

**STATE OF NEW MEXICO**  
**DEPARTMENT OF**  
**GAME AND FISH**  
**Financial Statements**  
**for the Year Ended**  
**June 30, 2010,**  
**and Independent**  
**Auditors' Report**

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

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STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Official Roster

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Year Ended June 30, 2010

Commission

Jim McClintic	Albuquerque, New Mexico	Chairman
Sandy Buffett	Santa Fe, New Mexico	Vice-Chairman
Tom Arvas	Albuquerque, New Mexico	Member
M.H. "Dutch" Salmon	Silver City, New Mexico	Member
Kent Salazar	Albuquerque, New Mexico	Member
Gary Foney	Hobbs, New Mexico	Member
Thomas Salopek	Las Cruces, New Mexico	Member

Administrative Officials

Tod Stevenson	Director and Secretary to the Commission
R.J. Kirkpatrick	Assistant Director – Resource Programs/Area Operations
Patrick Block	Assistant Director – Administrative Support Services
James Karp	Legal Council
Alexa Sandoval	Chief of Administrative Services Division
Robert McGee	Chief of Information System Services
Sonya Quintana	Chief of Human Resources
Matt Wunder	Chief of Conservation Services Division
James Lane	Chief of Wildlife - Management Division
Michael Sloane	Chief of Fisheries - Management Division
Marty Frentzel	Chief of Public Information and Outreach Division
Dan Brooks	Chief of Law Enforcement
Brian Gleadle	Chief of Northwest Area
Lief Ahlm	Chief of Northeast Area
Leon Redman	Chief of Southeast Area
Luis Rios	Chief of Southwest Area

## INDEPENDENT AUDITORS' REPORT

Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund of the New Mexico Department of Game and Fish (the Department), as of and for the year ended June 30, 2010, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's nonmajor governmental funds, fiduciary fund and the budgetary comparisons for the major capital projects fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Department's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Department 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 of the State that is attributable to the transactions of the Department. They do not purport to and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2010, and the respective changes in the financial position



Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
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New Mexico State Auditor

thereof and the respective budgetary comparisons for the general and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 of the Department as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and fiduciary fund of the Department as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital projects fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the financial statements, the Department changed the depreciable lives of some capital assets, based on estimates by management of the Department. Our opinion is not qualified with respect to that matter.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 14 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The additional schedules listed as "supplementary information" and "supplemental schedules" in the table of contents, including the Schedule of Changes in Assets and Liabilities of Agency Funds, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financials statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Meignier + Company, LLC*

December 13, 2010

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010

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The State of New Mexico Department of Game and Fish's (Department) Management Discussion and Analysis (MD&A) 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.

### **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) single audit.

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 of the Department's operations in more 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 our 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.

**Government-wide Financial Statements.** The Statement of Net Assets shows the Department's overall financial position as of June 30, 2010. This financial statement is comparable to the balance sheet in a private sector entity's set of financial statements. A Statement of Net Assets 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 assets.



STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued

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**Overview of the Financial Statements - continued**

**Government-wide Financial Statements - continued.** 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 2010. The statement provides the net asset balance 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 assets.

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 most 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 help the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities.

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 #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 -  
Fiscal Year Ended June 30, 2010 - continued

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

**Net Assets:** Total Department net assets for fiscal year ending June 30, 2010 are \$103,171,946. However, most of those assets are either restricted as to the purposes they can be used for or are invested in capital assets. The unrestricted net assets in Governmental Activities were \$25,000,242 at the end of the fiscal year. The unrestricted net assets are comprised of amounts that have been designated for future use, as these amounts are reserved for operations in the following fiscal years.

**The Department's Net Assets**

	<u>FY 2010</u>	<u>FY2009</u>	<u>Percent Change</u>
<b>Assets:</b>			
Current and Other Assets	\$ 46,011,245	39,686,550	15.94%
Capital Assets	<u>62,109,370</u>	<u>60,403,933</u>	2.82%
<b>Total Assets</b>	<b>108,120,615</b>	100,090,483	8.02%
<b>Liabilities:</b>			
Current Liabilities	4,752,554	4,742,266	.22%
Non-current Liabilities	<u>196,115</u>	<u>171,633</u>	14.26%
<b>Total Liabilities</b>	<b>4,948,669</b>	4,913,899	.71%
<b>Net Assets:</b>			
Invested in Capital Assets	62,109,370	60,403,933	2.83%
Restricted	16,062,334	14,058,448	14.25%
Unrestricted	<u>25,000,242</u>	<u>20,714,203</u>	20.69%
<b>Total Net Assets</b>	<b>\$ <u>103,171,946</u></b>	<u>95,176,584</u>	8.40%

