



*REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS*

*FOR*

**STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH**

*June 30, 2017*

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**STATE OF NEW MEXICO DEPARTMENT OF GAME AND FISH**

**OFFICIAL ROSTER (UNAUDITED)**

**YEAR ENDED JUNE 30, 2017**

**Commission**

Bob Ricklefs	Cimarron, New Mexico	Commissioner
Thomas Salopek	Las Cruces, New Mexico	Commissioner
Elizabeth A. Ryan	Roswell, New Mexico	Commissioner
Robert Espinoza, Sr.	Farmington, New Mexico	Commissioner
Paul Kienzle III	Albuquerque, New Mexico	Chairman
William Montoya	Alto, New Mexico	Vice-Chairman
Ralph Ramos	Las Cruces, New Mexico	Commissioner

**Administrative Officials**

Alexandra Sandoval	Director and Secretary to the Commission
Donald Jaramillo	Deputy Director
Jim Comins III	Assistant Director – Resource Programs/Area Operations
Christopher Chadwick	Assistant Director – Administrative Support Services
Jacob Payne	General Counsel
Michael Thomas	Deputy General Counsel
Paul Varela	Chief of Administrative Services Division
Russ Verbofsky	Chief of Information Services Division
Angelica Ruiz	Chief of Human Resources
Matt Wunder	Chief of Ecosystem and Environmental Planning Division
Stewart Liley	Chief of Wildlife Management Division
Michael Sloane	Chief of Fisheries Management Division
Lance Cherry	Chief of Information and Outreach Division
Robert Griego	Colonel Field Operation

## Report of Independent Auditors

Members of the Commission  
State of New Mexico Department of Game and Fish and  
Mr. Timothy Keller  
New Mexico State Auditor

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico Department of Game and Fish (the “Department”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Department’s basic financial statements 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 auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico Department of Game and Fish as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter- Reporting Entity***

As discussed in Note 1, the financial statements of the Department of Game and Fish, State of New Mexico are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico that is attributable to the transactions of the Department of Game and Fish, They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2017, and the changes in financial position for the year then ended in accordance 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 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Mexico Department of Game and Fish 's basic financial statements. The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Cash Accounts including Investments, Schedule of Joint Powers Agreements, and Schedule of Changes in Assets and Liabilities-Agency Funds as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Cash Accounts including Investments, Schedule of Joint Powers Agreements and Schedule of Changes in Assets and Liabilities-Agency Funds is the responsibility of management and was derived from and relates 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, the combining and individual non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Cash Accounts including Investments, Schedule of Joint Powers Agreements, and Schedule of Changes in Assets and Liabilities-Agency Funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017 on our consideration of the State of New Mexico Department of Game and Fish'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of New Mexico Department of Game and Fish's internal control over financial reporting and compliance.

*Mess Adams LLP*

Albuquerque, New Mexico  
October 26, 2017

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# State of New Mexico Department of Game and Fish

## Management's Discussion and Analysis

### June 30, 2017

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The Management's Discussion and Analysis (MD&A) of the State of New Mexico Department of Game and Fish (the Department) is designed to assist the reader in focusing on significant financial issues, provide an overview of the Department's financial activity, identify changes in the Department's financial position (ability to address future year challenges), identify any material deviations from the financial plan, and identify any fund issues of concern.

The MD&A is designed to focus on the past year's activities, resulting changes and currently known facts; please read it in conjunction with the Department's financial statements and notes which follow this section.

#### Financial Highlights

Below is an overview of changes for the year ended June 30, 2017. The year over year changes are primarily due to the increase in capital projects and increase in federal funding.

- Total assets increased by \$281,049 due to an increase in capital projects and decrease in cash
- Total liabilities decreased by \$881,585
- Total revenue increased \$6,373,945 due to an increase in program revenue of \$6,030,036
- Total program expenses increased \$4,140,679

#### Overview of the Financial Statements

This annual report consists of four parts: 1) management's discussion and analysis, 2) the basic financial statements, 3) required supplementary information, and 4) an optional section that presents combining statements for non-major governmental funds.

The basic financial statements include two kinds of statements that provide different views of the Department: The first two statements are government-wide financial statements that provide both long-term and short-term information about the Department's overall financial status. The remaining statements are fund financial statements that focus on individual parts, specifically short term information of the Department's operations in greater detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about non-major governmental funds.

The MD&A should provide an objective and easily readable analysis of the government's financial activities, based on currently known facts, decisions or conditions. It should provide an analysis of the government's overall financial position and results of operations to assist users in assessing whether the financial position has improved as a result of the year's activities. Additionally, it should provide an analysis of significant changes that occur in funds and significant budget variances.

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2017**

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**Government-wide Financial Statements.** The Statement of Net Position shows the Department's overall financial position as of June 30, 2017. This financial statement is comparable to the balance sheet in a private sector entity's financial statements. A Statement of Net Position differs from a balance sheet in several ways, but there is one main difference. The New Mexico Department of Game and Fish is a government agency and a trustee of public assets rather than a company with shareholders or owners. In a private sector balance sheet, the surplus (or deficit) of assets compared to liabilities is the owners' equity. In governmental financial statements, this excess is labeled net position. Trends in net position over time is an indicator of whether the agency's financial condition is improving or declining.

The next government-wide statement is the Statement of Activities. This statement provides information about revenue and expenditure activity throughout the course of fiscal year 2017. The statement provides the net position at the beginning of the year and the balance at the end of the year. The difference between revenue and expenditure amounts provides for the change in net position.

The remaining financial statements report the Department's operations in greater detail than the government-wide statements.

**Fund Financial Statements.** The fund financial statements provide more detailed information about the Department's significant funds. Funds are accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

The Department has two types of 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 that helps 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.

**Fiduciary Funds** – A fiduciary fund is used to report assets held in a trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. With the implementation of GASB statement number 34, fiduciary 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 maintained to receive donations. The money is used to reward anonymous callers who turn in wildlife violators to the Department.

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2017**

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

**Net Position.** The total Department net position for the fiscal year ended June 30, 2017 is \$134,009,077. That entire amount is either restricted as to the purposes it can be used for or is net investment in capital assets. The restricted net position in Governmental Activities was \$49,330,205 at the end of the fiscal year.

**The Department's Net Position**

	<u>FY2017</u>	<u>FY2016</u>	<u>Amount Change</u>	<u>Total % Change</u>
Assets:				
Current and other assets	\$ 55,661,485	\$ 63,705,641	\$ (8,044,156)	-13%
Capital assets	<u>84,678,872</u>	<u>76,353,667</u>	<u>8,325,205</u>	11%
Total assets	<u>\$ 140,340,357</u>	<u>\$ 140,059,308</u>	<u>\$ 281,049</u>	0%
Liabilities:				
Current liabilities	\$ 6,331,280	\$ 7,212,865	\$ (881,585)	-12%
Non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	0%
Total liabilities	<u>6,331,280</u>	<u>7,212,865</u>	<u>(881,585)</u>	-12%
Net position:				
Net investment in capital assets	84,678,872	76,353,667	8,325,205	12%
Restricted	<u>49,330,205</u>	<u>56,492,776</u>	<u>(7,162,571)</u>	-12%
Total net position	<u>134,009,077</u>	<u>132,846,443</u>	<u>1,162,634</u>	0.88%
Total liabilities and net position	<u>\$ 140,340,357</u>	<u>\$ 140,059,308</u>	<u>\$ 281,049</u>	0%

The Department total assets are comprised of \$84,678,872 in capital assets and \$55,661,485 in current assets, for a total asset balance of \$140,340,357. The overall increase in total net position from the previous fiscal year is 0.88%. Liabilities are also broken out into two segments: current liabilities and noncurrent liabilities. The total amount of current liabilities is \$6,331,280, a decrease of 12% from the prior year balance of \$7,212,865. This decrease is attributable to a decrease in accounts payable, payroll expenses payable at year end and due to other state agencies. The Department does not utilize non-current liabilities for any portion of the compensated absences balance. Since the annual leave balances could hypothetically be paid out at any time, the entire compensated absences balances are classified as short term. Therefore, the non-current liability amount is \$0.

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2017**

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**Currently Known Facts, Conditions, or Decisions.** The Department does not anticipate any significant impacts or changes to net position. However, the Department is subject to possible litigation from outside entities. The Department does not foresee any litigation affecting net position or the financial statements.

**Governmental Activities.** The table below summarizes the Department's activities for the fiscal years ending June 30, 2017 and 2016. The change in net position was \$1,162,634 at the end of the fiscal year.

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Amount Change</u>	<u>Total % Change</u>
Program revenues	\$ 50,050,661	\$ 44,020,625	\$ 6,030,036	14%
General revenues	<u>463,636</u>	<u>119,727</u>	<u>343,909</u>	287%
Total revenues	<u>50,514,297</u>	<u>44,140,352</u>	<u>6,373,945</u>	14%
Program expenses	<u>47,869,363</u>	<u>43,728,684</u>	<u>4,140,679</u>	9%
Total expenses	47,869,363	43,728,684	4,140,679	9%
Transfers	<u>(1,482,300)</u>	<u>(1,182,300)</u>	<u>(300,000)</u>	25%
Change in net position	1,162,634	(770,632)	1,933,266	-251%
Net position, beginning of year	<u>132,846,443</u>	<u>133,617,075</u>	<u>(770,632)</u>	-1%
Net position, end of year	<u>\$ 134,009,077</u>	<u>\$ 132,846,443</u>	<u>\$ 1,162,634</u>	1%

The Department manages eight operating fund accounts (excluding the capital fund); the Game Protection Fund and the Big Game Enhancement Fund (major funds) and six (6) non-major funds that receive funding from sources created by the laws of the State of New Mexico. The Department's Capital Projects Fund is managed based on the appropriation of funding through the State's legislative process. The revenue allocated to the capital fund is done on a project basis and depends on the approved funding. Therefore, the Capital Projects Fund does not accumulate revenues beyond those required to support the capital projects and reimbursement from federal aid expenditures.

For the year ending June 30, 2017, depreciation expense has been allocated to the program expense category of Game and Fish Resource Conservation. Interagency transfers include transfers to outside agencies, including the Energy, Minerals, and Natural Resources Department and State Engineering Department.

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2017**

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**Information on Individual Funds**

The Department is responsible for the management of nine individual fund accounts, including the Capital Projects Fund. The Game Protection Fund is considered the Department's one major operating fund. The Big Game Enhancement Fund is considered the Department's one major special revenue fund. The cash balance increased in five of the six non-major funds. The Game Protection Fund experienced a slight decrease of 0.25 percent in the cash balance in fiscal year 2017. The Big Game Enhancement Fund experienced an increase of 19% in the cash balance. The Capital Projects Fund experienced a decrease of 31 percent in the cash balance. In totality, the Department ended fiscal year 2017 in an overall healthy financial position for all of its funds. The first table below lists the beginning and ending cash and investment balances for each fund managed by the Department.

