencies	176,706	-	176,706
Due to State General Fund	57,512	-	57,512
Unearned Revenues	460,269	-	460,269
Pollution Remediation Liability - Due Within One Year	542,532	-	542,532
Compensated Absences - Due Within One Year	1,803,345	-	1,803,345
Total Current Liabilities	<u>9,719,405</u>	<u>32,142</u>	<u>9,751,547</u>
<b>NONCURRENT LIABILITIES</b>			
Pollution Remediation Liability - Due in More Than One Year	43,735,692	-	43,735,692
Contingency Liability	161,115	-	161,115
Total Noncurrent Liabilities	<u>43,896,807</u>	<u>-</u>	<u>43,896,807</u>
Total Liabilities	<u>53,616,212</u>	<u>32,142</u>	<u>53,648,354</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	684,796	-	684,796
Restricted	41,602,643	334,993,260	376,595,903
Unrestricted	(48,362,106)	-	(48,362,106)
Total Net Position	<u>(6,074,667)</u>	<u>334,993,260</u>	<u>328,918,593</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 47,541,545</u>	<u>\$ 335,025,402</u>	<u>\$ 382,566,947</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

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	\$ 4,748,066	\$ 1,041,745	\$ 2,311,505	\$ -
Resource Protection Program	20,379,738	4,471,392	9,483,550	-
Environmental Health Program	11,438,887	2,509,735	5,483,571	-
Environmental Protection Program	29,371,879	6,444,302	2,831,452	-
Other Environmental Initiatives	<u>20,559,733</u>	<u>4,510,884</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	86,498,303	18,978,058	20,110,078	-
<b>BUSINESS-TYPE ACTIVITIES</b>				
12100/32700 - Clean Water State Revolving Fund	2,266,237	3,663,962	6,910,609	-
33700 - Rural Infrastructure Revolving Fund	<u>-</u>	<u>498,201</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>2,266,237</u>	<u>4,162,163</u>	<u>6,910,609</u>	<u>-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u><u>\$ 88,764,540</u></u>	<u><u>\$ 23,140,221</u></u>	<u><u>\$ 27,020,687</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>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
	\$ (1,394,816)	\$ -	\$ (1,394,816)
	(6,424,796)	-	(6,424,796)
	(3,445,581)	-	(3,445,581)
	(20,096,125)	-	(20,096,125)
	<u>(16,048,849)</u>	<u>-</u>	<u>(16,048,849)</u>
	(47,410,167)	-	(47,410,167)
	-	8,308,334	-
	<u>-</u>	<u>498,201</u>	<u>-</u>
	-	8,806,535	8,806,535
	<u>(47,410,167)</u>	<u>8,806,535</u>	<u>(38,603,632)</u>
<b>GENERAL REVENUES AND TRANSFERS:</b>			
General Fund Appropriations	13,156,000	1,300,000	14,456,000
Severance Tax Bond Appropriations	18,726,624	-	18,726,624
Petroleum Products Loading Fee	19,250,427	-	19,250,427
Transfers:			
Interagency Transfers In	1,000,000	-	1,000,000
Interagency Transfers Out	(135,251)	(500,000)	(635,251)
Interfund Transfers In (Out)	1,238,577	(1,238,577)	-
Transfer of Capital Assets	(66,414)	-	(66,414)
Reversions FY16	<u>(54,150)</u>	<u>-</u>	<u>(54,150)</u>
Total General Revenues and Transfers	<u>53,115,813</u>	<u>(438,577)</u>	<u>52,677,236</u>
<b>CHANGE IN NET POSITION</b>	5,705,646	8,367,958	14,073,604
Net Position - Beginning of Year	<u>(11,780,313)</u>	<u>326,625,302</u>	<u>314,844,989</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ (6,074,667)</u></u>	<u><u>\$ 334,993,260</u></u>	<u><u>\$ 328,918,593</u></u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Major Funds				Total Governmental
	06400	99000	89200	Other	
	General Fund	Corrective Action Fund	Severance Tax Bonds	Governmental Funds	
<b>ASSETS</b>					
Investment in State General Fund					
Investment Pool	\$ 173,502	\$ 12,779,216	\$ -	\$ 23,908,416	\$ 36,861,134
Due from Federal Government	2,961,655	-	-	139,255	3,100,910
Due from Other State Agencies	71,435	3,204,709	2,913,470	550,421	6,740,035
Due from Other State Entities	1,689,991	-	-	-	1,689,991
Other Receivables	34,855	-	-	1,102,694	1,137,549
Total Current Assets	<u>\$ 4,931,438</u>	<u>\$ 15,983,925</u>	<u>\$ 2,913,470</u>	<u>\$ 25,700,786</u>	<u>\$ 49,529,619</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Investment in State General Fund					
Investment Pool Overdraft	\$ -	\$ -	\$ 2,672,816	\$ -	\$ 2,672,816
Accounts Payable	2,911,858	1,870,499	240,654	161,711	5,184,722
Due to Federal Government	-	-	-	54	54
Due to Other State Agencies	174,856	-	-	1,850	176,706
Due to State General Fund	54,283	-	-	3,229	57,512
Unearned Revenues	145,261	-	-	315,008	460,269
Accrued Payroll Liabilities	1,493,134	-	-	1,185	1,494,319
Total Liabilities	<u>4,779,392</u>	<u>1,870,499</u>	<u>2,913,470</u>	<u>483,037</u>	<u>10,046,398</u>
<b>FUND BALANCES</b>					
Restricted	2,271,468	14,113,426	-	25,217,749	41,602,643
Unassigned	(2,119,422)	-	-	-	(2,119,422)
Total Fund Balances	<u>152,046</u>	<u>14,113,426</u>	<u>-</u>	<u>25,217,749</u>	<u>39,483,221</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,931,438</u>	<u>\$ 15,983,925</u>	<u>\$ 2,913,470</u>	<u>\$ 25,700,786</u>	<u>\$ 49,529,619</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, 2016**

Total Funds Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 39,483,221
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	2,862,089
Accumulated Depreciation	<u>(2,177,293)</u>
Total Capital Assets	684,796
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	(44,278,224)
Contingency Liability	(161,115)
Compensated Absences Payable	<u>(1,803,345)</u>
Total Long-term and Other Liabilities	<u>(46,242,684)</u>
Net Position of Governmental Activities (Statement of Net Position)	<u><u>\$ (6,074,667)</u></u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	Major Funds				Total Governmental
	06400 General Fund	99000 Corrective Action Fund	89200 Severance Tax Bonds	Other Governmental Funds	
<b>REVENUES</b>					
Environmental Fees	\$ -	\$ -	\$ -	\$ 18,978,057	\$ 18,978,057
Petroleum Products Loading Fee	-	19,250,427	-	-	19,250,427
Federal Grant Revenue	18,815,405	-	-	139,255	18,954,660
Other Revenue	1,147,939	2,748	-	4,732	1,155,419
Total Revenues	<u>19,963,344</u>	<u>19,253,175</u>	<u>-</u>	<u>19,122,044</u>	<u>58,338,563</u>
<b>EXPENDITURES</b>					
Current:					
Resource Management Program	8,340,146	-	-	-	8,340,146
Resource Protection Program	20,277,632	-	-	-	20,277,632
Environmental Health Program	11,381,576	-	-	-	11,381,576
Environmental Protection Program	19,658,522	13,446,334	-	887,923	33,992,779
Other Environmental Initiatives	1,823,925	-	18,726,624	-	20,550,549
Capital Outlay	333,078	-	-	-	333,078
Total Expenditures	<u>61,814,879</u>	<u>13,446,334</u>	<u>18,726,624</u>	<u>887,923</u>	<u>94,875,760</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(41,851,535)	5,806,841	(18,726,624)	18,234,121	(36,537,197)
<b>OTHER FINANCING SOURCES (USES)</b>					
General Fund Appropriation	13,156,000	-	-	-	13,156,000
Severance Tax Bond Appropriations	-	-	18,726,624	-	18,726,624
Transfers In:					
Interfund	26,288,104	-	-	-	26,288,104
Other	2,238,577	-	-	-	2,238,577
Transfers Out:					
Interfund	-	(8,295,134)	-	(17,992,970)	(26,288,104)
Other	(135,251)	-	-	-	(135,251)
Reversions-FY16	(54,150)	-	-	-	(54,150)
Net Other Financing Sources (Uses)	<u>41,493,280</u>	<u>(8,295,134)</u>	<u>18,726,624</u>	<u>(17,992,970)</u>	<u>33,931,800</u>
<b>NET CHANGE IN FUND BALANCES</b>	(358,255)	(2,488,293)	-	241,151	(2,605,397)
Fund Balances - Beginning	<u>510,301</u>	<u>16,601,719</u>	<u>-</u>	<u>24,976,598</u>	<u>42,088,618</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 152,046</u>	<u>\$ 14,113,426</u>	<u>\$ -</u>	<u>\$ 25,217,749</u>	<u>\$ 39,483,221</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, 2016**

Net Changes in Fund Balances - Total Governmental Funds  
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (2,605,397)

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).

Decrease in Compensated Absences for the Fiscal Year was	150,525
Decrease in the Pollution Remediation Liability for the Fiscal Year was	4,719,888
Decrease in the Contingency Liability	3,597,668

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	333,078
Transfers of Capital Assets	(66,414)
Depreciation Expense	(309,584)
Excess of Depreciation Expense over Capital Outlay	(42,920)
Loss/Adjustments on Disposal of Assets	(114,118)

Change in Net Position of Governmental Activities (Statement of Activities)	<u><u>\$ 5,705,646</u></u>
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**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES – MAJOR GOVERNMENTAL  
FUNDS BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES</b>				
Federal Funds	\$ 25,651,900	\$ 26,938,347	\$ 18,815,405	\$ (8,122,942)
General Fund	13,156,000	13,156,000	13,156,000	-
Other State Funds	36,522,518	38,129,318	27,436,043	(10,693,275)
Inter-agency Transfers	249,300	1,099,300	2,238,577	1,139,277
Total Revenues	<u>75,579,718</u>	<u>79,322,965</u>	<u>61,646,025</u>	<u>(17,676,940)</u>
<b>BUDGETED FUND BALANCE</b>	-	(54,580)	-	54,580
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 75,579,718</u>	<u>\$ 79,268,385</u>	<u>\$ 61,646,025</u>	<u>\$ (17,622,360)</u>
<b>P-567 EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 6,808,000	\$ 6,879,500	\$ 6,432,288	\$ 447,212
Contractual Services	1,168,100	1,294,100	981,138	312,962
Other	936,200	1,032,000	984,876	47,124
Total P-567 Expenditures	<u>\$ 8,912,300</u>	<u>\$ 9,205,600</u>	<u>\$ 8,398,303</u>	<u>\$ 807,297</u>
<b>P-568 EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 13,490,700	\$ 13,735,100	\$ 11,472,494	\$ 2,262,606
Contractual Services	5,289,900	6,505,800	3,714,549	2,791,251
Other	2,368,800	2,707,900	2,067,437	640,463
Total P-568 Expenditures	<u>\$ 21,149,400</u>	<u>\$ 22,948,800</u>	<u>\$ 17,389,731</u>	<u>\$ 5,559,069</u>
<b>P-569 EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 17,562,800	\$ 17,908,800	\$ 14,453,891	\$ 3,454,909
Contractual Services	5,641,100	6,071,138	3,492,215	2,578,923
Other	2,530,800	2,740,756	2,419,425	321,331
Total P-569 Expenditures	<u>\$ 25,734,700</u>	<u>\$ 26,720,694</u>	<u>\$ 20,365,531</u>	<u>\$ 6,355,163</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, 2016**

	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	\$ 11,796,800	\$ 11,860,800	\$ 11,314,392	\$ 546,408
Contractual Services	1,623,300	2,059,300	458,908	1,600,392
Other	2,296,000	2,406,000	1,833,053	572,947
Total P-570 Expenditures	<u>\$ 15,716,100</u>	<u>\$ 16,326,100</u>	<u>\$ 13,606,352</u>	<u>\$ 2,719,748</u>
<b>SPECIAL APPROPRIATION EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 100,000	\$ 100,000	\$ 287	\$ 99,713
Contractual Services	2,872,851	2,872,851	926,428	1,946,423
Other	1,094,367	1,094,340	897,210	197,130
Total Special Appropriation Expenditures	<u>\$ 4,067,218</u>	<u>\$ 4,067,191</u>	<u>\$ 1,823,925</u>	<u>\$ 2,243,266</u>
<b>ALL EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ 49,758,300	\$ 50,484,200	43,673,352	\$ 6,810,848
Contractual Services	16,595,251	18,803,189	9,573,238	9,229,951
Other	9,226,167	9,980,996	8,103,199	1,877,797
Total All Expenditures	<u>\$ 75,579,718</u>	<u>\$ 79,268,385</u>	<u>61,485,040</u>	<u>\$ 17,783,345</u>
<b>NET CHANGE IN FUND BALANCE</b>			160,985	
<b>ADMINISTRATIVE EXPENSES (CAP GRANT) BUDGETED IN FUND 06400, EXPENSED IN ENTERPRISE FUND 12100</b>			(366,289)	
<b>REQUEST TO PAY PRIOR YEAR BILLS FY16 BILLS PAID IN FY17</b>			(98,801)	
<b>REVERSIONS TO STATE GENERAL FUND (NOT BUDGETED)</b>			<u>(54,150)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (358,255)</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, 2016**