The Department total assets are comprised of \$62,109,370 in capital assets and \$46,011,245 in other assets, for a total asset balance of \$108,120,615. The overall increase in total assets from the previous fiscal year is \$8,030,132. Liabilities are also broken out into two segments: current liabilities and non-current liabilities. The total amount of current liabilities is \$4,752,554, an increase of .22% from the prior year balance of \$4,742,266. This increase is attributable to an increase in accounts payable and third party liabilities at the fiscal year end, which include payables for capital projects throughout the state and payroll expenses payable at year end. Non-current liabilities are limited to the amount due for unused employee leave balances that is not likely to be expended within the next fiscal year. The amount of this non-current liability is \$196,115.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued

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

**Governmental Activities:** The table below summarizes the Department's activities for the fiscal years ending June 30, 2010 and 2009. Total change in net assets from the previous fiscal year was an increase of \$7,995,362.

**The Department's Activities**

<u>Category</u>	<u>2010</u>	<u>2009</u>	<u>Total Dollar Change 2009 - 2010</u>	<u>Total Percent Change 2009 - 2010</u>
Program Revenues	\$ 39,814,136	36,158,627	3,655,509	10.11%
General Revenues	<u>166,942</u>	<u>404,318</u>	<u>(237,376)</u>	-58.71%
Total Revenues	39,981,078	36,562,945	3,418,133	9.35%
Program Expenses	29,695,113	31,246,288	(1,551,175)	-4.96%
Depreciation Expense	<u>3,243,011</u>	<u>2,003,533</u>	<u>1,239,478</u>	61.86%
Total Expenses	32,938,124	33,249,821	(311,697)	-.94%
Transfers	952,408	(2,536,317)	3,488,725	137.55%
Change in Net Assets	<u>7,995,362</u>	<u>776,807</u>	<u>7,218,555</u>	929.26%
Ending Net Assets	\$ <u>103,171,946</u>	<u>95,176,584</u>	<u>7,995,362</u>	8.4%

The Department manages fund accounts that receive funding from sources created in the laws of the State of New Mexico. Over half of the funds managed by the Department showed an increase in cash balances from the prior fiscal year. The cash balance increased in six of the Department's funds, which indicates an increase in fund activity from 2009 for most funds and an overall healthy financial position to end the year in 2010. Additionally, the Department was transferred the Trail Safety Fund from the Tourism Department, which increased the Department's overall cash balance.

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

**Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued**

**Information on Individual Funds**

The Department is responsible for the management of nine individual fund accounts. The Game Protection Fund is considered the Department's general fund. There are six special revenue funds that have specific mandated uses. The two remaining funds provide for debt service and capital improvement projects. The first table below lists the beginning and ending cash balances for each fund managed by the Department.

<u>Fund Name</u>	<u>SHARE Fund</u>	<u>Balance June 30, 2010</u>	<u>Balance June 30, 2009</u>	<u>Total Percent of Change 2009 - 2010</u>
Game Protection Fund	19800	\$ 24,052,347	21,646,900	11%
Sikes Act Fund	09700	\$ 1,315,324	1,044,475	25.93%
Share With Wildlife Fund	30700	\$ 961,027	141,421	579.55%
Wildlife Conservation Fund	30800	\$ -	-	
Trail Safety Fund	10840	\$ 1,729,654	-	
Bond Interest & Retirement Fund	42800	\$ 1,782,836	2,101,278	-15.15%
Big Game Depredation Damage Fund	54900	\$ 897,371	691,315	29.81%
Big Game Enhancement Fund	77200	\$ 2,044,861	1,571,665	30.11%
Habitat Management Fund	49400	\$ 2,661,412	2,303,527	15.54%
Game & Fish Capital Improvement Fund	88700	\$ 4,974,209	5,056,034	-1.62%

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued

**Information on Individual Funds - continued**

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

<u>Fund Name</u>	<u>SHARE Fund</u>	<u>Revenue</u>		<u>Total Percent of Change 2009 - 2010</u>
		<u>Fiscal Year Ended June 30, 2010</u>	<u>Fiscal Year Ended June 30, 2009</u>	
Game Protection Fund	19800	\$ 33,122,779	31,885,433	3.88%
Sikes Act Fund	09700	891,851	1,013,400	-11.99%
Share With Wildlife Fund	30700	91,524	67,540	35.51%
Wildlife Conservation Fund	30800	-	-	
Trail Safety Fund	10840	544,373	-	
Bond Interest & Retirement Fund	42800	198,608	219,839	-9.66%
Big Game Depredation Damage Fund	54900	510,798	542,080	-5.77%
Big Game Enhancement Fund	77200	1,021,983	807,148	26.62%
Habitat Management Fund	49400	898,711	749,793	19.86%
Game & Fish Capital Improvement Fund	88700	<u>2,579,180</u>	<u>1,055,606</u>	144.33%
Total Revenues		\$ <u>39,859,807</u>	<u>36,340,839</u>	9.68%