<b>Fund Name</b>	<b>Fund</b>	<b>Balance, June 30, 2017</b>	<b>Balance, June 30, 2016</b>	<b>Amount Change</b>	<b>Total % Change</b>
Game Protection Fund	19800	\$ 16,155,522	\$ 16,193,049	\$ (37,527)	0%
Sikes Act Fund	09700	2,104,224	1,663,188	441,036	27%
Share With Wildlife Fund	30700	151,494	130,871	20,623	16%
Trail Safety Fund	10840	477,512	1,006,256	(528,744)	-53%
Bond Interest & Retirement Fund	42800	726,114	477,105	249,009	52%
Big Game Depredation Damage Fund	54900	2,035,230	1,690,822	344,408	20%
Big Game Enhancement Fund	77200	5,661,050	4,760,788	900,262	19%
Habitat Management Fund	49400	4,192,731	3,521,303	671,428	19%
Capital Projects Fund	88700	18,419,023	26,872,613	(8,453,590)	-31%

The tables below list the total revenue and expenditures for each fund managed by the Department.

<b>Fund Name</b>	<b>SHARE Fund</b>	<b>Revenue</b>		<b>Total % Change</b>
		<b>Fiscal Year Ended June 30, 2017</b>	<b>Fiscal Year Ended June 30, 2016</b>	
Game Protection Fund	19800	\$ 36,532,858	\$ 34,812,727	1%
Sikes Act Fund	09700	1,119,203	1,469,776	62%
Share With Wildlife Fund	30700	291,281	149,723	5%
Trail Safety Fund	10840	770,647	743,024	-1%
Bond Interest & Retirement Fund	42800	249,009	244,920	6%
Big Game Depredation Damage Fund	54900	441,212	890,810	75%
Big Game Enhancement Fund	77200	1,297,469	1,895,732	5%
Habitat Management Fund	49400	1,022,565	1,591,274	33%
Capital Projects Fund	88700	8,605,779	2,112,933	-88%
<b>Total revenues</b>		<b>\$ 50,330,023</b>	<b>\$ 43,910,919</b>	

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2017**

Fund Name	SHARE Fund	Expenditures		Total % Change
		Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	
Game Protection Fund	19800	\$ 36,936,401	\$ 37,184,974	14%
Sikes Act Fund	09700	358,593	683,144	30%
Share With Wildlife Fund	30700	164,937	164,732	0%
Trail Safety Fund	10840	584,968	628,675	-5%
Bond Interest & Retirement Fund	42800	-	-	0%
Big Game Depredation Damage Fund	54900	147,329	497,590	28%
Big Game Enhancement Fund	77200	553,485	825,561	5%
Habitat Management Fund	49400	266,944	698,587	-5%
Capital Projects Fund	88700	<u>17,154,693</u>	<u>7,562,001</u>	26%
Total expenditures		<u>\$ 56,167,350</u>	<u>\$ 48,245,264</u>	

**Budgets, Revenue and Expenditures**

The Department recorded several adjustments to the original budget amounts during the fiscal year; most of the adjustments were due to additional federal grant funds made available to the Department. The variance in federal grant revenue is due to additional federal grants received throughout the fiscal year. Federal grants awarded to the Department include: restoration projects throughout the state, construction of the Santa Fe warehouse and development for the National Wilderness Area (NWA) Albuquerque field office. The variance in other revenue is attributed to additional grants received by the Department in 2017.

Since the Department generates all of its revenues via dedicated, non-reverting funds, there is less incentive to spend all available funds to justify higher future budgets or to minimize reversions to other funds. If funds remain unspent, they remain in the fund's cash balance, where they will be available for appropriation and expenditure in future fiscal years.

The Department Game and Fish Protection Fund, had an original revenue budget of \$36,324,900. During the year, adjustments related to increases in federal grant funds totaled \$1,782,000 increasing the final budget to \$38,016,900. Actual revenue amounts in the Game Protection Fund were \$36,717,132. For expenditures, the Department had an original budget of \$37,196,000. During the year, adjustments related to increases in personnel services and benefits, contractual services and other expenditures totaled \$2,285,000 increasing the final budget to \$39,481,000. Actual expenditures amounts in the Game Protection Fund totaled \$37,618,701.

The Department continues to take a conservative approach on expending funds due to the fact that we are an Agency that generates its own revenues and is not dependent on the State of New Mexico's general fund to provide funding for Department operations.

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2017**

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The largest single source of Department revenue comes from the sale of hunting and fishing licenses. This is shown as Charges for Service on the Statement of Activities within the financial statements. This revenue category accounts for \$26,182,632 of the Department's revenue. The expenditures include \$44,552,427 expended for Game and Fish Resources Conservation.

The remaining expenditures result from a charge for depreciation expense and capital outlay. This represents a charge to account for the declining utility of assets owned by the Department as they age.

**Capital Asset and Long-term Debt Activity**

The following table shows the Department's capital assets:

	<u>Governmental Activities</u>		<b>Total % Change</b>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	
Land	\$ 37,975,177	\$ 37,834,955	0%
Land improvements	5,850,677	5,472,921	7%
Infrastructures and Easements	25,379,952	22,629,118	12%
Property, Plant and Equipment	45,818,291	44,313,167	3%
Work in Process	<u>6,649,232</u>	<u>93,554</u>	7007%
	121,673,329	110,343,715	10%
Less accumulated depreciation	<u>(36,994,457)</u>	<u>(33,990,048)</u>	9%
Net Investment in Capital Assets	<u>\$ 84,678,872</u>	<u>\$ 76,353,667</u>	11%

The net value of the Department's capital assets as of June 30, 2017 is \$84,678,872 This net value increased by 11% during fiscal year 2017, primarily due to necessary improvements of land, infrastructure and property, plant, and equipment. Significant capital projects include the Santa Fe HQ waterline, Rio Costilla and Willow Creek fish barriers, Seven Springs Pipeline and Rio De Los Pinos fish habitat improvements. At June 30, 2017, the Department had multiple ongoing projects, including the Albuquerque office, Santa Fe warehouse and Santa Rosa Hatchery Education Center.

The Department had no long-term debt activity during fiscal year 2017. Any funds appropriated and expended from the Game and Fish Bond Interest and Retirement Fund come from existing cash balances in the fund. There are no outstanding bonds, debts or other obligations requiring repayment from this fund.

The ability to issue long-term debt is provided in the New Mexico statutes, but if the Department wished to incur additional long-term debt, the State Legislature would need to amend the current statutory language to authorize the State Game Commission to issue and sell bonds.

### **Anticipated Future Conditions and Changes**

New Mexico law charges the State Game Commission and the Department of Game and Fish with the management of the Game Protection Fund, which is the Department's general operating fund. The projected cash balance of the Game Protection Fund through fiscal year 2021 will allow the Department to forego requesting a fee increase for hunting, fishing and trapping licenses in the next few years. The last time the Department requested a license fee increase was 2005. The cash balance in the Game Protection Fund is a result of cost savings in the recent few years and the effects of previous hiring freezes on the utilization of the Department's budget.

The Department continues to successfully implement the Aquatic Invasive Species and Off-Highway Vehicle programs statewide. As these programs grow, the Department has worked to form new partnerships across the State to improve implementation and service delivery. The Department implemented a significant reorganization of staff that shifted the alignment of staff to more closely align the organization with statute. The updated organizational structure has not altered duties of staff, nor has it changed agency responsibilities, but rather the new structure provides for more efficient delivery of services to the citizens of New Mexico.

In keeping with the theme of delivering programs to citizens in a more efficient manner, the Department continues to utilize and improve an electronic license sales system that allows customers to purchase licenses from their homes and local vendors statewide. The Department continues to take advantage of technological advances that provide customers a more efficient license buying experience while reducing administrative costs, allowing the Department to accomplish more on the ground.

Again this year, the State of New Mexico's economic health and economic conditions elsewhere are major influences on the Department and how we will operate in the future. Although the Department has not felt large-scale negative repercussions from the economic fluctuations; we remain cognizant of it and continue to find ways to control costs without adversely affecting services provided to the public. The Department, and the State as a whole, will need to continue to determine how the public will pay for wildlife management.

### **Contacting the Department's Financial Management**

The Department's financial statements are designed to provide a general overview of the Department's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, contact the Department's Administrative Services Division Chief or the Assistant Director for Support Services at P.O. Box 25112, Santa Fe, New Mexico 87504.



**State of New Mexico Department of Game and Fish  
Statement of Net Position**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 3,300
Investment in State Treasurer General Fund Investment Pool	49,919,600
Investments in State Investment Council Investment Pool	873,450
Receivables:	
Accounts receivable	162,232
Due from other state agencies	92,735
Due from federal government	<u>4,610,168</u>
Total current assets	55,661,485
Non-current assets:	
Capital assets, net	<u>84,678,872</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 140,340,357</u></b>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 4,294,783
Accrued compensated absences	1,088,694
Accrued payroll	784,698
Other liabilities	50,584
Due to other state agencies	<u>112,521</u>
Total current liabilities	<u>6,331,280</u>
<b>TOTAL LIABILITIES</b>	<b><u>6,331,280</u></b>
<b>NET POSITION</b>	
Investment in capital assets	84,678,872
Restricted for:	
Wildlife and Fisheries	30,874,982
Debt Services	726,114
Capital projects	<u>17,729,109</u>
Total net position	<u>134,009,077</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 140,340,357</u></b>

**State of New Mexico Department of Game and Fish**  
**Statement of Activities**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue
Governmental Activities:				Governmental Activities
Game and Fish Resource Conservation	\$ 47,869,363	\$ 26,832,285	\$ 23,218,376	\$ 2,181,298
<b>Total Governmental Activities</b>	<u>\$ 47,869,363</u>	<u>\$ 26,832,285</u>	<u>\$ 23,218,376</u>	<u>2,181,298</u>

**GENERAL REVENUES AND TRANSFERS**

Unrealized gain on investments	112,037
Gain on the sale of equipment	184,274
Interest earned	167,325
	<u>(1,482,300)</u>
	<u>(1,018,664)</u>
	<u>132,846,443</u>
	<u><u>\$ 134,009,077</u></u>

# State of New Mexico Department of Game and Fish

## Balance Sheet – Governmental Funds

	Major Funds				Total Governmental Funds
	Game Protection Fund - 19800	Big Game Enhancement Fund - 77200	Capital Projects Fund - 88700	Other Governmental Funds	
<b>ASSETS</b>					
Cash on hand	\$ 3,300	\$ -	\$ -	\$ -	\$ 3,300
Investment in State Treasurer					
General Fund Investment Pool	16,152,222	5,661,050	18,419,023	9,687,305	49,919,600
Investments in State					
Investment Council Investment Pool	-	-	-	873,450	873,450
Receivables:					
Accounts receivable	162,232	-	-	-	162,232
Due from other state agencies	92,735	-	-	-	92,735
Due from federal government	2,980,883	86,922	1,389,466	152,897	4,610,168
<b>TOTAL ASSETS</b>	<b>\$ 19,391,372</b>	<b>\$ 5,747,972</b>	<b>\$ 19,808,489</b>	<b>\$ 10,713,652</b>	<b>\$ 55,661,485</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,908,784	\$ 82,480	\$ 1,976,228	\$ 327,291	\$ 4,294,783
Accrued payroll	768,081	2,942	-	13,675	784,698
Other liabilities	50,584	-	-	-	50,584
Due to other state agencies	1,575	-	103,152	7,794	112,521
<b>Total liabilities</b>	<b>2,729,024</b>	<b>85,422</b>	<b>2,079,380</b>	<b>348,760</b>	<b>5,242,586</b>
<b>FUND BALANCES</b>					
Restricted	16,662,348	5,662,550	17,729,109	10,364,892	50,418,899
<b>Total fund balances</b>	<b>16,662,348</b>	<b>5,662,550</b>	<b>17,729,109</b>	<b>10,364,892</b>	<b>50,418,899</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,391,372</b>	<b>\$ 5,747,972</b>	<b>\$ 19,808,489</b>	<b>\$ 10,713,652</b>	<b>\$ 55,661,485</b>