	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	18,648,700	18,648,700	19,253,175	604,475
Inter-agency Transfers	-	-	-	-
<b>Total Revenues</b>	<u>18,648,700</u>	<u>18,648,700</u>	<u>19,253,175</u>	<u>604,475</u>
<b>BUDGETED FUND BALANCE</b>	<u>4,733,200</u>	<u>6,233,200</u>	<u>-</u>	<u>(6,233,200)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 23,381,900</u>	<u>\$ 24,881,900</u>	<u>\$ 19,253,175</u>	<u>\$ (5,628,725)</u>
<b>EXPENDITURES</b>				
Personal Services and Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	3,500,000	2,000,000	1,323,590	676,410
Other	11,000,000	14,000,000	12,081,887	1,918,113
Other Financing Uses	8,881,900	8,881,900	8,295,134	586,766
<b>TOTAL EXPENDITURES</b>	<u>\$ 23,381,900</u>	<u>\$ 24,881,900</u>	<u>21,700,611</u>	<u>\$ 3,181,289</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER NET CHANGE IN FUND BALANCE</b>			(2,447,436)	
<b>REQUEST TO PAY PRIOR YEAR BILLS FY16 BILLS PAID IN FY17</b>			<u>(40,857)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (2,488,293)</u>	

See accompanying Notes to Financial Statements.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2016**

	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	\$ 127,105,953	\$ 1,716,288	\$ 16,484,734	\$ 145,306,975
Accounts Receivable:				
Loans for Completed Projects, Current	12,351,451	-	1,038,849	13,390,300
Interest on Loans	3,915,687	-	317,291	4,232,978
Total Current Assets	<u>143,373,091</u>	<u>1,716,288</u>	<u>17,840,874</u>	<u>162,930,253</u>
<b>NONCURRENT ASSETS</b>				
Projects in Progress, Noncurrent	61,409,195	-	1,808,832	63,218,027
Loans for Completed Projects, Noncurrent	95,593,880	-	13,661,473	109,255,353
Allowance for Uncollectible Accounts	-	-	(378,231)	(378,231)
Total Noncurrent Assets	<u>157,003,075</u>	<u>-</u>	<u>15,092,074</u>	<u>172,095,149</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 300,376,166</u></u>	<u><u>\$ 1,716,288</u></u>	<u><u>\$ 32,932,948</u></u>	<u><u>\$ 335,025,402</u></u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Other				
Accrued Liabilities	\$ 32,142	\$ -	\$ -	\$ 32,142
Total Current Liabilities	<u>32,142</u>	<u>-</u>	<u>-</u>	<u>32,142</u>
<b>NET POSITION</b>				
Restricted	300,344,024	1,716,288	32,932,948	334,993,260
Total Net Position	<u>300,344,024</u>	<u>1,716,288</u>	<u>32,932,948</u>	<u>334,993,260</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 300,376,166</u></u>	<u><u>\$ 1,716,288</u></u>	<u><u>\$ 32,932,948</u></u>	<u><u>\$ 335,025,402</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, 2016**

	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	\$ 3,327,968	\$ 3,574	\$ 498,201	\$ 3,829,743
Debt Service Fees	-	332,420	-	332,420
Total Operating Revenues	<u>3,327,968</u>	<u>335,994</u>	<u>498,201</u>	<u>4,162,163</u>
<b>OPERATING EXPENSES</b>				
Administrative Expenses	366,289	-	-	366,289
Total Operating Expenses	<u>366,289</u>	<u>-</u>	<u>-</u>	<u>366,289</u>
<b>OPERATING INCOME (LOSS)</b>	2,961,679	335,994	498,201	3,795,874
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grants and contributions	6,910,609	-	-	6,910,609
Severance Tax Bond Appropriations	1,300,000	-	-	1,300,000
Grants to other organizations	(1,899,948)	-	-	(1,899,948)
Interfund transfers out	-	(265,102)	(973,475)	(1,238,577)
Other transfers out	-	-	(500,000)	(500,000)
Total non-operating revenues (expenses)	<u>6,310,661</u>	<u>(265,102)</u>	<u>(1,473,475)</u>	<u>4,572,084</u>
<b>CHANGE IN NET POSITION</b>	9,272,340	70,892	(975,274)	8,367,958
Total Net Position - Beginning	<u>291,071,684</u>	<u>1,645,396</u>	<u>33,908,222</u>	<u>326,625,302</u>
<b>TOTAL NET POSITION - ENDING</b>	<u><u>\$ 300,344,024</u></u>	<u><u>\$ 1,716,288</u></u>	<u><u>\$ 32,932,948</u></u>	<u><u>\$ 334,993,260</u></u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	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	\$ 9,415,574	\$ -	\$ 1,430,596	\$ 10,846,170
Cash Received on Interest from Loans	2,270,828	-	479,049	2,749,877
Interest Payments Received from Banks/STO	291,877	3,679	40,684	336,240
Cash Received for Debt Service Fees	-	332,420	-	332,420
Cash Received from Other Funds	-	-	166,067	166,067
Cash Payments for Administrative Expenses	(334,151)	-	-	(334,151)
Cash Payments Made to Borrowers	(12,816,556)	-	(1,974,941)	(14,791,497)
Net Cash Provided (Used) by Operating Activities	(1,172,428)	336,099	141,455	(694,874)
<b>CASH FLOWS PROVIDED (USED) BY</b>				
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Grant Proceeds - EPA	6,910,609	-	-	6,910,609
Grants to Other Organizations	(1,899,948)	-	-	(1,899,948)
Severance Tax Bond Appropriations	1,300,000	-	-	1,300,000
Interfund transfers out	-	(114,182)	(973,577)	(1,087,759)
Other transfers out	-	-	(500,000)	(500,000)
Net Cash Provided by Noncapital Financing Activities	6,310,661	(114,182)	(1,473,577)	4,722,902
<b>NET INCREASE IN CASH</b>	5,138,233	221,917	(1,332,122)	4,028,028
Investments in State General Fund Investment Pool - Beginning of Year	121,967,720	1,494,371	17,816,856	141,278,947
<b>INVESTMENTS IN STATE GENERAL FUND INVESTMENT POOL - END OF YEAR</b>	<u>\$ 127,105,953</u>	<u>\$ 1,716,288</u>	<u>\$ 16,484,734</u>	<u>\$ 145,306,975</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

	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	\$ 2,961,679	\$ 335,994	\$ 498,201	\$ 3,795,874
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Change in Assets and Liabilities:				
Loans Receivable	(3,400,982)	-	(544,447)	(3,945,429)
Loan Interest Receivable	(773,876)	-	20,280	(753,596)
Interest on Investments Receivable	-	-	1,252	1,252
Due from Other State Agencies	8,613	105	-	-
Due from Other Governmental Funds	-	-	166,169	166,169
Accounts Payable and Accrued Liabilities	32,138	-	-	32,138
Total Reconciling Adjustments	(4,134,107)	105	(356,746)	(4,490,748)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (1,172,428)</b>	<b>\$ 336,099</b>	<b>\$ 141,455</b>	<b>\$ (694,874)</b>

See accompanying Notes to Financial Statements.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND  
JUNE 30, 2016**

	(65200) Agency Fund
<b>ASSETS</b>	
Investment in State General Fund Investment Pool	\$ <u>36,744</u>
<b>LIABILITIES</b>	
Due to State General Fund	\$ <u>36,744</u>

*See accompanying Notes to Financial Statements.*

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 Program (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, 2016**

**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, 2016**

**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, 2016**

**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 (89200)* – 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, 2016**

**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, 2016**

**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, 2016 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, 2016**

**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 in Note 9.

**Modified Accrual**

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

**Receivables**

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

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

**Capital Assets**

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016, 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, 2016.

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, 2016.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016**

**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, 2016 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, 2016**

**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	\$ 950,623
06400	General Fund	Laws 2014 Ch. 66	103,945
06400	General Fund	Laws 2015 Ch. 101	100,000
06400	General Fund	Laws 2015 Ch. 3	500,000
06400	General Fund	Laws 2016 Ch. 11	588,725
06400	General Fund	Other restricted resources-GWBBHWK	28,175
99000	Corrective Action Fund	NM 74-6B-7	14,113,426
		Subtotal - Restricted - Major Funds	<u>16,384,894</u>

RESTRICTED - OTHER GOVERNMENTAL FUNDS

Fund	Description	Enabling Legislation	Restricted Fund Balance
02600	Recycling & Illegal Dumping Fund	NM 74-13-19	1,203,545
06600	Voluntary Remediation Fund	NM 74-4G-11	108,996
09200	Air Quality Title V Fund	NM 74-2-15	6,686,952
10980	Nuclear Workers Assistance Fund	NM 74-1-17	87,783
11900	Brownfields Cleanup Revolving Loan Fund	NM 74-4G-11.1	1,624,421
24800	Responsible Parties Fund	NM 74-6B-7	169,155
33900	Hazardous Waste Fund	NM 74-4-4.5	1,170,017
34000	Liquid Waste Fund	NM 74-1-15	661,807
34100	Water Quality Management Fund	NM 74-6-5.2	692,764
40000	Water Recreation Facilities Fund	NM 74-1-16	318,117
56700	Water Conservation Fund	NM 74-1-13	3,550,512
58400	Public Water Supply System Operator and Public Wastewater Operator Fund	NM 61-33-5	300,538
59200	Radiation Protection Fund	NM 74-3-5.1	1,040,614
63100	State Air Quality Permit Fund	NM 74-2-15	3,008,685
63200	Solid Waste Facility Grant Fund	NM 74-9-41	255,123
78300	Solid Waste Permit Fees	NM 74-9-8(l)	123,718
95700	Hazardous Waste Emergency Fund	NM 74-4-8	2,334,207
98700	Radiologic Technology Fund	NM 61-4E-10	178,821
98900	Storage Tank Fund	NM 74-4-4.8	242,887
99100	Food Service Sanitation Fund	NM 25-1-5.1	1,459,087
		Subtotal - Restricted - Other	<u>25,217,749</u>
		<b>Total - All Governmental Funds</b>	<u><u>\$ 41,602,643</u></u>

**Short-Term Debt**

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

**Eliminations**

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, 2016**

**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:

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

**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 Board 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 State Controller indicated on August 8, 2016 that calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range (< \$200k standard deviation) over the last twelve months; resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP and that all claims will be honored at face value.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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.

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.

**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, 2016, the Department had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool	<u>\$ 179,532,037</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, 2016.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 OTHER RECEIVABLES**

Other Receivables:	
Brownfields Cleanup Revolving Loan Fund (11900)	\$ 892,455
Radiation Protection Fund (59200)	77,710
Hazardous Waste Fund (33900)	63,750
General Fund (06400)	34,846
Air Quality Title V (09200)	22,067
Food Service Sanitation Fund (99100)	21,200
State Air Quality Permit Fund (63100)	17,517
Storage Tank Fund (98900)	1,225
Other Receivables	6,779
Total Other Receivables, Net	<u>\$ 1,137,549</u>

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, 2016, 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 \$8,777 beginning March 31, 2017, with a final payment due on February 15, 2027. This receivable is 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.

Other receivables represent other various fee and permit related receivables, which are considered fully collectible.

**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, 2016 consist of the following:

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Construction Loans in Progress	\$ 61,409,195	\$ 1,808,832	\$ 63,218,027
Mortgage Loans on Completed Projects, Noncurrent and Current	107,945,331	14,700,322	122,645,653
Accrued Interest	3,915,687	317,291	4,232,978
Allowance for Uncollectible Accounts	-	(378,231)	(378,231)
	<u>\$ 173,270,213</u>	<u>\$ 16,448,214</u>	<u>\$ 189,718,427</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 February 12, 2036 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, 2016:

Years Ending June 30,	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
2017	\$14,696,484	\$ 1,476,421	\$ 16,172,905
2018	10,224,116	1,423,889	11,648,005
2019	9,082,430	1,310,308	10,392,738
2020	9,031,339	1,341,576	10,372,915
2021	9,031,339	1,268,052	10,299,391
2022 and Thereafter	71,865,175	11,584,554	83,449,729
	123,930,883	18,404,800	142,335,683
Less Interest and Administrative Completed Projects	(15,985,552)	(3,704,478)	(19,690,030)
	<u>\$ 107,945,331</u>	<u>\$ 14,700,322</u>	<u>\$ 122,645,653</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016.