<u>Fund Name</u>	<u>SHARE Fund</u>	<u>Expenditures</u>		<u>Total Percent of Change 2009 - 2010</u>
		<u>Fiscal Year Ended June 30, 2010</u>	<u>Fiscal Year Ended June 30, 2009</u>	
Game Protection Fund	19800	\$ 28,237,938	30,287,163	-6.77%
Sikes Act Fund	09700	916,303	872,468	5.02%
Share With Wildlife Fund	30700	155,962	158,899	-1.85%
Wildlife Conservation Fund	30800	-	-	
Trail Safety Fund	10840	163,831	-	
Bond Interest & Retirement Fund	42800	-	-	
Big Game Depredation Damage Fund	54900	414,261	378,053	9.58%
Big Game Enhancement Fund	77200	802,306	597,370	34.31%
Habitat Management Fund	49400	276,399	139,418	98.25%
Game & Fish Capital Improvement Fund	88700	<u>3,769,914</u>	<u>3,727,718</u>	1.13%
Total Expenses		\$ <u>34,736,914</u>	<u>36,161,089</u>	-3.94%

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued

**Information on Individual Funds - continued**

Significant changes in fund balances occurred in the Sikes Act, Bond Interest and Retirement, Habitat Management, Big Game Enhancement, Share with Wildlife and Capital Projects Fund. The increase in Sikes Act results from an increase in service revenue relating to hunting and license sales. The Habitat Management Fund increase is due to revenue exceeding expenditures by a significant amount during fiscal year 2010. The increase in the Big Game Enhancement Fund is due to an increase in hunting and license sales for the current year, as well as an increase in federal revenue. The Share with Wildlife Fund decrease is due to the change in value of funds invested with the State Investment Council, reflecting conditions in many state-held investments and the market as a whole. The decrease in Capital Improvement fund balance is attributable to project spending and reversion of unspent funds for completed projects to the sources from which they were appropriated.

**Budgets, Revenue and Expenditures**

The Department recorded several adjustments to the original budget amounts during the fiscal year. The year-end actual revenue was lower in various categories than budgeted amounts within the Department's general operating fund (Game Protection Fund). This is largely due to lower interest rates and a decrease in federal reimbursements, especially those related to salaries and benefits related to positions held vacant due to a statewide hiring freeze. Within the special revenue funds, actual revenue exceeded budgeted revenue in most cases, and final expenditures were lower than the final budget in all funds. The negative variance between budgeted revenue and revenue actually received in the Share with Wildlife Fund is the result of lower interest rates on the cash balance and fewer federal grant reimbursements.

Since the Department generates the majority of its revenues via dedicated, non-reverting funds, there is little incentive to spend all available funds to justify higher future budgets or to minimize reversions. 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 table below shows the Department's budget comparisons for the year ended June 30, 2010:

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues:</b>				
Service revenue	\$ 23,918,300	23,918,300	25,860,982	1,942,682
Federal grants	10,942,500	11,126,500	11,089,223	(37,277)
Interest earned	857,000	857,000	45,671	(811,329)
Other revenue	318,900	318,900	284,751	(34,149)
Other financing sources	-	-	1,467,203	1,467,203
	36,036,700	36,220,700	38,747,830	2,527,130

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued

**Budgets, Revenue and Expenditures - continued**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues - continued:</b>				
Cash balance budgeted	\$ 2,380,400	2,880,400	-	-
Total revenues	\$ 38,417,100	39,101,100	38,747,830	2,527,130
<b>Expenditures:</b>				
Personal services/benefits	\$ 21,001,200	21,001,200	17,750,727	3,250,473
Contractual services	3,862,500	3,950,500	2,086,817	1,863,683
Other	12,606,100	12,702,100	11,129,456	1,572,644
Other financing uses	1,447,300	1,447,300	1,447,300	-
Total expenditures	\$ 38,917,100	39,101,100	32,414,300	6,686,800

The table above excludes the Capital Projects Fund (DFA Fund Code 88700). This fund includes appropriations that span multiple budget years, and it would inaccurately portray single budget year information for the fiscal year ending June 30, 2010.