**State of New Mexico Department of Game and Fish  
Reconciliation of the Balance Sheet – Governmental Funds  
to the Statement of Net Position**

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**Total Fund Balance - Governmental Funds**  
**(Governmental Fund Balance Sheet)** \$ 50,418,899

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

The cost of capital assets is	121,673,329
Accumulated depreciation is	<u>(36,994,457)</u>

Total capital assets	<u>84,678,872</u>
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Long-term and certain other liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

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

Compensated absences payable	<u>(1,088,694)</u>
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<b>Net position of governmental activities (Statement of Net Position)</b>	<b><u><u>\$ 134,009,077</u></u></b>
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**State of New Mexico Department of Game and Fish  
Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds**

	Major Funds				Total Governmental Funds
	Game Protection Fund - 19800	Big Game Enhancement Fund - 77200	Capital Projects Fund - 88700	Other Governmental Funds	
<b>REVENUES</b>					
Service revenue	\$ 21,973,747	\$ 884,249	\$ -	\$ 3,324,636	\$ 26,182,632
Federal grants	13,851,560	385,398	8,605,779	375,639	23,218,376
Penalties	125,005	-	-	-	125,005
Interest earned	114,792	27,822	-	24,711	167,325
Realized/Unrealized gain on investments	-	-	-	112,037	112,037
Other revenue	467,754	-	-	56,894	524,648
<b>Total revenues</b>	<b>36,532,858</b>	<b>1,297,469</b>	<b>8,605,779</b>	<b>3,893,917</b>	<b>50,330,023</b>
<b>EXPENDITURES</b>					
Game and Fish Resource Conservation	34,528,307	553,485	8,158,665	1,311,970	44,552,427
Capital outlay	2,408,094	-	8,996,028	210,801	11,614,923
<b>Total expenditures</b>	<b>36,936,401</b>	<b>553,485</b>	<b>17,154,693</b>	<b>1,522,771</b>	<b>56,167,350</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(403,543)</b>	<b>743,984</b>	<b>(8,548,914)</b>	<b>2,371,146</b>	<b>(5,837,327)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of equipment	184,274	-	-	-	184,274
Inter-agency transfers	(682,300)	-	-	(800,000)	(1,482,300)
<b>NET OTHER FINANCING USES</b>	<b>(498,026)</b>	<b>-</b>	<b>-</b>	<b>(800,000)</b>	<b>(1,298,026)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(901,569)</b>	<b>743,984</b>	<b>(8,548,914)</b>	<b>1,571,146</b>	<b>(7,135,353)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>17,563,917</b>	<b>4,918,566</b>	<b>26,278,023</b>	<b>8,793,746</b>	<b>57,554,252</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 16,662,348</b>	<b>\$ 5,662,550</b>	<b>\$ 17,729,109</b>	<b>\$ 10,364,892</b>	<b>\$ 50,418,899</b>

**State of New Mexico Department of Game and Fish**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances – Governmental Funds to the Statement of Activities**

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**Net Changes in Fund Balances - Total Governmental Funds**

**(Statement of Revenues, Expenditures, and Changes in Fund Balances)** \$ (7,135,353)

Amounts reported for governmental activities in the Statement of Activities are different because:

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase in the liabilities for the fiscal year was: (27,218)

The Statement of Activities reports the gain on sale of equipment, while the Statement of Revenues, Expenditures and Changes in Fund Balances reports the proceeds. The reconciling amount is the difference. (238,848)

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	11,614,923
Depreciation expense	<u>(3,050,870)</u>

Excess of capital outlay over depreciation expense	<u>8,564,053</u>
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**Change in net position of governmental activities (Statement of Activities)** \$ 1,162,634

**State of New Mexico Department of Game and Fish**  
**Statement of Revenues and Expenditures – Major Governmental Funds – Budget**  
**and Actual (Budgetary Basis)**

	GAME PROTECTION FUND - 19800			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Service revenue	\$ 23,445,700	\$ 23,445,700	\$ 21,973,747	\$ 1,471,953
Federal grants	12,789,200	14,571,200	13,851,560	719,640
Interest earned	-	-	114,792	(114,792)
Other revenue	-	-	467,754	(467,754)
Other Penalties	-	-	125,005	(125,005)
Other financing sources	-	-	184,274	(184,274)
<b>Total revenues</b>	<u>36,234,900</u>	<u>38,016,900</u>	<u>36,717,132</u>	<u>\$ 1,299,768</u>
Fund balance budgeted	<u>961,100</u>	<u>1,461,100</u>		
<b>Total fund balance</b>				
<b>BUDGETED</b>	<u>37,196,000</u>	<u>39,478,000</u>	<u>36,717,132</u>	<u>1,299,768</u>
<b>EXPENDITURES:</b>				
Personnel services and benefits	20,663,700	21,638,700	20,835,397	803,303
Contractual services	3,513,200	4,365,600	3,747,498	618,102
Other costs	12,336,800	12,794,400	12,353,506	440,894
Other financing uses	682,300	682,300	682,300	-
<b>Total expenditures</b>	<u>\$ 37,196,000</u>	<u>\$ 39,481,000</u>	<u>\$ 37,618,701</u>	<u>\$ 1,862,299</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>\$ (901,569)</u>	

Note: There were no reconciling items required to get to the GAAP basis.

**State of New Mexico Department of Game and Fish  
Statement of Revenues and Expenditures – Major Governmental Funds – Budget  
and Actual (Budgetary Basis)**

BIG GAME ENHANCEMENT FUND - 77200				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Service revenue	\$ 299,900	\$ 299,900	\$ 884,249	\$ (584,349)
Federal grants	355,200	355,200	385,398	(30,198)
Interest earned	-	-	27,822	(27,822)
Other financing sources	-	-	-	-
<b>Total revenues</b>	<b>\$ 655,100</b>	<b>\$ 655,100</b>	<b>\$ 1,297,469</b>	<b>\$ (642,369)</b>
Fund balance budgeted	-	-	-	-
<b>Total fund balance BUDGETED</b>	<b>655,100</b>	<b>655,100</b>	<b>1,297,469</b>	<b>(642,369)</b>
<b>EXPENDITURES:</b>				
Personnel services and benefits	95,100	95,100	77,569	17,531
Contractual services	330,000	330,000	271,208	58,792
Other costs	230,000	230,000	204,708	25,292
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>\$ 655,100</b>	<b>\$ 655,100</b>	<b>\$ 553,485</b>	<b>\$ 101,615</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>\$ 743,984</b>	

Note: There were no reconciling items required to get to the GAAP basis.



**State of New Mexico Department of Game and Fish**  
**Statement of Fiduciary Assets and Liabilities – Agency Funds**  
**Year Ended June 30, 2017**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash	<u>\$ 143,682</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 143,682</u></u>
<b>LIABILITIES</b>	
Deposits held in custody for others	<u>\$ 143,682</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 143,682</u></u>

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 1 – Definition of Reporting Entity

The State Game Commission and the Department of Game and Fish were created by the laws of 1921, Chapter 17 (17-1-1 through 17-7-3) NMSA, 1978 Compilation.

**Management** – The Department of Game and Fish is headed by the State Game Commission (the Commission). Under the terms of Section 17-1-2, NMSA, 1978, the Commission is composed of seven members appointed by the Governor with the advice and consent of the Senate for four-year terms. A director is employed by the Commission.

**Role of the Department** – Under Chapter 17 of the New Mexico Statutes, 1978 Compilation (NMSA 1978), the Department of Game and Fish (the Department) is charged with the following responsibilities: to provide an adequate and flexible system for the protection of the game and fish of the State of New Mexico (the State); the use of these resources for public recreation and food supply; and for the propagation of game by planting, protection, regulation and conservation to the extent necessary to maintain an adequate supply of game and fish within the State.

The principal goal of the Department is to manage all of the State's wildlife resources and their habitat for the enjoyment, appreciation, economic benefit and scientific instruction of present and future generations of New Mexicans.

**Divisions** – In order to meet the goals and legislative mandates, the Department is organized by operational divisions. A summary of the functions of each division is set forth as follows:

**The Administration Division** is primarily responsible for the overall administration of day-to-day field activities. The Director's office coordinates the overall directives of the State Game Commission and administers all fish and wildlife activities of the Department. The deputy director and two assistant directors administer and direct the activities and management of the divisions. General Counsel, Planning, Resource Partnership and Equal Employment Opportunity are under the Administration Division.

**The Administrative Services Division** provides and maintains fiscal and financial control records necessary for sound management of the Department. They develop effective internal control procedures to protect and establish accountability for all cash funds and other assets of the Department. Accounting records include hunting and fishing licenses, property inventories and supporting documents, financial reports and claims for reimbursements.

**The Ecosystem and Environmental Planning Division** ensures the integrity of fish and wildlife habitats in conjunction with the Department's principal obligation of maintaining the viability of all species of wildlife in New Mexico. The Ecosystem and Environmental Planning Division oversees the endangered species, habitat environment, lands, fish and wildlife resource education and the administration of the Sikes Act and Share with Wildlife programs.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 1 – Definition of Reporting Entity (continued)

**The Wildlife Management Division** plans and coordinates all programs and activities involving research, management, regulation, propagation, planting and habitat concerning game birds and game mammals. This Division participates and coordinates in delineating wildlife research needs that are essential to properly formulate management strategies with respect to a holistic approach to habitat management.

**The Fisheries Management Division** is concerned with the production and distribution of game fish, development of fishing waters, and management and research programs needed to protect and expand the sport fishing resources of the State. The State trout hatcheries are: Los Ojos Hatchery in Rio Arriba County; Red River Hatchery in Taos County; Seven Springs Hatchery in Sandoval County; Rock Lake Hatchery in Guadalupe County; Glenwood in Catron County; and Lisboa Springs in San Miguel County.

**The Information and Education Division** plans and coordinates the dissemination of information statewide. This includes public information and awareness programs concerning Department policies, programs and activities. They utilize newspapers and other publications; produce radio and television programs; handle the state fair booth and other exhibits; assist all personnel with personal appearance programs before schools and organizations; publish *New Mexico Wildlife* magazine, informational literature and hunting and fishing regulations; and supervise the conservation education and mandatory hunter training programs required by State Law.