Construction loans in progress:

	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
City of Portales	\$ 23,244,698	\$ -	\$ 23,244,698
City of Rio Rancho	19,030,228	-	19,030,228
City of Carlsbad	16,206,939	-	16,206,939
SSCAFCA	1,250,000	-	1,250,000
City of Belen	768,870	-	768,870
El Valle De Los Ranchos	396,316	-	396,316
City of Socorro	231,508	-	231,508
City of Las Vegas	174,016	-	174,016
Village of Taos Ski Valley	106,620	-	106,620
Town of Peralta	-	1,079,472	1,079,472
Dona Ana County	-	558,513	558,513
Village of Cloudcroft	-	85,786	85,786
Other Communities	-	85,061	85,061
<b>Total</b>	<b>\$ 61,409,195</b>	<b>1,808,832</b>	<b>\$ 63,218,027</b>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 CONSTRUCTION AND MORTGAGE LOANS (CONTINUED)**

Mortgage loans on completed projects:

Community	(12100) Wastewater Facility Construction Loan Fund	(33700) Rural Infrastructure Revolving Loan Fund	Total
Hobbs	\$ 24,689,720	\$ -	\$ 24,689,720
Los Lunas	17,058,839	-	17,058,839
Los Alamos County	11,087,869	-	11,087,869
Las Vegas	10,182,019	-	10,182,019
Farmington	8,129,259	-	8,129,259
Clovis	5,652,243	-	5,652,243
Espanola	4,744,379	-	4,744,379
Rio Rancho	4,391,515	-	4,391,515
Lovington	4,304,535	-	4,304,535
Aztec	3,470,146	-	3,470,146
Dona Ana County	3,289,708	-	3,289,708
Bloomfield	1,600,834	448,974	2,049,808
Dona Ana County	147,340	1,839,548	1,986,888
City of Deming	-	1,664,014	1,664,014
Belen	1,602,888	-	1,602,888
City of Socorro	1,239,913	-	1,239,913
Bayard	892,236	308,094	1,200,330
Sandoval County	332,803	816,520	1,149,323
Elephant Butte	366,674	759,274	1,125,948
Taos Ski Valley	1,021,044	-	1,021,044
Town of Taos	1,020,000	-	1,020,000
Paa-Ko CSA	-	993,521	993,521
Estancia Valley Solid Waste Authority	-	896,114	896,114
City of Portales	-	880,117	880,117
Grants	793,477	-	793,477
El Valle de Los Ranchos	394,251	351,068	745,319
Cloudcroft, Village of	-	722,551	722,551
Greentree SWA	-	657,798	657,798
Navajo Dam DWS & SWA	-	386,582	386,582
Jemez Springs	125,472	255,795	381,267
De Baca County	-	376,243	376,243
Santa Rosa	375,000	-	375,000
Edgewood, Town of	-	318,296	318,296
Other Communities	117,305	188,088	305,393
Otis MDWC & SWA	-	290,163	290,163
Logan	271,338	-	271,338

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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
Truth or Consequences, City of	\$ -	\$ 249,043	\$ 249,043
Red River, Town of	-	227,610	227,610
Texico, City of	-	199,976	199,976
Capitan, Village of	-	171,168	171,168
Eagle Nest	168,842	-	168,842
Upper La Plata	-	152,513	152,513
Tularosa, Village of	-	149,889	149,889
San Antonio MDWCA	-	132,745	132,745
Chamita MDWC & SWA	-	130,622	130,622
Lower Arroyo Hondo MDWCA	-	117,011	117,011
CANONCITO AT APACHE CANYON	-	107,197	107,197
La Jara MDWCA	-	105,538	105,538
Gamerco Water & Sanitation District	-	100,360	100,360
Chama	100,000	-	100,000
Springer, Town of	-	95,580	95,580
Tucumcari	75,000	18,060	93,060
Twin Forks MDWCA	-	92,348	92,348
Ruidoso Downs	78,582	-	78,582
San Miguel	77,610	-	77,610
Wagon Mound	76,879	-	76,879
Raton	67,611	-	67,611
Lordsburg, City of	-	66,932	66,932
Estancia, Town of	-	65,018	65,018
High Sierra Estates WA	-	56,651	56,651
LA CIENEGA MDWC & MSWA	-	48,484	48,484
Brazos MDWCA	-	46,324	46,324
PLAZA BLANCA	-	42,658	42,658
Cimarron, Village of	-	26,295	26,295
YOUNGSVILLE	-	24,534	24,534
Pineywoods Estates Water Assoc, Inc.	-	22,977	22,977
Rolling Hills	-	21,283	21,283
BIBO MDWCA	-	20,320	20,320
Cedar Crest MDWC & SWA	-	19,207	19,207
Agua Sana WUA	-	18,879	18,879
Roosevelt County Water Coop	-	18,340	18,340
Total	<u>\$ 107,945,331</u>	<u>\$ 14,700,322</u>	<u>\$ 122,645,653</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 is a result of indirect expenditures allocated to fund 12100. As of June 30, 2016, the Department did not have any amounts due from/to other funds as the amounts were transferred as of the year end. Interfund transfers have been disclosed (Note 9).

**NOTE 8 DUE FROM AND DUE TO OTHER STATE AGENCIES/ENTITIES**

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, 2016 consist of the following:

NMED Fund	Agency	Other Agency's Fund No.	Amount
<b>Due From Other State Agencies</b>			
<b>Governmental Funds:</b>			
06400	Energy, Minerals & Natural Resources	19900	\$ 65,445
06400	Department of Health	06100	5,000
06400	Department of Indian Affairs	04800	937
06400	Office of Natural Resources Trustee	49300	53
89200	DFA - Board of Finance - (STB Capital Outlay)	11350	108,578
89200	DFA - Board of Finance - (STB Capital Outlay)	11440	168,505
89200	DFA - Board of Finance - (STB Capital Outlay)	11720	905,500
89200	DFA - Board of Finance - (STB Capital Outlay)	20610	797,635
89200	DFA - Board of Finance - (STB Capital Outlay)	20620	19,560
89200	DFA - Board of Finance - (STB Capital Outlay)	50230	913,692
99000	Taxation and Revenue Department (Tax Distrib.)	82800	3,204,709
02600	Taxation and Revenue Department (Tax Distrib.)	82500	83,933
56700	Taxation and Revenue Department (Tax Distrib.)	82800	466,488
	Total Governmental Funds		<u>6,740,035</u>
	Total All Funds		<u>\$ 6,740,035</u>



**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 DUE FROM AND DUE TO OTHER STATE AGENCIES/ENTITIES (CONTINUED)**

**Due To Other State Agencies**

**Governmental Funds:**

34100	Energy, Minerals & Natural Resources	40120	\$	1,850
06400	Office of Natural Resources Trustee	90000		135,251
06400	Department of Health	06100		28,831
06400	Division of Vocational Rehabilitation	50000		7,302
06400	Energy, Minerals & Natural Resources	19900		3,472
				<u>176,706</u>
Total Governmental Funds				<u>\$ 176,706</u>

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, 2016 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	\$ 1,689,991

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 TRANSFERS**

Interfund transfers as of June 30, 2016 are as follows:

Fund	Transfers In	Transfers Out
<b>Governmental Funds Interfund Transfers:</b>		
General Fund - 06400	\$ 26,288,104	\$ -
Special Revenue Funds:		
99000	-	8,295,134
02600	-	298,780
06600	-	3,551
09200	-	5,608,233
10980	-	50,000
24800	-	252,955
33900	-	3,176,263
34000	-	336,477
34100	-	506,269
40000	-	140,929
56700	-	2,135,182
58400	-	39,210
59200	-	838,910
63100	-	2,518,171
78300	-	67,600
95700	-	202,042
98700	-	105,271
98900	-	364,834
99100	-	1,348,293
Total Governmental Funds Interfund Transfers	<u>\$ 26,288,104</u>	<u>\$ 26,288,104</u>
<b>Other Funds Interfund Transfers:</b>		
06400	\$ 1,238,577	\$ -
33700	-	973,475
32700	-	265,102
Total Other Interfund Transfers *	<u>\$ 1,238,577</u>	<u>\$ 1,238,577</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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 TRANSFERS (CONTINUED)**

Other transfers as of June 30, 2016 are as follows:

Interagency Transfers Out

NMED Fund	Agency	Other Agency's Fund	Description	Amount
33700	Economic Development - 41900	89200	Economic Development projects	\$ 500,000
06400	Office of Natural Resources Trustee - 66800	90000	ONRT	<u>135,251</u>
Total Interagency Transfers Out				635,251
Total Other Interfund Transfers Out				<u>1,238,577</u>
Total Transfers Out				<u><u>\$ 1,873,828</u></u>

Interagency Transfers In

NMED Fund	Agency	Other Agency's Fund	Description	Amount
06400	Attorney General - 30500	17000	SB313 Capital Outlay Project	<u>\$ 1,000,000</u>
Total Interagency Transfers in				1,000,000
Total Other Interfund Transfers in				<u>1,238,577</u>
Total Other Transfers In				<u><u>\$ 2,238,577</u></u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 10 CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance, June 30, 2015	Additions	Deletions/ Adjustments	Agency Transfers	Balance, June 30, 2016
Furniture and Fixtures	\$ 251,574	\$ -	\$ (9,337)	\$ -	\$ 242,237
Data Processing Equipment	321,521	214,872	1,650	-	538,043
Machinery and Equipment	2,652,369	51,792	(676,088)	-	2,028,073
Library and Museum	35,510	-	1	-	35,511
Automotive	-	66,414	-	(66,414)	-
Buildings and Structures	18,225	-	-	-	18,225
Total	<u>3,279,199</u>	<u>333,078</u>	<u>(683,774)</u>	<u>(66,414)</u>	<u>2,862,089</u>
Accumulated Depreciation:					
Furniture and Fixtures	(146,277)	(32,808)	1,065	-	(178,020)
Data Processing Equipment	(226,243)	(57,357)	(40)	-	(283,640)
Machinery and Equipment	(2,026,726)	(218,586)	568,229	-	(1,677,083)
Library and Museum	(35,510)	-	(1)	-	(35,511)
Buildings and Structures	(2,609)	(833)	403	-	(3,039)
Total Accumulated Depreciation	<u>(2,437,365)</u>	<u>(309,584)</u>	<u>569,656</u>	<u>-</u>	<u>(2,177,293)</u>
Net Capital Assets	<u>\$ 841,834</u>	<u>\$ 23,494</u>	<u>\$ (114,118)</u>	<u>\$ (66,414)</u>	<u>\$ 684,796</u>

Depreciation expense for the year ended June 30, 2016 was allocated to the following:

Resource Management Program	\$ 41,995
Resource Protection Program	102,106
Environmental Health Program	57,311
Environmental Protection Program	98,988
Other Environmental Initiatives	<u>9,184</u>
Total Depreciation Expense	<u>\$ 309,584</u>

The Department transferred a net book value of \$66,414 in automotive to the New Mexico General Services Department.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 11 COMPENSATED ABSENCES**

The following is a summary of compensated absences of the Department for the year ended June 30, 2016:

	Balance, June 30, 2015	Additions	Deletions	Balance, June 30, 2016
Amount Due Within One Year	\$ 1,953,870	\$ 1,642,738	\$ (1,793,263)	\$ 1,803,345
Accrued Compensated Absence	<u>\$ 1,953,870</u>	<u>\$ 1,642,738</u>	<u>\$ (1,793,263)</u>	<u>\$ 1,803,345</u>

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

**NOTE 12 POLLUTION REMEDIATION OBLIGATIONS**

Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), 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:

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

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)**

**Leaking Petroleum Storage Tanks (LPST)**

The Department oversees cleanups of LPST sites and reimburses eligible parties from the PST corrective action fund, which has paid for the vast majority of LPST cleanups. 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, 2016. 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 \$676,455 as of June 30, 2016.

**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 (NPL). There are currently 16 listed Superfund sites and 4 deleted sites in New Mexico which are in various stages of investigation and remediation. One of the 16 listed Superfund sites was placed on the NPL in April 2016. The site is currently in the scoping phase of the investigation in which no financial obligation exists. The Department estimates it will take at least 2 or 3 years before a Record of Decision is issued by the EPA. As of June 30, 2016, this site is excluded from the estimated pollution remediation liability.

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

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

**Superfund (Continued)**

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.

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, 2016, the estimated pollution remediation liability for Superfund sites totals \$43,601,769.

	Balance, June 30, 2015	Additions	Deletions	Balance, June 30, 2016
Amount Due Within One Year	\$ 563,164	\$ 165,050	\$ (185,682)	\$ 542,532
Amount Due in More Than One Year	<u>48,434,948</u>	<u>(4,699,256)</u>	<u>-</u>	<u>43,735,692</u>
Total Pollution Remediation Liabilities	<u>\$ 48,998,112</u>	<u>\$ (4,534,206)</u>	<u>\$ (185,682)</u>	<u>\$ 44,278,224</u>

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

**NOTE 13 REVERSIONS**

The following is a summary of reversions of the Department for fiscal year 2016:

FY16 Reversions - Amount Payable to State General Fund	\$ 54,150
Total Reversions Due	<u>\$ 54,150</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 FY16. In addition, the Department had another payable to the State General Fund of \$3,362, for a total of \$57,512 payable at June 30, 2016 and due by September 30, 2016 for governmental funds. These payables may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 14 PETROLEUM PRODUCTS LOADING FEES AND OTHER REVENUE**

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>\$ 19,250,427</u>
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The Department's General Fund received \$850,000 recorded as other revenue in the governmental funds financial statements from the Office of Natural Resources Trustee under a Memorandum of Agreement to perform restoration actions at the Blackhawk Mine Site.