Overall, the Department recorded \$38,747,830 in total revenue and \$32,414,300 in expenditures. This resulted in a difference of revenues in excess of expenditures of \$6,333,530. The difference is due to a higher level of fund activity attributed to lower salary and benefits expenses during fiscal year 2010; federal fund reimbursements received at the end of fiscal year 2010; and a concerted effort by Department staff to conserve cash and budget by eliminating and reducing expenditures wherever possible.

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 \$25,860,982 of the Department's revenue. The expenditures include \$29,695,113 expended for Game and Fish Resources Conservation. Most of the Department's statutory mandate relates to activities that fall within this expenditure category.

The remaining expenditures result from a charge for Depreciation Expense. This represents a charge to account for the declining value of assets owned by the Department as they age. While common in the private sector, prior to the implementation of GASB 34, governmental units had not accounted for the depreciation of assets.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued

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

The following table shows the Department's capital assets:

	<u>Governmental Activities</u>		<u>Total % of Change 2009 – 2010</u>
	<u>June 30, 2010</u>	<u>June 30, 2009</u>	
Land	\$ 33,082,810	32,882,061	.61%
Land improvements	4,330,364	3,782,823	14.47%
Infrastructures and Easements	9,250,337	9,267,401	-.18%
Property, Plant and Equipment	31,827,007	32,036,707	-.66%
Work in Process	7,144,632	5,453,814	31.00%
Less Accumulated Depreciation	<u>(23,525,780)</u>	<u>(23,018,873)</u>	2.20%
Net Capital Assets	\$ <u>62,109,370</u>	<u>60,403,933</u>	2.82%

The net value of the Department's capital assets as of June 30, 2010 is \$62,109,370. This net value increased during fiscal year 2010 due in large part to the purchase of two new properties.

The Department, in accordance with standards adopted for all New Mexico state agencies, did not report its infrastructure assets utilizing the modified approach.

The Department had no long-term debt activity during fiscal year 2010. All 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**

The State Game Commission and the New Mexico Department of Game and Fish are statutorily mandated with the management of the Game Protection Fund, which is the Department's general operating fund. In addition, the State Game Commission owns significant real property assets, including land, lakes and dams. The entity responsible for establishing safety standards for dams is the Office of the State Engineer (OSE). The Department continues to work with the OSE to assess the condition of these assets and to develop plans, with associated costs, to bring dams into compliance with current standards. The Department has determined that, to complete work on the 16 sites needing work, the cost will be approximately \$25 million. The Department has



STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Management's Discussion and Analysis -  
Fiscal Year Ended June 30, 2010 - continued

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**Anticipated Future Conditions and Changes - continued**

made Capital Improvement Project requests through the Legislative process, beginning in fiscal year 2006. The Department has received sufficient appropriations for the rehabilitation project developed for Lake Roberts Dam. However, due to engineering delays, the Department was not able to use one of the appropriations to move forward with the project, and the authority for this appropriation expired on June 30, 2010. As the State continues to face severe budget shortfalls, obtaining sufficient funding and other resources needed to fully comply with the Dam Safety standards as they apply to State Game Commission-owned property will likely be an ongoing challenge. As an agency that receives no operating budget support from state general taxpayer funds, the Department must closely and consistently monitor and project trends with the receipt and use of funding. The agency has requested legislative reauthorization of the Game Protection Fund appropriation, and if approved, the project will be ready to move forward.

The Department continues to monitor both conditions in New Mexico and national trends related to participation in hunting and fishing. While New Mexico has experienced declines in participation, it is not as great an extent as other states have experienced. Despite this, we must consider similar circumstances and how they may apply to this agency. Demographic shifts in society, such as the aging populous, urbanization and increases in single-parent households, are among the factors that should influence planning for the future, especially as it relates to the recruitment of hunters, anglers and trappers.

The state of New Mexico's economic health and economic conditions in the rest of the country have a major influence on the Department and how we will operate in future years. Although the Department has been less impacted by the economic downturn than others in both the public and private sector, we remain cognizant of it and continue to seek ways to reduce expenses without adversely affecting services provided to stakeholders. The Department must also consider how economic conditions may adversely affect the Department if we see lower participation in hunting, trapping and fishing opportunities in the State, potentially decreasing Department revenue.

In addition to considerations related to license sales and participation in hunting and fishing, the Department, and the State as a whole, will need to continue to determine how the public will pay for wildlife management. The beneficiaries of healthy wildlife resources and habitats are not limited to just those who purchase hunting and fishing licenses. Whether the benefits from wildlife resources are financial or merely aesthetic, it is reasonable to argue that everybody who benefits should also contribute financially to that management. How that contribution manifests itself will be of paramount importance to the future of wildlife management in New Mexico.