**The Law Enforcement and Field Operations Divisions** consist of the four area offices of the Department, their district wildlife officers and the staff in Santa Fe. Responsibilities of the Divisions include field patrol; investigations; hunter, angler and trapper check; depredation control; acquisition of research and management data; covert enforcement operations; and support of virtually all Department functions.

**The Information Systems Division** provides database design and support; systems analysis; and software design, development, implementation, training and support for computer applications used by the various divisions of the Department of Game and Fish. In addition, it maintains an extensive network of computers and communications equipment, along with a complete backup and disaster recovery system. It provides technical assistance to all users of both networked and personal computers. Its primary interest, however, is in ensuring that Department personnel have ready access to all available information and data needed by the Commission or the Department's administration for making well informed decisions in wildlife management issues.

### **Endangered Species Division**

- A. On the basis of investigations concerning wildlife, other available scientific and commercial data and after consultation with wildlife agencies in other states, appropriate federal agencies, local and tribal governments and other interested persons and organizations, the Commission shall by regulation develop a list of those species of wildlife indigenous to the state that are determined to be threatened or endangered within the state, giving their common and scientific names by species and subspecies.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 1 – Definition of Reporting Entity (continued)

- B. The director shall conduct a review of the state list of threatened or endangered species and shall present biennially to the Commission his recommendations for appropriate action. The Commission shall act on the director's biennial recommendations at its next regularly scheduled meeting. The Commission shall adopt, no later than January 1, 1996, regulations providing procedures for Commission actions on the director's recommendations to continue to list or to upgrade or downgrade a species.
- C. Except as otherwise provided in the Wildlife Conservation Act [17-2-37 to 17-2-46 NMSA 1978], it is unlawful for any person to take, possess, transport, export, process, sell or offer for sale or ship any species of wildlife appearing on any of the following lists:
- a. the list of wildlife indigenous to the state determined to be endangered within the state as set forth by regulations of the Commission; and
  - b. the United States lists of endangered native and foreign fish and wildlife as set forth in Section 4 of the Endangered Species Act of 1973 as endangered or threatened species, but only to the extent that those lists are adopted for this purpose by regulations of the Commission; provided that any species of wildlife appearing on any of the lists set forth in this subsection, transported into the state from another state or from a point outside the territorial limits of the United States and which is destined for a point beyond the state, may be transported across the state without restriction in accordance with the terms of any federal permit or permit issued under the laws or regulations of another state or otherwise in accordance with the laws of another state.
- D. The provisions of Subsection C of this section shall not apply to a taking of wildlife by a Native American for religious purposes, unless it materially and negatively affects an endangered species or threatened species.

### Future Objectives

The Department's primary concern will continue to be the protection, conservation and management of the State's wildlife resources. The Department will become increasingly involved in broader areas of environmental concern, particularly if man-made changes in the total environment and wildlife habitat have impacts upon the wildlife resource.

### 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.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Financial reporting entity** – The Department is part of the primary government of the State of New Mexico, and its financial data is included with the financial data of the State.

Included within the financial report of the Department are all of the programs and funds that are administered or controlled by the Department.

No entities were noted that should be considered component units of the Department. No entities were specifically excluded as none were noted as meeting any of the criteria for potential inclusion. The Department has no component units.

**Basic financial statements** – The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), 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.

**Government-wide and fund financial statements** – The basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. The reporting model focus is on either the Department as a whole or major individual fund (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities. In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column, and is reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term obligations. Funds that are fiduciary in nature are excluded from the government-wide statements and the fund statements.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and grants. The program revenues must be directly associated with the function. Inter-fund balances have been eliminated in the government-wide financial statements.

The net cost (by function) is normally covered by general revenues (intergovernmental revenues, interest income, etc.).

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.

Emphasis in fund financial statements is on the major funds in the governmental category.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (1) demonstrate legal compliance, (2) demonstrate the source and use of liquid resources, and (3) 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 financial transactions of the Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditures/expense. The various funds are reported by generic classification within the financial statements.

#### **Basis of Presentation – Fund Accounting**

The following fund types and account groups are used by the Department:

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

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

**Game Protection Fund** – SHARE Fund No. 19800. The Game Protection Fund is the general operating fund of the Department. It is used to account for all financial resources, except those required to be accounted for in another fund. Under Section 17-1-14, NMSA, 1978, the Game Protection Fund is a non-reverting fund. The Commission shall have general control over the collection and disbursement of all money collected or received under the State laws for the protection and propagation of game and fish. The money shall be paid over to the State Treasurer to the credit of the Game Protection Fund, and the Fund, including all earned income there from, shall not be transferred to another fund. Chapter 17 NMSA 1978 shall be a guaranty to the person who pays for hunting and fishing licenses and permits that the money in the Fund shall not be used for any purpose other than as provided in Chapter 17 NMSA 1978.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

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

**Big Game Enhancement Fund** – SHARE Fund No. 77200. Under the terms of Section 17-3-16.1, NMSA, 1978 compilation, all money collected from the issuance and sale of the bighorn sheep and elk enhancement permits shall be credited to the Big Game Enhancement Fund to be used exclusively for bighorn sheep, elk and deer preservation, restoration and management. Under Section 17-1-14, NMSA, 1978, the fund is a non-reverting fund. The Big Game Enhancement Fund is a major fund.

**Habitat Management Fund** – SHARE Fund No. 49400. The Habitat Management Fund was created under Section 17-2-14, NMSA, 1978. The fund is a non-reverting fund. The purpose of the fund is for the improvement, maintenance, development and operation of property for fish and wildlife habitat management. It is funded through the sale of habitat management stamps. Anyone purchasing a resident or nonresident license or a wildlife-associated recreation permit must purchase a habitat management stamp. The Habitat Management Fund is a non-major fund.

**Big Game Depredation Fund** – SHARE Fund No. 54900. The Big Game Depredation Fund was created by the 2001 Legislature to establish a program to correct damage to federal, state or private land caused by big game and to prevent such damage in the future. It is funded through the sale of big game depredation stamps. Anyone purchasing a big game hunting license must purchase a big game depredation stamp. Under Section 17-3-13.3, the fund is a non-reverting fund. The Big Game Depredation Fund is a non-major fund.

**Trail Safety Fund** – SHARE Fund No. 10840. The Trail Safety Fund was established under statute 66-3-1019, NMSA 1978. The fund is non-reverting and consists of revenues from off-highway motor vehicle registration and user fees, grants and donations. The Trail Safety Fund is a non-major fund.

**Sikes Act Fund** – SHARE Fund No. 09700. The Sikes Act Fund was created by U.S. Public Law 93-452 (Sikes Act). The fund is used to account for the issuance and sale of public land management area stamps. The fees collected for these stamps are used exclusively in carrying out conservation and rehabilitation programs as defined in the Sikes Act. Under Section 17-1-14, NMSA, 1978, the fund is a non-reverting fund. The Sikes Act Fund is a non-major fund.

**Share with Wildlife Fund** – SHARE Fund No. 30700. The need for a "Share with Wildlife Fund" was established by Chapter 343, Laws of 1981, which required that additional wildlife funds be provided from a voluntary check-off designation of tax refunds due to the taxpayer on the New Mexico state income tax form. This program is supplemental to any other funding and is in no way intended to take the place of the funding that would otherwise be appropriated to the Department. Under Section 17-1-14, NMSA, 1978, the fund is a non-reverting fund. The Share with Wildlife Fund is a non-major fund.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Debt Service Fund** – Debt Service Funds are funds used to account for the repayment of principal and interest of long-term debt. The Debt Service Fund is:

**Bond Interest and Retirement Fund** – SHARE Fund No. 42800. Under Section 17-1- 22, NMSA, 1978, the fund is a non-reverting fund and is used to account for the accumulation of resources to pay for future payment of principal and interest of bonds issued under the Game and Fish Bond Act as needed. The fund collects interest and license fees. The Bond Interest and Retirement Fund is a non-major fund.

**Capital Projects Fund** – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Capital Projects Fund** – SHARE Fund No. 88700. Under Section 17-1-22, NMSA, 1978, the fund is a non-reverting fund and is used to account for the capital projects undertaken by the Department as well as major repairs to, as approved by the Commission. Funds deposited and utilized to finance the projects include the remaining monies from the Fish and Wildlife Conservation Bonds of 1976 or surplus funds from the Bond Retirement Fund. The Capital Projects Fund is a major fund.

**Fiduciary (Agency) Funds** – Fiduciary Funds include the Department's expendable trust and agency funds, which are used to account for assets held by the Department in the capacity of trustee or agent for individuals, other governmental entities, and/or other funds. Expendable trust funds are classified for accounting purposes in essentially the same manner as agency fund types, using the same measurement focus and basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are not incorporated into the government-wide financial statements. The Agency account is:

**Operation Game Thief/Law Enforcement** – SHARE Fund No. 78700. The cash balance in the Operation Game Thief/Law Enforcement Fund consists of donations and unused special hunt fees. The money is used to reward anonymous callers who turn in wildlife violators to the Department. This fund is not maintained by the Department of Finance and Administration. It has a separate bank account.

**Basis of accounting** – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

**Accrual Basis** – The accrual basis of accounting is utilized by the governmental activities and fiduciary funds in the government-wide financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Modified Accrual Basis** – All governmental funds (in the fund financial statements) are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.



# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

Reconciliation is presented on the pages following the Fund Balance Sheets and the Statement of Revenues, Expenditures and Changes in Fund Balance. The reconciliations briefly explain the adjustments necessary to transform the fund-based financial statements (modified accrual basis) into the government-wide presentation (full accrual).

**Cash** – Cash consists of cash on deposit with area banks, which is held for use by the Law Enforcement Division. It also reflects a minor amount of cash maintained in petty cash accounts. In the normal course of cash activity, the Department maintains cash at financial institutions below the FDIC insured limits.

**Investments Held by State Treasurer's Office and the State Investment Council** – Investments held by the New Mexico State Treasurer's Office consist of required deposits made to the State Treasurer's Office (STO). STO monitors the accounts and issues separate financial statements, which disclose the collateral pledged to secure these deposits. The State Treasurer invests all public monies held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance. The investments are valued at fair value based on quoted market prices as of the valuation date.

It is the Commission's position that all deposits STO are reported at carrying value, which reasonably estimates fair value.

The State Treasurer's Office audited financial statements can be obtained from the State Treasurer, Office of the State Treasurer, PO Box 5135, Santa Fe, NM 87505.

The Department also maintains an investment account at the New Mexico State Investment Council (Investment Council) for the Share with Wildlife Fund 30700. The investments are valued at fair value based on quoted market prices as of the valuation date. Participation in the Investment Council is voluntary under a Joint Powers Agreement. The Investment Council is a component of the primary government of the State of New Mexico. The Investment Council pool of investments is monitored by the same investment committee, and the same policies and procedures apply that apply to all other state investments at the Investment Council.