**NOTE 15 PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**Plan Description**

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy**

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, 2016, 2015, and 2014 were \$5,281,794, \$5,373,223, and \$4,880,336, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 16 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.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
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**NOTE 16 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, 2016, 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, 2016, 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 16 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, 2016, 2015 and 2014 were \$621,759, \$634,360, and \$590,371, respectively, which equal the required contributions for each year.

**NOTE 17 COMMITMENTS**

**Corrective Action Fund (99000)**

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

**Loan Commitments**

**Wastewater Loan Construction Fund** - As of June 30, 2016, the Department has executed binding commitments to disburse \$28,033,000 for future loans.

**Rural Infrastructure Loan Fund** - As of June 30, 2016, the Department has executed binding commitments to disburse \$6,075,005 for loans and grants from the fund.

**Operating Leases**

The Department leases equipment, vehicles, and real property 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:		
2017	\$	2,566,112
2018		2,400,164
2019		2,236,212
2020		1,911,141
2021		1,381,762
2022 and Thereafter		8,536,650
Total	<u>\$</u>	<u>19,032,041</u>

Rental expenditures for the fiscal year ended June 30, 2016 were \$3,014,231.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 18 CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS)**

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

- 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; and
- o 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 submitted further certifications and supporting documents to the EPA in FY15. The EPA reviewed the documentation in October 2016, determining the Department is responsible for \$161,115 of these costs. This amount has been accrued as a long-term liability by management in the government-wide financial statements.

**NOTE 19 RISK MANAGEMENT**

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

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 20 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 Department.

**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

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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

**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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

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.

**CAPITAL PROJECT FUND**

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

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING BALANCE SHEET – NON-MAJOR  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	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	\$ 1,281,298	\$ 108,996	\$ 6,664,885	\$ 87,783	\$ 592,711
Due from Federal Government	-	-	-	-	139,255
Due from Other State Agencies	83,933	-	-	-	-
Other Receivables	-	-	22,067	-	892,455
<b>Total Assets</b>	<b>\$ 1,365,231</b>	<b>\$ 108,996</b>	<b>\$ 6,686,952</b>	<b>\$ 87,783</b>	<b>\$ 1,624,421</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 161,686	\$ -	\$ -	\$ -	\$ -
Due to Federal Government	-	-	-	-	-
Due to Other State Agencies	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Unearned Revenues	-	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>161,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	1,203,545	108,996	6,686,952	87,783	1,624,421
<b>Total Fund Balances</b>	<b>1,203,545</b>	<b>108,996</b>	<b>6,686,952</b>	<b>87,783</b>	<b>1,624,421</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,365,231</b>	<b>\$ 108,996</b>	<b>\$ 6,686,952</b>	<b>\$ 87,783</b>	<b>\$ 1,624,421</b>



SPECIAL REVENUE FUNDS

24800	33900	34000	34100	40000	56700	58400
Responsible Parties Fund	Hazardous Waste Fund	Liquid Waste Fund	Water Quality Management Fund	Water Recreation Facilities Fund	Water Conservation Fund	Public Water Supply System Operator and Public Wastewater Facility Operator Fund
\$ 169,155	\$ 1,106,267	\$ 661,807	\$ 694,614	\$ 314,667	\$ 3,083,624	\$ 300,293
-	-	-	-	-	-	-
-	-	-	-	-	466,488	-
-	63,750	-	-	3,450	400	270
<u>\$ 169,155</u>	<u>\$ 1,170,017</u>	<u>\$ 661,807</u>	<u>\$ 694,614</u>	<u>\$ 318,117</u>	<u>\$ 3,550,512</u>	<u>\$ 300,563</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25
-	-	-	-	-	-	-
-	-	-	1,850	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,850	-	-	25
169,155	1,170,017	661,807	692,764	318,117	3,550,512	300,538
<u>169,155</u>	<u>1,170,017</u>	<u>661,807</u>	<u>692,764</u>	<u>318,117</u>	<u>3,550,512</u>	<u>300,538</u>
<u>\$ 169,155</u>	<u>\$ 1,170,017</u>	<u>\$ 661,807</u>	<u>\$ 694,614</u>	<u>\$ 318,117</u>	<u>\$ 3,550,512</u>	<u>\$ 300,563</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING BALANCE SHEET – NON-MAJOR  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2016**

	SPECIAL REVENUE FUNDS				
	59200	63100	63200	78300	89000
	Radiation Protection Fund	State Air Quality Permit Fund	Solid Waste Facility Grant Fund	Solid Waste Permit Fees	ARRA Fund
<b>ASSETS</b>					
Investment in State General Fund Investment Pool	\$ 982,424	\$ 2,991,168	\$ 252,473	\$ 123,718	\$ 1,239
Due from Federal Government	-	-	-	-	-
Due from Other State Agencies	-	-	-	-	-
Other Receivables	77,710	17,517	2,650	-	-
Total Assets	<u>\$ 1,060,134</u>	<u>\$ 3,008,685</u>	<u>\$ 255,123</u>	<u>\$ 123,718</u>	<u>\$ 1,239</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Federal Government	-	-	-	-	54
Due to Other State Agencies	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Unearned Revenues	19,520	-	-	-	-
Accrued Payroll Liabilities	-	-	-	-	1,185
Total Liabilities	<u>19,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
<b>FUND BALANCES</b>					
Restricted	<u>1,040,614</u>	<u>3,008,685</u>	<u>255,123</u>	<u>123,718</u>	<u>-</u>
Total Fund Balances	<u>1,040,614</u>	<u>3,008,685</u>	<u>255,123</u>	<u>123,718</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					
	<u>\$ 1,060,134</u>	<u>\$ 3,008,685</u>	<u>\$ 255,123</u>	<u>\$ 123,718</u>	<u>\$ 1,239</u>

SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUND		
95700	98700	98900	99100		10350	
Hazardous Waste Emergency Fund	Radiologic Technology Fund	Storage Tank Fund	Food Service Sanitation Fund	Total Special Revenue Funds	Special Appropriations 2008	Total All Non-Major Funds
\$ 2,334,207	\$ 178,821	\$ 537,150	\$ 1,437,887	\$ 23,905,187	\$ 3,229	\$ 23,908,416
-	-	-	-	139,255	-	139,255
-	-	-	-	550,421	-	550,421
-	-	1,225	21,200	1,102,694	-	1,102,694
<u>\$ 2,334,207</u>	<u>\$ 178,821</u>	<u>\$ 538,375</u>	<u>\$ 1,459,087</u>	<u>\$ 25,697,557</u>	<u>\$ 3,229</u>	<u>\$ 25,700,786</u>
\$ -	\$ -	\$ -	\$ -	\$ 161,711	\$ -	\$ 161,711
-	-	-	-	54	-	54
-	-	-	-	1,850	-	1,850
-	-	-	-	-	3,229	3,229
-	-	295,488	-	315,008	-	315,008
-	-	-	-	1,185	-	1,185
-	-	295,488	-	479,808	3,229	483,037
2,334,207	178,821	242,887	1,459,087	25,217,749	-	25,217,749
<u>2,334,207</u>	<u>178,821</u>	<u>242,887</u>	<u>1,459,087</u>	<u>25,217,749</u>	<u>-</u>	<u>25,217,749</u>
<u>\$ 2,334,207</u>	<u>\$ 178,821</u>	<u>\$ 538,375</u>	<u>\$ 1,459,087</u>	<u>\$ 25,697,557</u>	<u>\$ 3,229</u>	<u>\$ 25,700,786</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – NON-MAJOR GOVERNMENT FUNDS  
YEAR ENDED JUNE 30, 2016**

	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	\$ 984,812	\$ 13,860	\$ 5,082,454	\$ 17,893	\$ -
Federal Grant Revenue	-	-	-	-	139,255
Other Revenue	-	-	641	-	-
Total Revenues	<u>984,812</u>	<u>13,860</u>	<u>5,083,095</u>	<u>17,893</u>	<u>139,255</u>
<b>EXPENDITURES</b>					
Current:					
Environmental Protection	<u>887,923</u>	-	-	-	-
Total Expenditures	<u>887,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	96,889	13,860	5,083,095	17,893	139,255
<b>OTHER FINANCING SOURCES</b>					
Transfers Out:					
Interfund	<u>(298,780)</u>	<u>(3,551)</u>	<u>(5,608,233)</u>	<u>(50,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(298,780)</u>	<u>(3,551)</u>	<u>(5,608,233)</u>	<u>(50,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(201,891)	10,309	(525,138)	(32,107)	139,255
Fund Balances - Beginning of Year	<u>1,405,436</u>	<u>98,687</u>	<u>7,212,090</u>	<u>119,890</u>	<u>1,485,166</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,203,545</u>	<u>\$ 108,996</u>	<u>\$ 6,686,952</u>	<u>\$ 87,783</u>	<u>\$ 1,624,421</u>

SPECIAL REVENUE FUNDS

24800	33900	34000	34100	40000	56700
Responsible Parties Fund	Hazardous Waste Fund	Liquid Waste Fund	Water Quality Management Fund	Water Recreation Facilities Fund	Water Conservation Fund
\$ 107,436	\$ 2,559,833	\$ 378,855	\$ 634,894	\$ 153,375	\$ 2,155,246
-	-	-	-	-	-
-	-	1,060	132	-	-
107,436	2,559,833	379,915	635,026	153,375	2,155,246
-	-	-	-	-	-
-	-	-	-	-	-
107,436	2,559,833	379,915	635,026	153,375	2,155,246
(252,955)	(3,176,263)	(336,477)	(506,269)	(140,929)	(2,135,182)
(252,955)	(3,176,263)	(336,477)	(506,269)	(140,929)	(2,135,182)
(145,519)	(616,430)	43,438	128,757	12,446	20,064
314,674	1,786,447	618,369	564,007	305,671	3,530,448
\$ 169,155	\$ 1,170,017	\$ 661,807	\$ 692,764	\$ 318,117	\$ 3,550,512

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – NON-MAJOR GOVERNMENT FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

	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	\$ 76,597	\$ 824,374	\$ 3,263,681	\$ 128,950	\$ 16,200
Federal Grant Revenue	-	-	-	-	-
Other Revenue	604	1,879	-	396	-
Total Revenues	<u>77,201</u>	<u>826,253</u>	<u>3,263,681</u>	<u>129,346</u>	<u>16,200</u>
<b>EXPENDITURES</b>					
Current:					
Environmental Protection	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	77,201	826,253	3,263,681	129,346	16,200
<b>OTHER FINANCING SOURCES</b>					
Transfers Out:					
Interfund	(39,210)	(838,910)	(2,518,171)	-	(67,600)
Total Other Financing Sources	<u>(39,210)</u>	<u>(838,910)</u>	<u>(2,518,171)</u>	<u>-</u>	<u>(67,600)</u>
<b>NET CHANGE IN FUND BALANCES</b>	37,991	(12,657)	745,510	129,346	(51,400)
Fund Balances - Beginning of Year	<u>262,547</u>	<u>1,053,271</u>	<u>2,263,175</u>	<u>125,777</u>	<u>175,118</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 300,538</u>	<u>\$ 1,040,614</u>	<u>\$ 3,008,685</u>	<u>\$ 255,123</u>	<u>\$ 123,718</u>

SPECIAL REVENUE FUNDS

89000	95700	98700	98900	99100	Total Special Revenue Funds
ARRA Fund	Hazardous Waste Emergency Fund	Radiologic Technology Fund	Storage Tank Fund	Food Service Sanitation Fund	
\$ -	\$ 497,372	\$ 100,545	\$ 450,730	\$ 1,530,950	\$ 18,978,057
-	-	-	-	-	139,255
-	-	-	-	20	4,732
-	497,372	100,545	450,730	1,530,970	19,122,044
-	-	-	-	-	887,923
-	-	-	-	-	887,923
-	497,372	100,545	450,730	1,530,970	18,234,121
-	(202,042)	(105,271)	(364,834)	(1,348,293)	(17,992,970)
-	(202,042)	(105,271)	(364,834)	(1,348,293)	(17,992,970)
-	295,330	(4,726)	85,896	182,677	241,151
-	2,038,877	183,547	156,991	1,276,410	24,976,598
\$ -	\$ 2,334,207	\$ 178,821	\$ 242,887	\$ 1,459,087	\$ 25,217,749

**NEW MEXICO ENVIRONMENT DEPARTMENT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – NON-MAJOR GOVERNMENT FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

	CAPITAL PROJECT FUNDS		
	10350		
	Special Appropriations 2008	Total Capital Project Funds	Total All Non-Major Funds
<b>REVENUES</b>			
Environmental Fees	\$ -	\$ -	\$ 18,978,057
Federal Grant Revenue	-	-	139,255
Other Revenue	-	-	4,732
Total Revenues	-	-	19,122,044
<b>EXPENDITURES</b>			
Current:			
Environmental Protection	-	-	887,923
Total Expenditures	-	-	887,923
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	18,234,121
<b>OTHER FINANCING SOURCES</b>			
Transfers Out:			
Interfund	-	-	(17,992,970)
Total Other Financing Sources	-	-	(17,992,970)
<b>NET CHANGE IN FUND BALANCES</b>	-	-	241,151
Fund Balances - Beginning of Year	-	-	24,976,598
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,217,749</b>



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SEVERANCE TAX BONDS (89200) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	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	86,885,610	86,885,610	18,726,624	(68,158,986)
<b>TOTAL REVENUES</b>	86,885,610	86,885,610	18,726,624	(68,158,986)
<b>BUDGETED FUND BALANCE</b>	-	-	-	-
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 86,885,610</u>	<u>\$ 86,885,610</u>	18,726,624	<u>\$ (68,158,986)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	1,000,785	1,000,119	666
Other	86,885,610	85,884,825	17,726,505	68,158,320
Other Financing Uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 86,885,610</u>	<u>\$ 86,885,610</u>	18,726,624	<u>\$ 68,158,986</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	934,400	934,400	984,812	50,412
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 934,400</u>	<u>\$ 934,400</u>	984,812	<u>\$ 50,412</u>
<b>BUDGETED FUND BALANCE</b>	<u>383,500</u>	<u>383,500</u>	-	<u>(383,500)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 1,317,900</u>	<u>\$ 1,317,900</u>	984,812	<u>\$ (333,088)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	1,000,000	1,000,000	887,923	112,077
Other Financing Uses	317,900	317,900	298,780	19,120
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,317,900</u>	<u>\$ 1,317,900</u>	1,186,703	<u>\$ 131,197</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (201,891)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
VOLUNTARY REMEDIATION FUND (06600) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	7,700	7,700	13,860	6,160
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	7,700	7,700	13,860	6,160
<b>BUDGETED FUND BALANCE</b>	18,000	18,000	-	(18,000)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 25,700</u>	<u>\$ 25,700</u>	13,860	<u>\$ (11,840)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	25,700	25,700	3,551	22,149
<b>TOTAL EXPENDITURES</b>	<u>\$ 25,700</u>	<u>\$ 25,700</u>	3,551	<u>\$ 22,149</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 10,309</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	5,169,800	5,169,800	5,083,095	(86,705)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5,169,800</u>	<u>5,169,800</u>	<u>5,083,095</u>	<u>(86,705)</u>
<b>BUDGETED FUND BALANCE</b>	<u>520,800</u>	<u>1,130,800</u>	<u>-</u>	<u>(1,130,800)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 5,690,600</u>	<u>\$ 6,300,600</u>	<u>5,083,095</u>	<u>\$ (1,217,505)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	5,690,600	6,300,600	5,608,233	692,367
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,690,600</u>	<u>\$ 6,300,600</u>	<u>5,608,233</u>	<u>\$ 692,367</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (525,138)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NUCLEAR WORKERS ASSISTANCE FUND (10980) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	39,000	39,000	17,893	(21,107)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>39,000</u>	<u>39,000</u>	<u>17,893</u>	<u>(21,107)</u>
<b>BUDGETED FUND BALANCE</b>	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>17,893</u>	<u>\$ (32,107)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	50,000	50,000	50,000	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>50,000</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (32,107)</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ 139,255	\$ 139,255
General Fund	-	-	-	-
Other State Funds	-	-	-	-
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	139,255	<u>\$ 139,255</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>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 139,255</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
RESPONSIBLE PARTIES FUND (24800) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	147,200	147,200	107,436	(39,764)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	147,200	147,200	107,436	(39,764)
<b>BUDGETED FUND BALANCE</b>	72,000	213,800	-	(213,800)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 219,200</u>	<u>\$ 361,000</u>	107,436	<u>\$ (253,564)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	219,200	361,000	252,955	108,045
<b>TOTAL EXPENDITURES</b>	<u>\$ 219,200</u>	<u>\$ 361,000</u>	252,955	<u>\$ 108,045</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (145,519)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
HAZARDOUS WASTE FUND (33900) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	3,431,600	3,431,600	2,559,833	(871,767)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	3,431,600	3,431,600	2,559,833	(871,767)
<b>BUDGETED FUND BALANCE</b>	975,000	975,000	-	(975,000)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 4,406,600</u>	<u>\$ 4,406,600</u>	2,559,833	<u>\$ (1,846,767)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	4,406,600	4,406,600	3,176,263	1,230,337
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,406,600</u>	<u>\$ 4,406,600</u>	3,176,263	<u>\$ 1,230,337</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (616,430)</u>	



**NEW MEXICO ENVIRONMENT DEPARTMENT  
LIQUID WASTE FUND (34000) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	351,800	351,800	379,915	28,115
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>351,800</u>	<u>351,800</u>	<u>379,915</u>	<u>28,115</u>
<b>BUDGETED FUND BALANCE</b>	<u>72,300</u>	<u>132,300</u>	<u>-</u>	<u>(132,300)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 424,100</u>	<u>\$ 484,100</u>	<u>379,915</u>	<u>\$ (104,185)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	424,100	484,100	336,477	147,623
<b>TOTAL EXPENDITURES</b>	<u>\$ 424,100</u>	<u>\$ 484,100</u>	<u>336,477</u>	<u>\$ 147,623</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 43,438</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER QUALITY MANAGEMENT FUND (34100) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	620,900	620,900	635,026	14,126
Inter-agency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>620,900</u>	<u>620,900</u>	635,026	14,126
<b>BUDGETED FUND BALANCE</b>	<u>66,600</u>	<u>66,600</u>	-	<u>(66,600)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 687,500</u>	<u>\$ 687,500</u>	635,026	<u>\$ (52,474)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	687,500	687,500	506,269	181,231
<b>TOTAL EXPENDITURES</b>	<u>\$ 687,500</u>	<u>\$ 687,500</u>	506,269	<u>\$ 181,231</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 128,757</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER RECREATION FACILITIES FUND (40000) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	129,800	129,800	153,375	23,575
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	129,800	129,800	153,375	23,575
<b>BUDGETED FUND BALANCE</b>	18,400	28,400	-	(28,400)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 148,200</u>	<u>\$ 158,200</u>	153,375	<u>\$ (4,825)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	148,200	158,200	140,929	17,271
<b>TOTAL EXPENDITURES</b>	<u>\$ 148,200</u>	<u>\$ 158,200</u>	140,929	<u>\$ 17,271</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 12,446</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
WATER CONSERVATION FUND (56700) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	2,480,600	2,480,600	2,155,246	(325,354)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	2,480,600	2,480,600	2,155,246	(325,354)
<b>BUDGETED FUND BALANCE</b>	665,200	665,200	-	(665,200)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 3,145,800</u>	<u>\$ 3,145,800</u>	2,155,246	<u>\$ (990,554)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	3,145,800	3,145,800	2,135,182	1,010,618
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,145,800</u>	<u>\$ 3,145,800</u>	2,135,182	<u>\$ 1,010,618</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 20,064</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	45,800	45,800	77,201	31,401
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	45,800	45,800	77,201	31,401
<b>BUDGETED FUND BALANCE</b>	-	-	-	-
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 45,800</u>	<u>\$ 45,800</u>	77,201	<u>\$ 31,401</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	45,800	45,800	39,210	6,590
<b>TOTAL EXPENDITURES</b>	<u>\$ 45,800</u>	<u>\$ 45,800</u>	39,210	<u>\$ 6,590</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 37,991</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
RADIATION PROTECTION FUND (59200) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	688,300	688,300	826,253	137,953
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	688,300	688,300	826,253	137,953
<b>BUDGETED FUND BALANCE</b>	255,200	255,200	-	(255,200)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 943,500</u>	<u>\$ 943,500</u>	826,253	<u>\$ (117,247)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	943,500	943,500	838,910	104,590
<b>TOTAL EXPENDITURES</b>	<u>\$ 943,500</u>	<u>\$ 943,500</u>	838,910	<u>\$ 104,590</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (12,657)</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	2,695,600	2,695,600	3,263,681	568,081
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>2,695,600</u>	<u>2,695,600</u>	<u>3,263,681</u>	<u>568,081</u>
<b>BUDGETED FUND BALANCE</b>	<u>286,900</u>	<u>286,900</u>	<u>-</u>	<u>(286,900)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 2,982,500</u>	<u>\$ 2,982,500</u>	<u>3,263,681</u>	<u>\$ 281,181</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	2,982,500	2,982,500	2,518,171	464,329
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,982,500</u>	<u>\$ 2,982,500</u>	<u>2,518,171</u>	<u>\$ 464,329</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 745,510</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	100,000	100,000	129,346	29,346
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	100,000	100,000	129,346	29,346
<b>BUDGETED FUND BALANCE</b>	-	-	-	-
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	129,346	<u>\$ 29,346</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	100,000	100,000	-	100,000
Other Financing Uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	-	<u>\$ 100,000</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 129,346</u>	



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SOLID WASTE PERMIT FEES (78300) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	63,400	63,400	16,200	(47,200)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	63,400	63,400	16,200	(47,200)
<b>BUDGETED FUND BALANCE</b>	11,800	11,800	-	(11,800)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 75,200</u>	<u>\$ 75,200</u>	16,200	<u>\$ (59,000)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	75,200	75,200	67,600	7,600
<b>TOTAL EXPENDITURES</b>	<u>\$ 75,200</u>	<u>\$ 75,200</u>	67,600	<u>\$ 7,600</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (51,400)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
HAZARDOUS WASTE EMERGENCY FUND (95700) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	56,500	56,500	497,372	440,872
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	56,500	56,500	497,372	440,872
<b>BUDGETED FUND BALANCE</b>	175,100	675,100	-	(675,100)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 231,600</u>	<u>\$ 731,600</u>	497,372	<u>\$ (234,228)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	231,600	731,600	202,042	529,558
<b>TOTAL EXPENDITURES</b>	<u>\$ 231,600</u>	<u>\$ 731,600</u>	202,042	<u>\$ 529,558</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 295,330</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
RADIOLOGIC TECHNOLOGY FUND (98700) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	109,300	109,300	100,545	(8,755)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>109,300</u>	<u>109,300</u>	<u>100,545</u>	<u>(8,755)</u>
<b>BUDGETED FUND BALANCE</b>	<u>18,100</u>	<u>18,100</u>	<u>-</u>	<u>(18,100)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 127,400</u>	<u>\$ 127,400</u>	<u>100,545</u>	<u>\$ (26,855)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	127,400	127,400	105,271	22,129
<b>TOTAL EXPENDITURES</b>	<u>\$ 127,400</u>	<u>\$ 127,400</u>	<u>105,271</u>	<u>\$ 22,129</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (4,726)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
STORAGE TANK FUND (98900) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	480,500	480,500	450,730	(29,770)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	480,500	480,500	450,730	(29,770)
<b>BUDGETED FUND BALANCE</b>	79,800	79,800	-	(79,800)
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 560,300</u>	<u>\$ 560,300</u>	450,730	<u>\$ (109,570)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	560,300	560,300	364,834	195,466
<b>TOTAL EXPENDITURES</b>	<u>\$ 560,300</u>	<u>\$ 560,300</u>	364,834	<u>\$ 195,466</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 85,896</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
FOOD SERVICE SANITATION FUND (99100) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	1,431,400	1,431,400	1,530,970	99,570
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,431,400</u>	<u>1,431,400</u>	<u>1,530,970</u>	<u>99,570</u>
<b>BUDGETED FUND BALANCE</b>	<u>271,600</u>	<u>371,600</u>	<u>-</u>	<u>(371,600)</u>
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 1,703,000</u>	<u>\$ 1,803,000</u>	<u>1,530,970</u>	<u>\$ (272,030)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	1,703,000	1,803,000	1,348,293	454,707
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,703,000</u>	<u>\$ 1,803,000</u>	<u>1,348,293</u>	<u>\$ 454,707</u>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ 182,677</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SPECIAL APPROPRIATIONS 2008 (10350) –  
STATEMENT OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	-
General Fund	-	-	-	\$ -
Other State Funds	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
<b>BUDGETED FUND BALANCE</b>	-	-	-	-
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<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>
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ -</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ 6,910,609	\$ 6,910,609
Other State Funds	-	-	3,327,968	3,327,968
Interagency Transfers	-	-	1,300,000	1,300,000
<b>TOTAL REVENUES</b>	-	-	11,538,577	11,538,577
<b>BUDGETED NET POSITION</b>	3,133,900	3,133,900	-	3,133,900
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 3,133,900</u>	<u>\$ 3,133,900</u>	11,538,577	<u>\$ 14,672,477</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	3,133,900	3,133,900	1,899,948	1,233,952
Other Financing Uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,133,900</u>	<u>\$ 3,133,900</u>	1,899,948	<u>\$ 1,233,952</u>
<b>NET CHANGE IN NET POSITION</b>			9,638,629	
<b>ADMINISTRATIVE EXPENSES (CAP GRANT) BUDGETED IN FUND 06400</b>			<u>(366,289)</u>	
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 9,272,340</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
 CLEAN WATER ADMINISTRATIVE FUND (32700) –  
 STATEMENT OF REVENUES AND EXPENDITURES –  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	333,200	333,200	335,994	2,794
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	<u>333,200</u>	<u>333,200</u>	<u>335,994</u>	<u>2,794</u>
<b>BUDGETED NET POSITION</b>	<u>133,000</u>	<u>133,000</u>	<u>-</u>	<u>(133,000)</u>
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 466,200</u>	<u>\$ 466,200</u>	<u>335,994</u>	<u>\$ (130,206)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	466,200	466,200	265,102	201,098
<b>TOTAL EXPENDITURES</b>	<u>\$ 466,200</u>	<u>\$ 466,200</u>	<u>265,102</u>	<u>\$ 201,098</u>
<b>NET CHANGE IN NET POSITION</b>			<u>\$ 70,892</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-
Other State Funds	1,649,900	1,649,900	498,201	(1,151,699)
Interagency Transfers	-	-	-	-
<b>TOTAL REVENUES</b>	1,649,900	1,649,900	498,201	(1,151,699)
<b>BUDGETED NET POSITION</b>	-	-	-	-
<b>TOTAL REVENUES AND BUDGETED NET POSITION</b>	<u>\$ 1,649,900</u>	<u>\$ 1,649,900</u>	498,201	<u>\$ (1,151,699)</u>
<b>EXPENDITURES - Current</b>				
Personal Services and Employee Benefits	\$ -	\$ -	-	\$ -
Contractual Services	-	-	-	-
Other	-	-	-	-
Other Financing Uses	1,649,900	1,649,900	1,473,475	176,425
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,649,900</u>	<u>\$ 1,649,900</u>	1,473,475	<u>\$ 176,425</u>
<b>NET CHANGE IN NET POSITION</b>			<u>\$ (975,274)</u>	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 1 – SUPPLEMENTAL SCHEDULE OF  
INDIVIDUAL DEPOSIT ACCOUNTS  
JUNE 30, 2016**