The Department participates in three investment pools that are offered by the Investment Council, which include both equity and fixed investments. Investments are stated at fair value in accordance with Statement No. 31 of the Governmental Accounting Standards Board (GASB 31). Investment transactions are recorded on the trade date. Dividends are recognized as income when declared.

The pool participation is based at the rate of \$1,000 per unit at the time the funds were placed into the pool by the participant. The pool invests in U.S. Treasury bonds and notes, government-sponsored enterprise and agency issues and corporate bonds and notes. The original investment was \$550,000 or 550 units.

The State Investment Council's audited financial statements can be obtained from the Chief Financial Officer, Statement of New Mexico Investment Council, 41 Plaza la Prensa, Santa Fe, NM 87507.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

#### Receivables

Federal – Various reimbursement procedures are used for federal awards received by the Department. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. The expenditures on federal grants are disclosed in the accompanying Schedule of Expenditures of Federal Awards.

Vendors – Accounts receivable from vendors represent amounts due from the sale of hunting and fishing licenses. Amounts are to be remitted to the Department when the total amount due (including license and vendor fees) to the Department reaches \$5,000 or every two weeks, whichever comes first. All receivables are believed to be fully collectible; therefore, no allowance has been recorded.

Interest – Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

#### Fund Balance

**Governmental Funds** – In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). *Restricted* represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. *Committed fund balance* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. *Assigned fund balance* is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. See Note 17 for additional information about fund balances.

**Use of Restricted Resources** – When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's policy to spend committed resources first.

**Interfund Receivables and Payables** – Short-term amounts owed between funds are classified as "Due to/from other funds" in the fund statements. In the government-wide statements, these amounts are eliminated.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Capital assets** – Capital assets are recorded as expenditures in the governmental funds and capitalized at cost in the government-wide statements. The valuation bases for capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement. Items purchased or acquired with an original cost of \$5,000 or more are capitalized and reported at cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are also capitalized. Costs for repairs and maintenance are expensed as incurred. In the fiscal year 2006, the capitalization policy changed from \$1,000 to \$5,000 for capitalizing capital assets. The Department has elected to include assets that cost less than \$5,000 but equal to or more than \$1,000, and were purchased prior to July 1, 2005, on their capital asset inventory and financial statements.

Depreciation on assets is provided on a straight-line basis with no salvage value over the following estimated useful lives: Fencing – 10 to 15 years; Furniture and Fixtures – 10 years; Data Processing Equipment – 5 to 10 years; Equipment – 5 to 20 years; Automobiles – 6 to 15 years; Buildings and Structures – 25 to 50 years; and Infrastructure – 12 to 30 years. Land, Rights and Easements, Library and Museums, and Work in Progress are not depreciated. Software acquired is capitalized and depreciated over 5 years. The Department has no internally developed software that requires capitalization. All capital assets are free of related debt.

**Compensated absences** – Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of 80 to 160 hours per year, depending upon length of service and employee's hire date. A maximum of 30 working days (240 hours) of such accumulated annual leave may be carried forward into the beginning of the calendar year and any excess leave is lost.

When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours. Accumulated annual leave is not expected to be liquidated with expendable available financial resources and is reported only in the government-wide financial statements.

Qualified employees are entitled to accumulate sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave that an employee may accumulate. Once per fiscal year in either January or July, employees may elect to be paid up to 50% of accrued sick leave in excess of 600 up to 720 hours, but not to exceed 120 hours (net 60 hours can be paid). In the case of retiring employees, up to 200 net hours in excess of the 600 hour minimum limit can be paid. Sick leave balances from 600 to 720 hours are recorded at 50% of the employee's current hourly rate in the compensated absences category.

**Other post-employment benefits (OPEB)** – 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 postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). Overall, the total OPEB liability exceeds Plan net position resulting in a net OPEB liability. The State has determined the Department's share of the net OPEB 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 State's General Fund and Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### **Note 2 – Summary of Significant Accounting Policies (continued)**

Information concerning the net OPEB liability, contribution expense, and 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.

**Program revenues** – Revenue items included in program revenues consist of sales of fishing and hunting licenses, sales of special use stamps, penalties and fines, special hunt application fees and miscellaneous permits. Items included in other revenue consist of penalties and fines, permits, sale of crops and lease of land and equipment.

**Budgets and budgetary accounting** – The Department follows these procedures in establishing the budgetary data reflected in the financial statements:

Legal compliance is monitored through the establishment of a budget and a financial control system that permits a budget to actual expenditure comparison. Expenditures by category may not legally exceed appropriations. Budgeted line-item classifications may be amended upon approval from the State Budget Division. The basis of accounting for the budget, as appropriated by the State Legislature and approved by the State Budget Division, differs from the basis of accounting required by GAAP.

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2008 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 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 should be disclosed. There are no encumbrances outstanding at year-end with the exception of Capital Projects, Fund 887, because the Capital Projects Fund includes multi-year appropriations.

**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, 2017.

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, 2017.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Pensions** – 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 Governmental 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, 2017.

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 State's General Fund and 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.

**Net position** – The government-wide statements utilize a net position presentation categorized as follows:

Net investment in capital assets – This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt. There was no related debt as of June 30, 2017.

Restricted net position – For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position used are imposed by law through constitutional provisions or enabling legislation and third parties through contracts and grant agreements.

Unrestricted net position – This category reflects net position of the Department not restricted for any project or other purpose.

**Reclassifications** – Certain reclassifications of prior year information have been made to conform to the current period (see Note 8.)

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### **Note 3 – Cash**

Cash in banks consists of cash on deposit with area banks, amounting to \$146,982 which is primarily held for use by the Law Enforcement Division. These deposits are insured or collateralized with securities held by its agent in the entity's name. The Department completes a cash reconciliation, by fund, to verify the cash balances that are stated in the State's central account system, SHARE. This process has been in place prior to the implementation of SHARE and it will continue monthly for the Department.

### **Note 4 – 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 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 processes and systems configuration changes made during the Cash Management Remediation Project Phase I, the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point – forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been applied to fiscal year-end 2014 and the months from January 2015 through June 2015.

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

### **Note 5 – Interest in the State General Fund Investment Pool**

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 STO 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 STO, with the exception of those belonging to the Share with Wildlife Fund (see Schedule 1). 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.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 5 – Interest in the State General Fund Investment Pool (continued)

The fair value of the investments maintained at STO are as follows at June 30, 2017:

Investment	Maturities	Fair Value
<b>New Mexico State Treasurer's Office:</b>		
General Fund Investment Pool	1 day to 3 years	\$ 49,917,492

Interest Rate Risk – STO 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 STO, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the Fiscal year ended June 30, 2017.

### Note 6 – Investments

The Department has entered into a joint powers agreement with the State Investment Council (SIC), which is authorized to offer investment advisory or management services, including the Pooled Investment Funds, pursuant to section 6-8-7.G, NMSA 1978.

The fair value of the investments maintained at the SIC Pooled Investment Funds are as follows at June 30, 2017:

Investment	Maturities	Fair Value
<b>State Investment Council:</b>		
Equity funds:		
Non-U.S. Developed Markets	N/A	\$ 52,357
Non-U.S. Emerging Markets	N/A	22,992
Fixed Income:		
U.S. Core Bonds	1 to 39 years	240,655
Large Cap Index	N/A	442,665
Mid/Small Cap Index	N/A	114,781
<b>Total Investments</b>		<b>\$ 873,450</b>

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 6 – Investments (continued)

**Interest rate risk** – The Department does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit risk** – For additional GASB 40 disclosure information related to the above investment pools, the reader should refer to the separate audit reports for the SIC for the fiscal year ended June 30, 2017.

**Fair value of financial instruments** – The objective of the fair value is to determine the price that an asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date. Valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. In determining this amount, three valuation techniques are available:

**Market approach** – This approach uses the market prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

**Cost approach** – This approach uses the amount required to replace the current asset or liability, and is mainly used in valuing donations of capital assets, etc.

**Income approach** – This approach uses the present value cash-flow method of approach converts future amounts (such as cash flows) into a current discounted amount.

The fair value hierarchy prioritizes the inputs into valuation techniques to measure fair value into three broad levels. They are as follows:

*Level 1*- Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2*- Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3*- Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The fair value hierarchy gives the highest priority for quotes prices (unadjusted) in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).



# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

### Note 6 – Investments (continued)

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy as of June 30, 2017:

Details	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Strategy Equity Fund:				
Non-U.S. Developed Markets	\$ 52,357	\$ -	\$ -	\$ 52,357
Non-U.S. Emerging Markets	22,992	-	-	22,992
Fixed Income:				
U.S. Core Bonds	-	240,655	-	240,655
Large Cap Index	442,665	-	-	442,665
Mid/Small Cap Index	114,781	-	-	114,781
Total Assets at Fair Value:	<u>\$ 632,795</u>	<u>\$ 240,655</u>	<u>\$ -</u>	<u>\$ 873,450</u>

### Note 7 – Due From and Due to Other Funds

Due from and due to other state agencies represent interagency receivables and payables arising from interagency transactions.

#### Due From and Due to Other State Agencies

Due From Other State Agencies	Fund No.	Amount	Due From Agency/Fund	Fund No.	Amount
Office of the State Engineer	21400	\$ 92,375	Game Protection Fund	19800	\$ 92,375
<b>Total</b>		<b>\$ 92,375</b>	<b>Total</b>		<b>\$ 92,375</b>

Due to Other State Agencies	Fund No.	Amount	Due to Agency/Fund	Fund No.	Amount
Game Protection Fund	19800	\$ 23	New Mexico Taxation & Revenue	82500	\$ 23
Game Protection Fund	19800	1,264	Department of Health	6104	1,264
Game Protection Fund	19800	288	Department of Health	6104	288
Trail Safety Fund	10840	433	Tourism Department	26200	433
Trail Safety Fund	10840	5,196	New Mexico Taxation & Revenue	82500	5,196
Trail Safety Fund	10840	2,165	New Mexico Taxation & Revenue	17200	2,165
Capital Outlay Fund	88700	103,152	Energy, Minerals, & Natural Resources	19902	103,152
<b>Total</b>		<b>\$ 112,521</b>	<b>Total</b>		<b>\$ 112,521</b>

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**

**Note 8 – Capital Assets**

Certain amounts below have been reclassified to correct the presentation of work in progress assets and water rights. This reclass has no impact to the Statement of Net Position or Statement of Activities.