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	\$ 173,502	\$ - \$ 173,502
Corrective Action Fund	99000	State Treasurer	12,779,216	- 12,779,216
Recycling and Illegal Dumping Fund	02600	State Treasurer	1,281,298	- 1,281,298
Voluntary Remediation Fund	06600	State Treasurer	108,996	- 108,996
Air Quality Title V Fund	09200	State Treasurer	6,664,885	- 6,664,885
Special Appropriations 2008	10350	State Treasurer	3,229	- 3,229
Severance Tax Bonds 2009	89200	State Treasurer	(2,672,816)	- (2,672,816)
Brownfields Cleanup Revolving Loan Fund	11900	State Treasurer	592,711	- 592,711
Responsible Parties Fund	24800	State Treasurer	169,155	- 169,155
Hazardous Waste Fund	33900	State Treasurer	1,106,267	- 1,106,267
Liquid Waste Fund	34000	State Treasurer	661,807	- 661,807
Water Quality Management Fund	34100	State Treasurer	694,614	- 694,614
Water Recreation Facilities Fund	40000	State Treasurer	314,667	- 314,667
Water Conservation Fund	56700	State Treasurer	3,083,624	- 3,083,624
Public Water Supply System Operator and Public Wastewater Facility Operator Fund	58400	State Treasurer	300,293	- 300,293
Radiation Protection Fund	59200	State Treasurer	982,424	- 982,424
State Air Quality Permit Fund	63100	State Treasurer	2,991,168	- 2,991,168
Solid Waste Facility Grant Fund	63200	State Treasurer	252,473	- 252,473
Solid Waste Permit Fees	78300	State Treasurer	123,718	- 123,718
ARRA Fund	89000	State Treasurer	1,239	- 1,239
Nuclear Workers Assistance Fund	10980	State Treasurer	87,783	- 87,783
Hazardous Waste Emergency Fund	95700	State Treasurer	2,334,207	- 2,334,207
Radiologic Technology Fund	98700	State Treasurer	178,821	- 178,821
Storage Tank Fund	98900	State Treasurer	537,150	- 537,150
Food Service Sanitation Fund	99100	State Treasurer	1,437,887	- 1,437,887
<b>Total Governmental Funds with State Treasurer</b>			<b>34,188,318</b>	<b>- 34,188,318</b>
<b>Proprietary Funds with State Treasurer (with SHARE Fund Numbers):</b>				
Clean Water State Revolving Fund	12100	State Treasurer	127,105,953	- 127,105,953
Clean Water State Administrative Fund	32700	State Treasurer	1,716,288	- 1,716,288
Rural Infrastructure Loan Fund	33700	State Treasurer	16,484,734	- 16,484,734
<b>Total Proprietary Funds with State Treasurer</b>			<b>145,306,975</b>	<b>- 145,306,975</b>
<b>Trust and Agency Funds with State Treasurer (with SHARE Fund Numbers):</b>				
Fiduciary Fund - 65200	65200	State Treasurer	36,744	- 36,744
<b>Total Trust and Agency Funds with State Treasurer</b>			<b>36,744</b>	<b>- 36,744</b>
<b>Department Total - All Funds</b>			<b>\$ 179,532,037</b>	<b>\$ - \$ 179,532,037</b>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 2 – SUPPLEMENTAL SCHEDULE OF  
SEVERANCE TAX BOND APPROPRIATION REVENUE  
YEAR ENDED JUNE 30, 2016**

Laws	Chapter	Amount Authorized	Amount Reverted	Art in Public Places	Amount Available	Expenditures Reported Prior Years (unaudited)	Expenditures Reported Current Year	6/30/16 Balance Available
2011	183	\$ 1,850,000	\$ (422)	\$ (6,000)	\$ 1,843,578	\$ (960,279)	\$ (883,299)	\$ -
2012	63/64	6,168,016	(479,073)	(4,000)	5,684,943	(4,338,272)	(1,346,671)	-
2013	226	18,098,840	(799,217)	(1,750)	17,297,873	(6,412,813)	(4,251,649)	6,633,411
2014	66	53,964,737	(7,657,113)	(1,050)	46,306,574	(3,803,800)	(10,997,333)	31,505,441
2015	147/3	16,724,009	(1,090,000)	-	15,634,009	-	(1,247,672)	14,386,337
2016	81	15,633,797	-	-	15,633,797	-	-	15,633,797
		<u>\$ 112,439,399</u>	<u>\$ (10,025,825)</u>	<u>\$ (12,800)</u>	<u>\$ 102,400,774</u>	<u>\$ (15,515,164)</u>	<u>\$ (18,726,624)</u>	<u>\$ 68,158,986</u>

**Reconciliation to the Financial Statements:**

Governmental Funds - Severance Tax Bond Appropriation Revenue \$ 18,726,624

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 3 – SUPPLEMENTAL SCHEDULE OF  
SPECIAL APPROPRIATIONS  
YEAR ENDED JUNE 30, 2016**

Description	Authority	Appropriation Period	SHARE Fund	Total Appropriation
<b>GENERAL FUND</b>				
Match of Federal Funds for				
Environmental Litigation	Ch 63, Laws 2014	2014-2017	06400	\$ 1,500,000
Environmental Litigation	Ch 101, Laws 2015	2015-2017	06400	500,000
Environmental Litigation	Ch 11, Laws 2016	2016-2017	06400	<u>1,000,000</u>
Total General Fund				<u>3,000,000</u>
Capital Project Appropriations	Ch 66, Laws 2014	2014-2018	06400	1,000,000
Capital Project Appropriations	Ch 3, Laws 2015	2015-2019	06400	<u>500,000</u>
Total Capital Project Funds				<u>1,500,000</u>
Total All Funds				<u><u>\$ 4,500,000</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>
\$ -	\$ 1,500,000	\$ (432,782)	\$ (116,595)	\$ -	\$ -	\$ 950,623
-	500,000	-	(400,000)	-	-	100,000
-	1,000,000	-	(411,275)	-	-	588,725
-	3,000,000	(432,782)	(927,870)	-	-	1,639,348
-	1,000,000	-	(896,055)	(27)	-	103,918
-	500,000	-	-	-	-	500,000
-	1,500,000	-	(896,055)	(27)	-	603,918
<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ (432,782)</u>	<u>\$ (1,823,925)</u>	<u>\$ (27)</u>	<u>\$ -</u>	<u>\$ 2,243,266</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 4 – JOINT POWERS AGREEMENTS  
YEAR ENDED JUNE 30, 2016**

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.
15-667-2000-0012	NMED/EMNRD Oversight Restoration San Vicente Creek	9/30/2016	\$ 175,000	\$ -	\$ -	NMED	NMED
16-667-2000-0027	NMED/NMBGMR Contaminants Testing of Gold King Mine Spill	3/31/2017	\$ 204,000	\$ 204,000	\$ 44,049	NMED	NMED

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING  
YEAR ENDED JUNE 30, 2016**

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 FY16	Fiscal Agent	Agency Reporting Rev. & Exp.
11-667-4000-0002	NMED/NMDOH SLD Laboratory Services	Indefinite	\$ -	\$ -	\$ 361,543	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
14-667-2000-0035	UNM Natural Heritage Develop and utilize the NM Rapid Assessment Method for State's wetlands	9/30/2017	\$ 215,000	\$ 215,000	\$ 88,939	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	
16 667 2000 0016	City of Aztec Reimbursement of costs for Gold King Mine Spill	12/31/2016	\$ 158,200	\$ 158,200	\$ -	NMED	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY16	Fiscal Agent	Agency Reporting Rev. & Exp.
16 667 2000 0028	Bureau of Land Management Establish Cooperative agreements for implementing financial assurance requirements	Indefinite	\$ -	\$ -	\$ -	N/A	
16 667 2000 0029	Cibola County Schools/Laguna Pueblo Establish regulatory authority for underground storage tanks	3/31/2041	\$ -	\$ -	\$ -	N/A	
16 667 3000 0006 MOU	NM Institute of Mining and Technology Develop online geologic and hydraulic references for public water systems	6/30/2019	\$ 500,000	\$ 500,000	\$ 254,419	NMED	
15-667-1500-0002	UNM (Regents of the UNM) Develop and implement an Internship program	9/30/2015	\$ 47,000	\$ 47,000	\$ -	NMED	
15 667 2000 0039	Tierra Y Montes Collect nutrient and water quality samples	12/31/2015	\$ 18,995	\$ 18,995	\$ 18,995	NMED	
15-667-2000-0019	Town of Red River Capital Outlay Agreement for River Stewardship Program Project	6/30/2018	\$ 338,767	\$ 338,767	\$ 29,084	NMED	
13-667-5000-0008	USDA Forest Service Document cooperation in implementing watershed restoration	9/31/2017	\$ -	\$ -	\$ -	NMED	



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY16	Fiscal Agent	Agency Reporting Rev. & Exp.
16 667 2000 0004	Bureau of Geology Minerals (NMBGMR) Investigate the water quality and hydraulics of the Animas River	6/30/2017	\$ 120,000	\$ 120,000	\$ 29,750	NMED	
16 667 2000 0008	UNM (Regents of the UNM) The P2 Program and the University's School of Engineering shall collaborate on the implementation of the internship	12/31/2016	\$ 50,442	\$ 150,000	\$ 17,572	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	
16 667 3000 0007 MOU	UNM Provide multiple capacity development training and assistance	6/30/2019	\$ 1,300,000	\$ 1,300,000	\$ 461,259	NMED	
16 667 3000 0012	NMSU Provide public water systems and communities in Lea and Eddy counties	11/2/2015	\$ 285,000	\$ 285,000	\$ 285,000	NMED	
16 667 3000 0022	Tierra Y Monte Sol Develop water quality monitoring plan and conduct baseline water monitoring	12/31/2016	\$ 6,973	\$ 6,973	\$ 2,643	NMED	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY16	Fiscal Agent	Agency Reporting Rev. & Exp.
16 667 3000 0022	DOH Provide access to Public Health Tracking	6/30/2016	\$ 5,000	\$ 5,000	\$ 5,000	NMED	
16 667 2000 0009	PNM Conduct investigatory and remediation activities oversight by NMED	Until Terminated	\$ -	\$ -	\$ -	N/A	
no number issued	NMED/COLLECTIVE BARGAINING Legal representation in labor litigation	Determined by Governor	\$ 1,944	\$ 10,511	\$ -	NMED	
GWQB2015	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	\$ -	\$ -		
16 667 2000 0014	San Juan County Reimbursement of costs for Gold King Mine Spill	12/31/2016	\$ 95,900	\$ 95,900	\$ -	NMED	
09-667-MOU-0001	NMED/Santa Fe County Implement a USEPA wetland grant	9/30/2015	\$ -	\$ -	\$ -	N/A	
16 667 2000 0015	City of Farmington Reimbursement of costs for Gold King Mine Spill	12/31/2016	\$ 583,050	\$ 583,050	\$ 110,336	NMED	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 5 – MEMORANDA OF AGREEMENT/  
MEMORANDA OF UNDERSTANDING (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

MOA /MOU No.	Participants/Description	Term	Total Amount of Agreement	Amount Applicable to NMED	Amount NMED Contributed in FY16	Fiscal Agent	Agency Reporting Rev. & Exp.
16-667-1500-0013	State of Wyoming E-Enterprise Integrated Identity Solution Project	5/31/2017	\$ 30,110	\$ 30,110	\$ -	NMED	
no number issued	PED Innovative Digital Education	6/30/2018	\$ -	\$ -	\$ -	N/A	
no number issued	NM Finance Authority Technical assistance and review to facilitate the NMFA obligations	6/30/2017	\$ 250,000	\$ -	\$ -	NMFA	NMFA
no number issued	NMED/NMIAD Project oversight services of Tribal infrastructure project fund	6/30/2017	\$ 100,000	\$ -	\$ -	NMIAD	NMIAD
no number issued	NMFA/NMED (CPB) Conduct project scoping meeting with grant recipients	6/30/2016	\$ 240,000	\$ -	\$ -	NMFA	NMFA
15-668-0100-0002	Office of Natural Resources Trustee Perform restoration actions at the Blackhawk Mine Site	3/31/2018	\$ 850,000	\$ 850,000	\$ 821,825	NMED	

**NEW MEXICO ENVIRONMENT DEPARTMENT  
 SCHEDULE 6 – FIDUCIARY FUND – AGENCY SCHEDULE OF  
 CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2016**

	<u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>2016</u>
<b>ASSETS</b>				
Investment in State General				
Fund Investment Pool	\$ 150,007	\$ 1,228,944	\$ (1,342,207)	\$ 36,744
Total Assets	<u>\$ 150,007</u>	<u>\$ 1,228,944</u>	<u>\$ (1,342,207)</u>	<u>\$ 36,744</u>
<b>LIABILITIES</b>				
Due to State General Fund	\$ 150,007	\$ 1,228,944	\$ (1,342,207)	\$ 36,744
Total Liabilities	<u>\$ 150,007</u>	<u>\$ 1,228,944</u>	<u>\$ (1,342,207)</u>	<u>\$ 36,744</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 7 – SCHEDULE OF VENDOR INFORMATION  
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) - UNAUDITED  
YEAR ENDED JUNE 30, 2016**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
15 667 00 0001	RFP	Saucedo Chavez, P.C.	Y	\$ 95,000.00	\$190,000.00	100 Gold Ave SW Suite 206 Albuquerque, NM 87102	Y	N	Hearing Officer
16 667 00 0003	RFP	Jackson Gilmour & Dobbs	Y	\$ 3,249,375.00		3900 Essex Lane, Suite 700 Houston, TX 77027	N	N	Legal Services
15-667-00-0011	RFP	Rural Community Assistance Corporation	Y	\$ 600,000.00		3120 Freeboard Drive Suite 201; West Sacramento, CA 95691	N	N/A	Assistance to public water and wastewater systems in NM
		Daniel B Stephens & Assoc.	Y	\$ 800,000.00		6020 Academy NE Suite 100; Albuquerque, NM 87109	Y	N/A	Assistance to public water and wastewater systems in NM
		University of New Mexico Southwest Environmental Finance Center	Y	\$ 1,300,000.00		University of New Mexico; MSC01 1070; Albuquerque, NM 87131	Y	N/A	RFP scope of assistance to public water and wastewater systems in NM and other assistance services not listed in the RFP.
		New Mexico Rural Water Association	Y	\$ 600,000.00		8336 Washington Pl NE; Albuquerque NM 87113	Y	N/A	Assistance to public water and wastewater systems in NM
		Narasimhan Consulting Services Inc.	Y	\$ 350,000.00		3188 Southern Blvd Suite A; Rio Rancho, NM 87124	Y	N/A	Assistance to public water and wastewater systems in NM
16 667 3000 0052	RFP	AECOM Technical Services	Y	\$ 2,500,000.00		One Park Square 6501 Americas Parkway NE, Suite 900 Albuquerque, NM 87110	Y	N/A	Environmental investigations and remedial activities at Superfund and Brownfield sites
		Amec Foster Wheeler	N	\$ -		8519 Jefferson St NE Albuquerque, NM 87113	Y	N/A	Same as above

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 7 – SCHEDULE OF VENDOR INFORMATION  
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
		CDM Smith	N	\$ -		6000 Uptown Blvd. NE, Suite 200 Albuquerque, NM 87110	Y	N/A	Same as above
		Daniel B Stephens & Assoc.	Y	\$ 2,500,000.00		6020 Academy Road NE, Suite 100 Albuquerque, NM 87109	Y	N/A	Same as above
		Envirotech	N	\$ -		5796 US Highway 64 Farmington, NM 87401	Y	N/A	Same as above
		Glorieta Geoscience	N	\$ -		PO Box 5727 Santa Fe, NM 87502	Y	N/A	Same as above
		Intera, Inc	Y	\$ 2,500,000.00		6000 Uptown Blvd NE, Suite 220 Albuquerque, NM 87110	Y	N/A	Same as above
		NV5, Inc.	N	\$ -		9019 Washington St NE, Suite A Albuquerque, NM 87113	Y	N/A	Same as above
		Terracon Consultants, Inc.	N	\$ -		4905 Hawkins St NE Albuquerque, NM 87109	Y	N/A	Same as above
		Weston Solutions	Y	\$ 2,500,000.00		3840 Commons Avenue NE Albuquerque, NM 87109	Y	N/A	Same as above
40-667-14-22759	Goods and services RFP	Amigos Bravos	Y	\$ 113,747.00	NA - not amended	P.O. Box 238 Taos, NM 87571 (physical address is known to be in Taos)	NA - federal funds	N/A	Same as above

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 7 – SCHEDULE OF VENDOR INFORMATION  
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
50-667-15-25122	Goods and services RFP	Aguas Norteñas	Y	\$ 270,062.12	NA - not amended	Aguas Norteñas, PO Box 1485, Ranchos de Taos, NM 87557 (physical address is unavailable but is believed to be in Taos County)	NA - federal funds	N/A	Implement a surface water quality improvement projects within the watershed of one or more specified priority stream reaches with the stated purpose to improve water quality sufficient to remove the impairment designation of those stream reaches, or make measurable progress toward that goal.
50-667-15-25122	Goods and services RFP	Hermit's Peak Watershed Alliance (HPWA)	Y	\$ 230,700.00	NA - not amended	Hermit's Peak Watershed Alliance (HPWA) HC 68 Box 11 Sapello, NM 87745 (physical address is known to be in Las Vegas)	NA - federal funds	N/A	Same as above
50-667-15-25122	Goods and services RFP	Upper Pecos Watershed Association (UPWA)	Y	\$ 236,166.00	NA - not amended	Upper Pecos Watershed Association (UPWA) PO Box 489 Pecos, NM 87552 (Physical address is known to be in Pecos)	NA - federal funds	N/A	Same as above
16-667-3000-0051	Professional Services RFP	Saint Mary's University of Minnesota GeoSpatial Services	Y	\$ 107,851.19	NA - not amended	Saint Mary's University of Minnesota GeoSpatial Services 700 Terrace Heights, Box #7 Winona, MN 55987-1399	NA - federal funds	N/A	Mapping and classification of wetlands in the Sacramento Mountains region of southern New Mexico
16-667-3000-0051		West, Inc.	N	\$ -		415 W. 17th Street, Suite 200 Cheyenne, WY 82001	NA - federal funds	N/A	Same as above
50-66715-25055	RFP	GL Solutions	Y	\$ 1,370,480.32	N/A	GL Solutions 856 NW Bond Street, Suite 200 Bend, OR 97709	N	N	Purpose of the Agreement is to develop an integrated electronic data management and inspection system for the New Mexico Environment Department, Environmental Health Bureau (NMED-EHB)
		Accela, Inc.	N	\$ -		2633 Camino Ramon, Suite 500 San Ramon, CA 94550	N	N	Same as above

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE 7 – SCHEDULE OF VENDOR INFORMATION  
FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
		Digital Health Department, Inc.	N	\$		7506 E Independence Blvd., Suite #105 Charlotte, NC 28227	N	N	Same as above
		Payit, LLC	N	\$		8080 NW Elizabeth Ann Ct. Parkville, MO 64152	N	N	Same as above
		Records and Data Management, Inc.	N	\$		5720 Osuna Road NE Albuquerque, NM 87109	Y	Y	Same as above
		TCC Software Solutions	N	\$		1022 East 52nd Street Indianapolis, IN 46205	N	N	Same as above
		Vertiba, Inc.	N	\$		1590 Broadway Boulder, CO 80302	N	N	Same as above
		Windsor Solutions, Inc.	N	\$		4386 SW Macadam Ave., Suite 101 Portland, OR 97239	N	N	Same as above



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<b>Air Pollution Control Program Support</b>				
FY15 Border Ozone PM	66.001		\$ -	\$ 101,408
FY16 ABQ Section 105 Clean Energy Project	66.001		-	1,143,980
			-	1,245,388
<b>State Indoor Radon Grants</b>				
NM STATE INDOOR RADON FY 15-16	66.032		-	144,093
<b>Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act</b>				
PM 2.5 Air Monitoring Control Program Support (Clean Air Act, Section 103)	66.034		-	71,629
FY17 PM2.5 Air Monitoring	66.034		-	4,780
			-	76,409
<b>State Clean Diesel Grant Program</b>				
FY15 NM CLEAN DIESEL GRANT PROGRAM	66.040		-	4,969
<b>Congressionally Mandated Projects</b>				
FY10 STAG SET ASIDE	66.202		-	51,935
<b>Water Pollution Control State, Interstate, and Tribal Program Support</b>				
FY13 106 SUPPLEMENTAL - SURFACE WATER (FY12 106)	66.419		-	10,365
FY14 106 Supplemental	66.419		-	69,648
SW 106 FFY15 Supplemental Monitoring	66.419		-	116,632
FY16-17 CSA Section 106 Grant	66.419		-	1,514,733
ENVGKM - Gold King Mine (Animas) Phase 2	66.419		-	175,138
			-	1,886,516
<b>State Public Water System Supervision</b>				
Public Water Supply Supervision	66.432		-	1,036,103
<b>State Underground Water Source Protection</b>				
Pass-thru via NM Energy and Minerals Underground Injection Energy & Minerals	66.433	UIC	-	51,383
<b>Water Quality Management Planning</b>				
FY14-15 Water Quality Management and Planning 604(b)	66.454		-	38,335
FY16-17 Water Quality Management Planning - 604(b) 66.454	66.454		-	9,994
			-	48,329
<b>Clean Water State Revolving Funds (CWSRF) Cluster</b>				
Capitalization Grants for CWSRF, Construction	66.458		1,899,948	6,544,320
Capitalization Grants for CWSRF, Administration	66.458		-	366,289
			1,899,948	6,910,609
<b>Nonpoint Source Implementation Grants</b>				
319 NPS Surface Water	66.460		-	849,981
319 NPS Ground Water	66.460		-	110,772
319 NPS Implementation	66.460		-	536,312
			-	1,497,065
<b>Regional Wetland Program Development Grants</b>				
NMED Wetlands	66.461		-	637,641
<b>Drinking Water State Revolving Funds (DWSRF) Cluster</b>				
Pass-thru via NM Finance Authority New Mexico Drinking Water Set-Asides	66.468	FS-99692513 - 2517	-	3,493,471
<b>Environmental Information Exchange Network Grant Program and Related Assistance</b>				
FY 13 EXCHANGE NETWORK	66.608	OS-83547501	-	167,134
FY 2015 Exchange Network Grant Program	66.608	OS-83594501	-	79,712
			-	246,846