A summary of changes in capital assets follows:

<b>Governmental-type Activities</b>	<b>Balance, June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclass</b>	<b>Balance, June 30, 2017</b>
Assets being depreciated:					
Infrastructure	\$ 22,230,059	\$ 3,369,546	\$ (236,461)	\$ (847,251)	\$ 24,515,893
Fencing	5,472,921	377,756	-	-	5,850,677
Furniture and fixtures	841,081	-	-	-	841,081
Data processing equipment	899,272	26,325	(1,946)	-	923,651
Equipment	7,003,311	430,605	(26,451)	-	7,407,465
Automobiles	7,703,589	1,123,553	-	-	8,827,142
Buildings and structures	27,865,914	-	(20,451)	(26,511)	27,818,952
<b>Total assets being depreciated</b>	<b>72,016,147</b>	<b>5,327,785</b>	<b>(285,309)</b>	<b>(873,762)</b>	<b>76,184,861</b>
Less accumulated depreciation:					
Infrastructure	(7,897,266)	(615,655)	12,480	-	(8,500,441)
Fencing	(4,129,995)	(300,282)	-	-	(4,430,277)
Furniture and fixtures	(438,269)	(32,361)	-	-	(470,630)
Data processing equipment	(546,819)	(108,464)	1,946	-	(653,337)
Equipment	(4,886,286)	(312,474)	26,451	-	(5,172,309)
Automobiles	(3,982,000)	(796,092)	-	-	(4,778,092)
Buildings and structures	(12,109,413)	(885,542)	5,584	-	(12,989,371)
<b>Total accumulated depreciation</b>	<b>(33,990,048)</b>	<b>(3,050,870)</b>	<b>46,461</b>	<b>-</b>	<b>(36,994,457)</b>
Assets not being depreciated:					
Land	37,834,955	140,222	-	-	37,975,177
Rights and easements	398,059	-	-	465,000	863,059
Library and museum	1,000	-	-	-	1,000
Work in progress	93,554	6,146,916	-	408,762	6,649,232
<b>Total assets not being depreciated</b>	<b>38,327,568</b>	<b>6,287,138</b>	<b>-</b>	<b>873,762</b>	<b>45,488,468</b>
<b>Net total capital assets</b>	<b>\$ 76,353,667</b>	<b>\$ 8,564,053</b>	<b>\$ (238,848)</b>	<b>\$ -</b>	<b>\$ 84,678,872</b>

Depreciation of \$3,050,870 was charged to the Game and Fish Resource Conservation Program.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

### Note 9 – Compensated Absences Payable

The following is a summary of changes in compensated absences payable for the year ended June 30, 2017:

Governmental-type Activities	Balance, June 30, 2016	Increase	Decrease	Balance, June 30, 2017	Due Within One Year
Compensated absences payable	\$ 1,061,476	\$ 1,031,924	\$ 1,004,706	\$ 1,088,694	\$ 1,088,694

The Game Protection Fund is used to liquidate compensated absences.

### Note 10 – Operating Transfers

Operating transfers consist of the following for the year ending June 30, 2017:

Inter-agency Transfers			
Agency/Fund	Transfers In	Transfers Out	Total
516-19800 Game Protection Fund - Major Fund	\$ -	\$ 682,300	\$ 682,300
516-10840 Trail Safety Fund	-	800,000	800,000
341-85300 Department of Finance and Administration	300,000	-	300,000
550-21400 Office of the State Engineer	182,300	-	182,300
521-20010 Energy and Minerals	1,000,000	-	1,000,000
	<u>\$ 1,482,300</u>	<u>\$ 1,482,300</u>	<u>\$ 1,482,300</u>

### Note 11 – Pension Plan – Public Employees Retirement Association

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

**Funding policy** – Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department’s contributions to PERA for the fiscal years ending June 30, 2017, 2016 and 2015 were \$2,440,840, \$2,335,419 and \$1,970,816, respectively, which equal the amount of the required contributions for each fiscal year.

## State of New Mexico Department of Game and Fish

### Notes to Financial Statements

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#### **Note 12 – Post-Employment Benefits – State Retiree Health Care Plan**

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

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

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

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

The 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, 2017, 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.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 12 – Post-Employment Benefits – State Retiree Health Care Plan (continued)

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2015, 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, 2017, 2016 and 2015 were \$287,331, \$277,724 and \$242,619, respectively, which equal the required contributions for each year.

### Note 13 – Operating Lease Obligations

The Department is committed under several leases for office space, grounds and various equipment. These leases are considered for accounting purposes to be operating leases and are not reflected in the Department's liabilities accrued at June 30, 2017.

The following is a schedule by years of future minimum lease payments required under operating leases that have initial or remaining non-cancelable terms in excess of one year as of June 30, 2017.

Years ending June 30,

2018	\$	1,781,194
2019		1,787,957
2020		1,794,740
2021		1,633,811
2022		1,640,815
<b>Total</b>	<b>\$</b>	<b>8,638,517</b>

Total lease expense for the year ended June 30, 2017 was \$1,770,388.

### Note 14 – Construction Commitments

As of June 30, 2017, the Department has entered into construction contracts totaling \$6,315,085, of which \$492,407 is still outstanding.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### **Note 15 – Risk Management**

The Department is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the agency carries insurance (Workers' Compensation, Unemployment Compensation, Employee Liability and Transportation Property) with the State of New Mexico Risk Management Division (RMD) of the General Services Department. There are no known pending or threatened legal proceedings involving material matters to which the Department is party. There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed coverage in any of the past three fiscal years.

### **Note 16 – Joint Powers Agreements**

The Department enters into various Joint Powers Agreements from time to time with other governments in order to complete certain projects that are mutually beneficial to the Department or for a specific service. During 2016, the Department entered into two Joint Power Agreements with the New Mexico Energy, Minerals, and Natural Resources Department that have committed amounts of \$3,000,000 and \$465,000. No amounts have been paid as of June 30, 2017.

### **Note 17 – Governmental Fund Balances**

The Department's fund balances represent: 1) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2017, follows:

The Department's fund balances are restricted under the Code of Federal Regulation – Title 50: Wildlife and Fisheries.

50CFR 80.3 – Assent Legislation states: A State fish and wildlife agency must certify the number of people having paid licenses to hunt and paid licenses to fish because the Service uses these data in statutory formulas to apportion funds in the Wildlife Restoration and Sport Fish Restoration programs among the States.

50 CFR 80.4 – Diversion of license fees states: Revenues from license fees paid by hunters and fishermen shall not be diverted to purposes other than administration of the State fish and wildlife agency.

(a) Revenues from license fees paid by hunters and fishermen are any revenues the State receives from the sale of licenses issued by the State conveying to a person the privilege to pursue or take wildlife or fish. For the purpose of this rule, revenue with respect to license sales by vendors is considered to be the net income to the State after deducting reasonable vendor fees or similar amounts retained by sales agents. License revenues include income from:

- (1) General or special licenses, permits, stamps, tags, access and recreation fees or other charges imposed by the State to hunt or fish for sport or recreation.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

### Note 17 – Governmental Fund Balances (continued)

(2) Sale, lease, rental, or other granting of rights of real or personal property acquired or produced with license revenues. Real property includes, but is not limited to, lands, building, minerals, energy resources, timber, grazing, and animal products. Personal property includes, but is not limited to, equipment, vehicles, machine, tools, and annual crops.

(3) Interest, dividends, or other income earned on license revenues.

(4) Project reimbursements to the States to the extent that license revenues originally funded the project for which the reimbursement is being made.

(b) For purposes of this rule, administration of the State fish and wildlife agency include only those functions required to manage the fish and wildlife-oriented resources of the State for which the agency has authority under State law.

(c) A diversion of license fee revenues occurs when any portion of license revenues is used for any purpose other than the administration of the State fish and wildlife agency.

(d) If a diversion of license revenues occurs, the State becomes ineligible to participate under the pertinent Act from the date the diversion is declared by the Director until:

(1) Adequate legislative prohibitions are in place to prevent diversion of license revenue, and

(2) All license revenues or assets acquired with license revenues are restored, or an amount equal to license revenue diverted or current market value of assets diverted (whichever is greater) is returned and properly available for use for the administration of the State fish and wildlife agency.

(e) Federal funds obligated for projects approved prior to the date a diversion is declared remain available for expenditure on such projects without regard to the intervening period of the State's ineligibility.

	General Fund	Major Special Revenue	Major Capital Projects	Nonmajor Special Revenue Funds				Debt Service	
	Game Protection Fund 19800	Big Game Enhancement 77200	Capital Projects 88700	Habitat Management 49400	Big Game Depredation 54900	Trail Safety Fund 10840	Sikes Act 9700	Share with Wildlife 30700	Bond Interest & Retirement Fund 42800
Fund Balances:									
Restricted for:									
50 CFR 80.3 and 80.4 Wildlife and Fisheries	\$ 16,662,348	\$ 5,662,550	\$ 17,729,109	\$ 4,148,342	\$ 2,010,179	\$ 394,685	\$ 2,104,664	\$ 980,908	\$ 726,114
Total	\$ 16,662,348	\$ 5,662,550	\$ 17,729,109	\$ 4,148,342	\$ 2,010,179	\$ 394,685	\$ 2,104,664	\$ 980,908	\$ 726,114

### Note 18 – Subsequent Events

Management has evaluated subsequent events through October 26, 2017 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2017. This date represents the date the financial statement audit report is available to be issued. The Department is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

**Note 19 – Subsequent Accounting Standard Pronouncements**

GASB has issued the following statements, which are applicable in future years. At this time, management is evaluating the impact, if any on the Department.

**GASB Statement No. 75**

***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2017.

This Statement 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.

**GASB Statement No. 81**

***Irrevocable Split-Interest Agreements***

Effective Date: The provisions in Statement 81 are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Additionally, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.



# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

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### Note 19 – Subsequent Accounting Standard Pronouncements (continued)

#### **GASB Statement No. 83**

##### ***Certain Asset Retirement Obligations***

Effective Date: The provisions in Statement 83 are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported.

#### **GASB Statement No. 84**

##### ***Fiduciary Activities***

Effective Date: The provisions in Statement 84 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on:

1. Whether a government is controlling the assets of the fiduciary activity and
2. The beneficiaries with whom a fiduciary relationship exists.

This Statement describes four fiduciary funds that should be reported, if applicable:

1. Pension (and other employee benefit) trust funds,
2. Investment trust funds,
3. Private-purpose trust funds, and
4. Custodial funds.

Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

#### **GASB Statement No. 85**

##### ***Omnibus 2017***

Effective Date: The provisions in Statement 85 are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

**Note 19 – Subsequent Accounting Standard Pronouncements (continued)**

This Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and “negative” goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method for OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

**GASB Statement No. 86**

***Certain Debt Extinguishment Issues***

Effective Date: The provisions in Statement 86 are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

This Statement should improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**GASB Statement No. 87**

***Leases***

Effective Date: The provisions in Statement 87 are effective for reporting periods beginning after December 15, 2019.