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Participating Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY (CONTINUED)</b>				
<b>Pollution Prevention Grants Program</b>				
FY14 POLLUTION PREVENTION GRANT PROGRAM	66.708		\$ -	\$ 44,164
Pollution Prevention Grant	66.708		-	3,312
			-	47,476
<b>Hazardous Waste Management State Program Support</b>				
FY16 RCRA Hazardous Waste Management State Program Support	66.801			891,228
<b>Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements</b>				
Multi-Site Superfund Bulk Funding	66.802		-	389,046
McGaffey & Main Plume Gr Wtr Plume, RD	66.802		-	46,026
FY14 Superfund CMI NMED	66.802		-	311,609
Superfund Sites	66.802		-	580,153
NMED Five Year Bulk Funding 2009-2015	66.802		-	23,411
ENVGKMP1 - Gold King Mine (Animas) Phase 1	66.802		-	407,310
			-	1,757,555
<b>Underground Storage Tank Prevention, Detection and Compliance Program</b>				
UST GIS Data Gathering	66.804		-	344,679
<b>Leaking Underground Storage Tank Trust Fund Corrective Action Program</b>				
Leaking Underground Storage Tank (LUST)	66.805		-	612,049
<b>Brownfields Assessment and Cleanup Cooperative Agreements</b>				
ARRA - Brownfield Supplemental funding (89000/11900)	66.818			
Brownfield Cleanup	66.818		-	153,190
<b>State and Tribal Response Program Grants</b>				
NM State Response Program	66.817		-	342,146
<b>International Financial Assistance Projects Sponsored by the Office of International Affairs</b>				
Pass-thru via BECC (TAA14-038)				
FY15 Border Grant	66.unknown	TAA14-038	-	16,090
<b>Other Programs</b>				
RCB3000	66.unknown		-	69,372
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			1,899,948	21,564,542
<b>U.S. DEPARTMENT OF ENERGY</b>				
<b>Environmental Monitoring and Clean-up</b>				
DOE WIPP Oversight	81.214		-	2,283,548
<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	81.106	DE-FC29-88AL53813	-	124,575
<b>Other Programs</b>				
GNOME Coach and Gasbuggy Nuclear Test Sites	81.136		-	33,364
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			-	2,441,487

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

Federal Agency/ Pass-Through Federal Agency/	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Participating Expenditures
<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		\$ -	\$ 98,367
<b>Estuary Habitat Restoration Program</b> CA Agreement with Kirtland AFB	12.130	FA-8903-16-2-0002	-	84,099
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			-	182,466
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>Occupational Safety and Health State Program</b> OSHA Implementation	17.503		-	988,097
<b>Consultation Agreements</b> OSHA Consultation Program	17.504		-	465,850
<b>OSHA Data Initiative</b> OSHA Statistics	17.005		-	68,240
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			-	1,522,187
<b>BUREAU OF LAND MANAGEMENT</b>				
<b>Environmental Quality and Protection Resource Management</b> ENV QUALITY & PROT RES MGMT, 2010	15.236		-	24,207
<b>TOTAL BUREAU OF LAND MANAGEMENT</b>			-	24,207
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Food and Drug Administration_Research</b> Conformance with the Retail Program Standards	93.130			2,476
Conformance with the Manufactured Food Regulatory Program	93.130			127,904
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			-	130,380
<b>TOTAL EXPENDITURES FEDERAL AWARDS</b>			<u>\$ 1,899,948</u>	<u>\$ 25,865,269</u>
<b>RECONCILIATION TO FINANCIAL STATEMENTS</b>				
Governmental Funds - Federal Grant Revenue				\$ 18,954,660
Enterprise Funds - Federal Grant Revenue				6,910,609
				<u>\$ 25,865,269</u>

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Department under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Department.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Amounts reported in the Schedule are reported on the accrual basis of accounting. The Department has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NON-CASH ASSISTANCE**

The Department did not receive any federal non-cash assistance during the year ended June 30, 2016.

**LOANS**

The Department does not have any loans outstanding with the Federal government at June 30, 2016.

**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, 2016 were \$12,816,556. CWSRF outstanding loans at June 30, 2016 were \$169,354,526. In addition, as detailed in the schedule below, the Fund provided \$1,899,948 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).

**NEW MEXICO ENVIRONMENT DEPARTMENT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

	<u>Amount</u>
SSCAFCA	\$750,000
Las Vegas	656,605
El Valle de Los Ranchos	146,703
City of Belen	125,000
Corrales	114,015
Jemez Springs	41,705
Sandoval County	29,971
San Juan County	28,094
Chama	7,855
Total	<u><u>\$1,899,948</u></u>



**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. Butch Tongate  
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, 2016, 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 28, 2016.

**Internal Control Over Financial Reporting**

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

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

Mr. Butch Tongate  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-003, which we consider to be a significant deficiency.

### **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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-004.

### **The Department's Response to Finding**

The Department's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 28, 2016



# CliftonLarsonAllen

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Butch Tongate  
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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.



Mr. Butch Tongate  
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 the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002, which we consider to be a significant deficiency.

Mr. Butch Tongate  
New Mexico Environment Department and  
Mr. Tim Keller  
New Mexico State Auditor

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 28, 2016

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**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 2 CFR 200.516(a)?  yes  no

Identification of major programs:

**CFDA**

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.419	Water Pollution Control State, Interstate, and Tribal Program Support
66.458	Clean Water State Revolving Funds (CWSRF Cluster)
66.801	Hazardous Waste Management State Program Support Drinking Water
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis

Dollar threshold used to distinguish between type A and type B programs \$775,958

Auditee qualified as low-risk auditee?  yes  no

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2016-003 (Original Finding Number 2012-003) Internal Control over Financial Close and Reporting (Significant Deficiency)**

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

- During our search for unrecorded liabilities, we noted three disbursements totaling an amount of \$78,165 were improperly included in AP as of 6/30/2016. For two of the three disbursements, the invoice certification was signed and dated by the Department subsequent to year end in July 2016 and, thus, not considered a liability of the Department until FY17. For one of the three disbursements, the entry related to a loan disbursement of which funds were not disbursed until August 2016 and, thus, not considered a liability of the Department until FY17. 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.
- The operating lease schedule provided to the auditors required multiple revisions by the Department to agree lease terms and future minimum payments as stated on the schedule and to the lease agreements.

*Management's Progress for Repeat Findings: These are new bullet items under the repeat finding. There remains to be a lack of effective internal control between the Bureaus and management.*

**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 or inadequate disclosure.

**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.

**Management's Response:** The department concurs with this finding. Procedures in FY15 had been put in place to reconcile disbursement requests and additional meetings were held with the Surface Water Quality Bureau Financial Manager regarding the process and reconciliation of the disbursement requests. Meetings with the Program Financial Manager, Bureau Financial Manager and Bureau financial staff have already been held to outline the proper process to reconcile the draw disbursements and monthly reconciliations are required by the Surface Water Quality Bureau Financial Manager to be submitted to the General Ledger section to ensure proper reconciliation of the disbursement requests. In addition, at year end the Program Financial Manager will work with the Bureau Financial manager and the Bureau financial staff to ensure that disbursement requests are properly recorded in the correct fiscal year. The General Ledger Manager and the financial specialist in the Administrative Services Bureau will work on reviewing/updating the operating lease schedule on a monthly basis to ensure that all terms and future payments are referenced in the lease schedule accurately. The CFO 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, 2016**

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

**2016-001 (Original Finding Number 2006-008) Federal Program Reporting (Instance of Noncompliance)**

**Federal Program:** CFDA 66.801 – Hazardous Waste Management State Program Support

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

**Federal Award Number/Year:** 625315 (2014)

**Questioned Costs:** \$-0-

**Condition:** During single audit reporting test work, we noted 1 out of 1 financial reports tested was submitted late to the federal awarding agency for the period end date of 6/30/2015.

*Management's Progress for Repeat Findings: During FY15, management did hire new staff. The number of reports noted as not filed timely has decreased in FY16. Management continues to make progress.*

**Criteria:** Per §200.327 Financial Reporting of 2 CFR Part 200, financial information must be collected with the frequency required by the terms and conditions of the Federal Award, but no less frequently than annually nor more frequently than quarterly. Per OMB, a final Federal Financial Report shall be submitted at the completion of the award agreement. Final reports are to be submitted no later than 90 days after the project or grant period end date.

**Cause:** Management oversight.

**Effect:** Noncompliance with federal regulations.

**Auditors' Recommendation:** We recommend management to establish effective internal controls to ensure compliance with federal reporting regulations.

**Management's Response:** The Department concurs with this audit finding. The ASD grants staff will review the federal grant of award upon receipt and ensure that the proper submission of the financial report is submitted to the federal agency in a timely manner. The CFO is responsible for ensuring corrective action with the timeline as previously stated in the plan.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

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

**2016-002 Allowability – Internal Control over Payroll (Significant Deficiency and Noncompliance)**

**Federal Program:** CFDA 66.419 – Water Pollution Control State, Interstate, and Tribal  
CFDA 66.801 – Hazardous Waste Management State Program Support

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

**Federal Award Number/Year:** 635012 (2015) (CFDA 66.419)  
625316 (2015) (CFDA 66.801)

**Questioned Costs:** Unknown

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

- CFDA 66.419
  - 1 out of 40 payroll transactions tested did not have a completed or signed Time Sheet Certification for Federal Awards by the employee's supervisor for the quarter end date of 9/30/2015.
  - 4 out of 40 payroll transactions tested did not have the Time Sheet Certifications for Federal Awards signed by the employee's supervisor within 10 business days of the quarter end date.
  - 1 out of 40 payroll transactions did not have a signed Personnel Activity Report by the employee.
  
- CFDA 66.801
  - 3 out of 40 payroll transactions tested did not have the Time Sheet Certifications for Federal Awards signed by the employee's supervisor within 10 business days of the quarter end date.

**Criteria:** Per §200.430 Compensation-personal services of 2 CFR Part 200, charges to Federal awards for salaries and wages must be based on records that comply with the established accounting policies and procedures of the non-Federal entity. Per the NMED Policy 06-19 Federal Time and Labor Reporting, a Timesheet Certification for Federal Awards is a form completed by an employee signifying that their time and labor efforts were applicable solely on one award. Both the employee and a supervisor or manager having firsthand knowledge of the employee's work must sign the Timesheet Certification Form. Also, a copy of the completed and signed certification must be provided to the Bureau Financial Manager within 10 business days after the end of each quarter. For Personnel Activity Reports, employee must submit a signed PAR.

**Cause:** Management oversight, lack of effective internal controls related to compliance with the federal regulations and the Department's written policy.

**Effect:** The Department is in violation of federal regulations and the Department's written policy.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

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

**2016-002 Allowability – Internal Control over Payroll (Significant Deficiency and Noncompliance)  
(Continued)**

**Auditors' Recommendation:** We recommend management to establish effective internal controls to ensure records meet the requirements of the Department's written policy and comply with federal regulations.

**Management's Response:** The Department concurs with this audit finding. The Surface Water Quality Bureau Financial Manager along with the SWQB financial specialist will work with the supervisors regarding the timely submission of the Time Sheet Certifications for Federal Awards to be submitted to the financial specialist no later than 10 days after the end of the corresponding quarter. The Surface Water Quality Bureau financial specialist and the Ground Water Quality Bureau Budget Analyst will review all Personnel Activity Reports (PARs) on a bi-weekly basis to ensure that all PARs are signed by both the employee and supervisor. In addition, the Surface Water Quality Bureau Financial Manager and the financial specialist will review all certifications to ensure that proper signatures are obtained within the 10 day period as specified in the Department's policies and procedures. The Ground Water Quality Financial Manager and Budget Analyst will review all PARs to ensure that all appropriate signatures are obtained.

The Hazardous Waste Bureau Financial Manager will work with the supervisors regarding the timely submission of the Time Sheet Certifications for Federal Awards to the financial manager no later than 10 days after the end of the corresponding quarter. The financial manager will email quarterly Timesheet certification forms to staff and supervisors no later than 5 days after the end of the quarter and closely monitor responses to ensure timeliness.

The CFO 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, 2016**

**Section IV – Other**

**2016-004 (Original Finding Number 2015-005) Fund Balance Deficit – General Fund (Compliance and Other Matters)**

**Condition:** As of June 30, 2016, the Department has an unrestricted deficit fund balance of approximately \$2.1M in its General Fund, which was caused prior to fiscal year 2008.

*Management's Progress for Repeat Findings: The Department has determined that it may carry this general fund deficiency for this coming year as revenues have decreased throughout the state.*

**Criteria:** The Department should have an unrestricted fund balance that approximates \$0 in its General Fund.

**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, 2016 as a result of significant CFO turnover in the past 8 years.

**Effect:** The Department lacks adequate resources within the General Fund to fulfil all obligations of the fund as of June 30, 2016.

**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. It has been in contact with the Department of Finance and Administration and has made them aware of this issue. The Department has determined that it may carry this general fund deficiency for this coming year as revenues have decreased throughout the state.



**NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

**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 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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

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

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

**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.

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

**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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

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

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

**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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

**SECTION IV – OTHER**

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

**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.

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

**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.

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

**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.

**NEW MEXICO ENVIRONMENT DEPARTMENT  
EXIT CONFERENCE  
JUNE 30, 2016**

An exit conference was held with the Department on November 21, 2016. 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**

J.C. Borrego	Acting Deputy Secretary
Stacy Y. Lopez	ASD Director
Marlene Cordova	Chief Financial Officer

**CLIFTONLARSONALLEN LLP**

Matt Bone, CPA, CGFM, CGMA, Principal  
Jane Tinker, CPA, Director

**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.