This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

## **SUPPLEMENTARY INFORMATION**

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# State of New Mexico Department of Game and Fish Combining Balance Sheet – Non-Major Governmental Funds

	Special Revenue Funds					Debt Service Fund	Total
	Habitat Management Fund - 49400	Big Game Depredation Fund - 54900	Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share with Wildlife Fund - 30700	Bond Interest Retirement Fund - 42800	
<b>ASSETS</b>							
Investment in State Treasurer							
General Fund Investment Pool	\$ 4,192,731	\$ 2,035,230	\$ 477,512	\$ 2,104,224	\$ 151,494	\$ 726,114	\$ 9,687,305
Long-term investments	-	-	-	-	873,450	-	873,450
Receivables:							
Due from federal government	82,128	-	-	16,731	54,038	-	152,897
<b>TOTAL ASSETS</b>	<b><u>\$ 4,274,859</u></b>	<b><u>\$ 2,035,230</u></b>	<b><u>\$ 477,512</u></b>	<b><u>\$ 2,120,955</u></b>	<b><u>\$ 1,078,982</u></b>	<b><u>\$ 726,114</u></b>	<b><u>\$ 10,713,652</u></b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 126,517	\$ 25,051	\$ 64,767	\$ 12,882	\$ 98,074	\$ -	\$ 327,291
Accrued payroll	-	-	10,266	3,409	-	-	13,675
Due to other state agencies	-	-	7,794	-	-	-	7,794
Total liabilities	<u>126,517</u>	<u>25,051</u>	<u>82,827</u>	<u>16,291</u>	<u>98,074</u>	<u>-</u>	<u>348,760</u>
<b>FUND BALANCES</b>							
Restricted	<u>4,148,342</u>	<u>2,010,179</u>	<u>394,685</u>	<u>2,104,664</u>	<u>980,908</u>	<u>726,114</u>	<u>10,364,892</u>
Total fund balances	<u>4,148,342</u>	<u>2,010,179</u>	<u>394,685</u>	<u>2,104,664</u>	<u>980,908</u>	<u>726,114</u>	<u>10,364,892</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,274,859</u></b>	<b><u>\$ 2,035,230</u></b>	<b><u>\$ 477,512</u></b>	<b><u>\$ 2,120,955</u></b>	<b><u>\$ 1,078,982</u></b>	<b><u>\$ 726,114</u></b>	<b><u>\$ 10,713,652</u></b>

**State of New Mexico Department of Game and Fish  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Non-Major Governmental Funds**

	Special Revenue Funds					Debt Service Fund Bond	Total
	Habitat Management Fund - 49400	Big Game Depredation Fund - 54900	Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share with Wildlife Fund - 30700	Interest Retirement Fund - 42800	
<b>REVENUES</b>							
Service revenue	\$ 882,994	\$ 416,381	\$ 762,065	\$ 1,006,660	\$ 10,538	\$ 245,998	\$ 3,324,636
Federal grants	139,571	14,909	6,447	103,498	111,214	-	375,639
Interest earned	-	9,922	2,135	9,045	598	3,011	24,711
Other revenue	-	-	-	-	56,894	-	56,894
Realized/unrealized gain on investments	-	-	-	-	112,037	-	112,037
Total revenues	<u>1,022,565</u>	<u>441,212</u>	<u>770,647</u>	<u>1,119,203</u>	<u>291,281</u>	<u>249,009</u>	<u>3,893,917</u>
<b>EXPENDITURES</b>							
Game and Fish Resource Conservation	175,964	95,959	529,401	345,709	164,937	-	1,311,970
Capital Outlay	90,980	51,370	55,567	12,884	-	-	210,801
Total expenditures	<u>266,944</u>	<u>147,329</u>	<u>584,968</u>	<u>358,593</u>	<u>164,937</u>	<u>-</u>	<u>1,522,771</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	755,621	293,883	185,679	760,610	126,344	249,009	2,371,146
<b>OTHER FINANCING SOURCES (USES)</b>							
Inter-agency transfers	-	-	(800,000)	-	-	-	(800,000)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(800,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(800,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	755,621	293,883	(614,321)	760,610	126,344	249,009	1,571,146
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>3,392,721</u>	<u>1,716,296</u>	<u>1,009,006</u>	<u>1,344,054</u>	<u>854,564</u>	<u>477,105</u>	<u>8,793,746</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 4,148,342</u>	<u>\$ 2,010,179</u>	<u>\$ 394,685</u>	<u>\$ 2,104,664</u>	<u>\$ 980,908</u>	<u>\$ 726,114</u>	<u>\$ 10,364,892</u>

**SUPPLEMENTARY SCHEDULES**

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**State of New Mexico Department of Game and Fish**  
**Schedule 1 – Supplementary Schedule of Cash Accounts Including Investments**

Name of Depository	Account Name	Fund Type	SHARE System Fund No.	Type of Account	Bank Balance	Reconciling items	Book Amount
New Mexico State Treasurer	Game Protection Fund	General	19800	State Treasury	\$ 16,150,114	\$ 2,108	\$ 16,152,222
New Mexico State Treasurer	Capital Projects Fund	Capital	88700	State Treasury	18,419,023	-	18,419,023
New Mexico State Treasurer	Big Game Enhancement Fund	Special Revenue	77200	State Treasury	5,661,050	-	5,661,050
New Mexico State Treasurer	Habitat Management Fund	Special Revenue	49400	State Treasury	4,192,731	-	4,192,731
New Mexico State Treasurer	Big Game Depredation Fund	Special Revenue	54900	State Treasury	2,035,230	-	2,035,230
New Mexico State Treasurer	Trail Safety Fund	Special Revenue	10840	State Treasury	477,512	-	477,512
New Mexico State Treasurer	Sikes Act Fund	Special Revenue	09700	State Treasury	2,104,224	-	2,104,224
New Mexico State Treasurer	Share with Wildlife Fund	Special Revenue	30700	State Treasury	151,494	-	151,494
New Mexico State Treasurer	Bond Interest & Retirement Fund	Debt Service	42800	State Treasury	<u>726,114</u>	-	<u>726,114</u>
<b>Total investments - State Treasurer's Office Investment Pool</b>					49,917,492	2,108	49,919,600
State Investment Council	Share with Wildlife Fund	Special Revenue	30700	Investment	873,450		873,450
<b>Total investments</b>					<u>\$ 50,790,942</u>		<u>\$ 50,793,050</u>
<b>Cash held in banks:</b>							
Wells Fargo Bank	Agency Funds Cash: Law Enforcement Account			Checking			\$ 61,108
Wells Fargo Bank	Agency Funds Cash: Game Thief Account			Checking			82,574
Dept. of Game and Fish	Petty Cash - Cashier - Santa Fe			Petty Cash			<u>3,300</u>
<b>Total cash - Department of Game and Fish</b>							<u>\$ 146,982</u>

# State of New Mexico Department of Game and Fish

## Schedule 2 – Supplementary Schedule of Joint Powers Agreements

Description	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
To acquire develop, improve and manage lands for game refuges, hatcheries, game farms, resting and nesting grounds, dams, lakes, ditches, flumes, waterways, right of way trails, roads pipelines, canals, field stations, bird refuges and for all purposes incidental to the propagation, preservation, protections and management of game, birds, fish and wildlife of the state of New Mexico.	New Mexico Energy, Minerals and Natural Resources Department	7/19/2007	Ongoing	\$ -	\$ -	NM Game and Fish
Offer Investment advisory or management services	New Mexico State Investment Council	7/10/1998	Ongoing	\$ -	\$ -	NM Game and Fish
Encourages direct communication among parties and with other appropriate federal and state agencies involved in managing the resources within or activities impacting the areas adjacent to the WIPP withdrawal area	US Department of Energy, New Mexico Energy and Minerals and Natural Resources, New Mexico Office of Cultural Affairs, New Mexico State Land Office	6/26/1997	One year after the decommissioning of the WIPP Facility	\$ -	\$ -	NM Game and Fish
Facilitate the acquisition of the Easement on Phase 1 of the Horse Springs Ranch in Catron County.	New Mexico Energy, Minerals and Natural Resources Department	5/1/2016	Ongoing	\$ 3,000,000	\$ -	NM Game and Fish
NMDGF to develop and recovery plan for all species listed as threatened or endangered. ISC Develop programs to protect water and stream systems within the state, research and study relating to biological and environmental needs of listed species	New Mexico Interstate Stream Commission (ISC)	4/1/2002	Ongoing	\$ -	\$ -	NM Game and Fish
Section 17-1-14 and 17-14-1, Amendment 1 - To acquire develop, improve and manage lands for game refuges and for all purposes incidental to the propagation, preservation, protection and management of the game, birds, fish and wildlife of the State of New Mexico.	New Mexico Energy, Minerals and Natural Resources Department	2/7/1997	Ongoing	\$ -	\$ -	NM Game and Fish
Solid Waste Collection and Transfer	City of Raton, NM	7/3/2012	7/3/2022	\$ -	\$ -	NM Game and Fish
Maintain Appropriate Displays in the Natural Resource Building at NM State Fair	NM State Fair	5/16/2012	12/31/2017	\$ -	\$ -	NM Game and Fish
To acquire develop, improve and manage lands for game refuges and for all purposes incidental to the propagation, preservation, protection and management of the game, birds, fish and wildlife of the State of New Mexico.	City of Hobbs	11/3/2008	Ongoing	\$ -	\$ -	NM Game and Fish
Mine Waste at Upper Pecos Site, monitoring at the State Recreation Use Area Operational Unit, disburse funds to the state recreation use areas.	New Mexico Department of Finance and Administration	7/17/1998	Ongoing	\$ 109,200	\$ -	NM Game and Fish
Wildlife habitation protection, enhancement and restoration of lands, promulgate forest habitat - Using Los Lunas Inmate Work Camps to reduce threat to life and property from forest fires.	New Mexico Energy and Minerals, Natural Resources Department - Forestry Division, New Mexico Corrections Department	4/17/1998	Ongoing	\$ -	\$ -	NM Game and Fish
Under the Wallop-Breaux Amendment - construction and maintenance of boat use facilities on public-use waters in the State of New Mexico	New Mexico Energy and Minerals, Natural Resources Department	6/14/2016	Ongoing	\$ 465,000	\$ -	NM Game and Fish



**State of New Mexico Department of Game and Fish**  
**Schedule 3 – Supplementary Schedule of Changes in Assets and Liabilities-**  
**Agency Funds**

	Operation Game Thief			
	Balance, June 30, 2016	Additions	Deletions	Balance, June 30, 2017
<b>ASSETS</b>				
Cash on deposit	\$ 85,670	\$ 23,581	\$ 26,677	\$ 82,574
<b>TOTAL ASSETS</b>	<u>\$ 85,670</u>	<u>\$ 23,581</u>	<u>\$ 26,677</u>	<u>\$ 82,574</u>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 85,670	\$ 23,581	\$ 26,677	\$ 82,574
<b>TOTAL LIABILITIES</b>	<u>\$ 85,670</u>	<u>\$ 23,581</u>	<u>\$ 26,677</u>	<u>\$ 82,574</u>
	Law Enforcement			
	Balance, June 30, 2016	Additions	Deletions	Balance, June 30, 2017
<b>ASSETS</b>				
Cash on deposit	\$ 33,144	\$ 45,350	\$ 17,386	\$ 61,108
<b>TOTAL ASSETS</b>	<u>\$ 33,144</u>	<u>\$ 45,350</u>	<u>\$ 17,386</u>	<u>\$ 61,108</u>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 33,144	\$ 45,350	\$ 17,386	\$ 61,108
<b>TOTAL LIABILITIES</b>	<u>\$ 33,144</u>	<u>\$ 45,350</u>	<u>\$ 17,386</u>	<u>\$ 61,108</u>
	Operation Game Thief - Law Enforcement Total			
	Balance, June 30, 2016	Additions	Deletions	Balance, June 30, 2017
<b>ASSETS</b>				
Cash on deposit	\$ 118,814	\$ 68,931	\$ 44,063	\$ 143,682
<b>TOTAL ASSETS</b>	<u>\$ 118,814</u>	<u>\$ 68,931</u>	<u>\$ 44,063</u>	<u>\$ 143,682</u>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 118,814	\$ 68,931	\$ 44,063	\$ 143,682
<b>TOTAL LIABILITIES</b>	<u>\$ 118,814</u>	<u>\$ 68,931</u>	<u>\$ 44,063</u>	<u>\$ 143,682</u>

**SINGLE AUDIT**

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# State of New Mexico Department of Game and Fish

## Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through entity Identifying Number	Total Federal Expenditures
<b>United States Department of Interior:</b>			
Fish and Wildlife Service			
Federal Direct:			
Fish and Wildlife Cluster:			
Sport Fish Restoration Program	15.605		\$ 6,787,257
Wildlife Restoration and Basic Hunter Education	15.611		<u>14,445,350</u>
Total Fish and Wildlife Cluster			21,232,607
Fish and Wildlife Management Assistance	15.608		50,210
Cooperative Endangered Species Conservation Fund	15.615		472,453
Wildlife and Conservation and Restoration	15.625		251,651
Enhanced Hunter Education and Safety	15.626		60,750
State Wildlife Grants	15.634		<u>1,032,941</u>
<b>Total direct Fish and Wildlife Service</b>			<b>23,100,612</b>
Bureau of Reclamation			
Federal Direct:			
Upper Colorado and San Juan River Basins Endangered Fishery Recovery	15.529		<u>135,502</u>
<b>Total direct Bureau of Reclamation</b>			<b>135,502</b>
<b>Total United States Department of Interior</b>			<b>23,236,114</b>
<b>United States Department of Agriculture</b>			
Animal and Plant Health Inspection Service			
Passthrough from National Wildlife Research Center			
Wildlife Services	10.028	16-7740-1198-CA HPA1CCC	<u>17,200</u>
<b>Total United States Department of Agriculture and Animal Plant Health Inspection Service Passthrough</b>			<b>17,200</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 23,253,314</b>

## State of New Mexico Department of Game and Fish Notes to Schedule of Expenditures of Federal Awards

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### **Note 1 – General**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Department of Game and Fish under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the 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). 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 or changes in net position of the Department.

### **Note 2 – Basis of Accounting**

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

### **Note 3 – Non-Cash Assistance**

The Department did not receive any federal non-cash assistance during the year ended June 30, 2017.

# **Report of Independent Auditors 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***

Members of the Commission  
State of New Mexico Department of Game and Fish and  
Mr. Timothy Keller  
New Mexico State Auditor

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue fund, of the State of New Mexico Department of Game and Fish (the "Department") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of New Mexico Department of Game and Fish's basic financial statements, and have issued our report thereon dated October 26, 2017. Our report includes a reference for the reporting entity. This report does not include the results of the State of Mexico's testing of internal control over financial reporting or compliance or other matters.

## **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

The Department's response to the findings identified in our audit are 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.

*Mess Adams LLP*

Albuquerque, New Mexico

October 26, 2017

# Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Members of the Commission  
State of New Mexico Department of Game and Fish and  
Mr. Timothy Keller  
New Mexico State Auditor

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

We have audited the State of New Mexico Department of Game and Fish'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, 2017. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***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.

### ***Auditor's 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, 2017.

### ***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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Mess Adams LLP*

Albuquerque, New Mexico  
October 26, 2017



**State of New Mexico Department of Game and Fish**  
**Schedule of Findings and Questioned Costs**

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**Section I – Summary of Auditor’s Results**

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**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
15.605/15.611	Fish and Wildlife Cluster	<i>Unmodified</i>
15.634	State Wildlife Grants	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

# State of New Mexico Department of Game and Fish

## Schedule of Findings and Questioned Costs

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### Section II – Financial Statement Findings

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#### **2017-001 Lack of Controls over Work in Progress Capital Assets and Depreciation, Significant Deficiency**

**Condition:** The Department did not have adequate controls in place over properly classifying work in progress assets. Depreciation started at the time the cost was incurred instead of when the asset was placed into service. In addition, we noted \$465,000 of water rights that had an indefinite life was incorrectly classified.

**Criteria:**

Per GASB Cod. Sec. 1400.114 Construction in progress should be included with capital assets in the statement of net position. It should be reported with other assets not being depreciated, such as land, certain land improvements, and infrastructure accounted for using the modified approach.

Good accounting practices call for accurate and timely records and NMSA 1978 6-5-2 specifies that agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial statements. State agencies shall comply with the model accounting practices established by the division.

Per the State of New Mexico Manual of Model Accounting Practices FIN 6.4 Recording and Reporting Capital Assets “State agencies that construct capital assets should make a determination of the cost of construction work in progress at year-end. The amount determined should be recorded as “Construction in Progress” in the state agencies’ year-end Financial Statements, in either a proprietary or permanent or a fiduciary funds or in the GWFS (GWFS), whichever is appropriate. When construction is completed, the amount recorded in “Construction in Progress” should be reduced and the appropriate capital asset classification increased. State agencies that maintain general capital assets (not in proprietary, permanent, or fiduciary funds), must record and report these capital assets in the Government-Wide Financial Statements of their year-end Financial Statements, including a disclosure of additions and deletions in the notes to the Financial Statements. A reconciliation of affected fund balances of GWFS to the Fund Financial Statement must also be included in the Financial Statements. These capital assets are to be recorded in SHARE in the FULLACCRUE Ledger.”

Per NMAC 2.20.1.12 depreciation normally should not be recorded until the asset is ready for use.

Per GASB 51, an intangible asset should be considered to have an indefinite useful life if there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the asset. Intangible assets with indefinite lives should not be amortized.

**Effect:** The June 30, 2016 capital asset balance for work in progress was understated by \$1,930,204, rights and easements was understated by \$465,000 and the balances for infrastructure and buildings and structures were overstated by \$2,201,130 and \$194,074, respectively. The Department has reclassified the balance to correct the classification. The reclass has no impact to the Statement of Net Position or Statement of Activities. For fiscal year 2017, the Department incorrectly classified and began depreciating on \$6,146,916 of work in progress assets, causing accelerated depreciation of \$109,529. An adjustment was made to correct the 2017 work in progress balance and to correct the accelerated depreciation.

## State of New Mexico Department of Game and Fish Schedule of Findings and Questioned Costs

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**Cause:** The Department stopped tracking work in progress subsequent to fiscal year 2011 and did not have any controls in place to properly classify and depreciate assets based on when the project was ready for use. There are no formal policies or procedures for tracking work in progress assets.

**Recommendation:** We recommend the Department implement a control to properly classify capital assets and ensure balances are properly stated. The Department should only depreciate on the asset once the asset is ready for use. In addition, the Department should review all intangibles for definite lives and ensure the assets are appropriately classified. The Department should adopt a capitalization policy that includes definitions for certain assets as well as depreciation lives and perform periodic review to verify compliance with and adequacy of the written policies and procedures.

**Current Status/Plan of Action:** The Department recognizes its responsibility to correctly classify capital assets and record depreciation in accordance with accounting standards. As recommended by Moss Adams, the Department has implemented two new procedures for recording capital assets and depreciation, and tracking work in progress. The Department will continue to review and make necessary revisions to existing policies and procedures over capital asset process, including WIP and depreciation; and will ensure that staff is knowledgeable and trained on this process. The implementation of improved capital asset procedures, the re-class of effected asset categories, and addressing all other capital asset issues identified in this finding are actions the Department has undertaken with the specific intent of correcting the shortcomings identified in this finding. These efforts will allow the Department to ensure assets are appropriately categorized and depreciated.

**Person Responsible:** CFO and Accountant / Auditor

**State of New Mexico Department of Game and Fish  
Schedule of Findings and Questioned Costs**

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

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No matters were reported

# State of New Mexico Department of Game and Fish Summary Schedule of Prior Audit Findings

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GOVERNOR  
Susana Martinez



DIRECTOR AND SECRETARY  
TO THE COMMISSION  
Alexandra Sandoval

DEPUTY DIRECTOR  
Donald L. Jaramillo

## STATE OF NEW MEXICO DEPARTMENT OF GAME & FISH

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Post Office Box 25112, Santa Fe, NM 87504  
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## STATE GAME COMMISSION

PAUL M. KIENZLE III  
Chairman  
Albuquerque  
BILL MONTOYA  
Vice-Chairman  
Alto  
ROBERT ESPINOZA, SR.  
Farmington  
RALPH RAMOS  
Las Cruces  
BOB RICKLEFS  
Cimarron  
ELIZABETH A. RYAN  
Roswell  
THOMAS "DICK" SALOPEK  
Las Cruces

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### Finding 2016-001 Terminated Employees' Access to SHARE (Other Non-compliance)

**Condition:** During our testing of the Department's internal controls over access to its information system, it was identified that some terminated employees (not working as contractors) had access to SHARE and other Department network systems after their termination dates. During our test work, we noted the following delays between termination date and SHARE access removal:

- Termination date effective on 4/1/2016, access was removed on 5/24/2016
- Termination date effective on 9/5/2015, access was removed on 9/15/2015

**Recommendation:** Recommend improved communication between HR and the SHARE Liaison to ensure that the SHARE Liaison is promptly advised of each termination or other circumstances that would require an employee's access to be restricted.

**Status of Finding: Corrected**

### Finding 2016-002 Budget Overage (Other Non-compliance)

**Condition:** The Department identified to the engagement team that the personal services and benefits category in the Fund 19800 budget had actual expenditures of \$20,492,608, which exceeded budgeted expenditure of \$20,367,500 by \$125,108. It was noted that total expenditures in Fund 19800 did not exceed the total budgeted amount.

**Recommendation:** Management should evaluate the applicable statutes and review current procedures to ensure compliance. Specifically, management must ensure that expenditures are appropriately tracked and budget adjustment requests are made as soon as possible.

**Status of Finding: Corrected**

## **State of New Mexico Department of Game and Fish Exit Conference**

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An exit conference was held with the Department on October 19, 2017 starting at 2:00 p.m. 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:

### **STATE OF NEW MEXICO DEPARTMENT OF GAME AND FISH**

Alexandra Sandoval, Director  
Angelica Ruiz, Budget Manager  
Christopher Chadwick, Assistant Director  
Jim Comins III, Assistant Director  
Joseph Miano, Accountant/Auditor  
Michaela Wolf, Federal Aid Coordinator  
Mary Medina, Contractor  
Klarissa Romero, AP Supervisor  
Russ Verbofsky, CIO  
Raymond Gunter, Procurement Supervisor  
Paul Kienzle III, Chairman, State Game Commission  
Paul Varela, Admin Services Division Chief/CFO

### **MOSS ADAMS LLP**

Sheila Herrera, Senior Manager  
Valerie Allen, Partner

### **PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the Department, with guidance from the independent auditor. They are the responsibility of management, as addressed in the Report of Independent Auditors.