**Contacting the Department's Financial Management**

The Department's financial statements are designed to provide our constituents and stakeholders with 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.

## **FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Net Assets

AS OF JUNE 30, 2010

	Governmental Activities
<b>ASSETS:</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 3,300
Investments	40,415,741
Receivables:	
Due from vendors	1,150,386
Due from federal grants	4,364,828
Due from other state agencies	6,248
Other receivables	27,204
Inventory	43,538
<b>TOTAL CURRENT ASSETS</b>	46,011,245
Capital assets	85,635,150
Less accumulated depreciation	(23,525,780)
Total capital assets	62,109,370
<b>TOTAL ASSETS</b>	\$ 108,120,615
<b>LIABILITIES:</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 2,269,819
Accrued payroll	851,922
Accrued compensated absences	1,013,052
Due to other agencies	502,286
Amounts to be refunded	110,027
Other	5,448
<b>TOTAL CURRENT LIABILITIES</b>	4,752,554
Long-term obligations:	
Non-current compensated absences	196,115
<b>TOTAL LIABILITIES</b>	4,948,669
<b>NET ASSETS:</b>	
Invested in capital assets	62,109,370
Restricted for:	
Special revenue funds	9,372,413
Debt service funds	1,799,644
Capital projects	4,890,277
Unrestricted	25,000,242
<b>TOTAL NET ASSETS</b>	103,171,946
<b>TOTAL NET ASSETS AND LIABILITIES</b>	\$ 108,120,615

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Activities

YEAR ENDED JUNE 30, 2010

		Governmental Activities
<b>PROGRAM EXPENSES:</b>		
Game and Fish Resources Conservation	\$	29,695,113
Depreciation expense		3,243,011
<b>TOTAL PROGRAM EXPENSES</b>		32,938,124
<b>PROGRAM REVENUE:</b>		
Charges for service:		
License sales		25,860,982
Other revenue		284,751
Operating grants and contributions		13,668,403
Capital grants and contributions		-
<b>TOTAL PROGRAM REVENUES</b>		39,814,136
<b>NET PROGRAM REVENUE</b>		6,876,012
<b>GENERAL REVENUES:</b>		
Interest earned		45,671
Gain on sale of equipment		5,145
Unrealized gain on investments		116,126
General fund appropriations		-
Inter-agency transfers		952,408
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>		1,119,350
<b>CHANGE IN NET ASSETS</b>		7,995,362
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>		95,176,584
<b>NET ASSETS, END OF FISCAL YEAR</b>	\$	103,171,946

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

**Balance Sheet - Governmental Funds**

AS OF JUNE 30, 2010

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund 19800</u>	<u>Capital Projects Fund 88700</u>	<u>Other Governmental Funds</u>	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,300	-	-	3,300
Investments	24,049,047	4,974,209	11,392,485	40,415,741
Receivables:				
Due from vendors	1,150,386	-	-	1,150,386
Due from federal grants	3,616,334	342,495	405,999	4,364,828
Due from other state agencies	5,404	-	844	6,248
Due from other funds	-	-	121,244	121,244
Other receivables	27,204	-	-	27,204
Inventory	<u>43,538</u>	<u>-</u>	<u>-</u>	<u>43,538</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>28,895,213</u></b>	<b><u>5,316,704</u></b>	<b><u>11,920,572</u></b>	<b><u>46,132,489</u></b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,134,833	426,427	708,559	2,269,819
Accrued payroll	838,213	-	13,709	851,922
Due to other funds	105,014	-	16,230	121,244
Due to other agencies	497,300	-	4,986	502,286
Amounts to be refunded	110,027	-	-	110,027
Other liabilities	<u>417</u>	<u>-</u>	<u>5,031</u>	<u>5,448</u>
<b>TOTAL LIABILITIES</b>	<b>2,685,804</b>	<b>426,427</b>	<b>748,515</b>	<b>3,860,746</b>
<b>FUND BALANCES:</b>				
Reserve for encumbrances	-	-	-	-
Reserve for cash flow revolving account	-	-	-	-
Inventory	43,538	-	-	43,538
Unreserved-undesignated:				
General fund	26,165,871	-	-	26,165,871
Special revenue funds	-	-	9,372,413	9,372,413
Debt service fund	-	-	1,799,644	1,799,644
Capital projects fund	<u>-</u>	<u>4,890,277</u>	<u>-</u>	<u>4,890,277</u>
<b>TOTAL FUND BALANCES</b>	<b><u>26,209,409</u></b>	<b><u>4,890,277</u></b>	<b><u>11,172,057</u></b>	<b><u>42,271,743</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>28,895,213</u></b>	<b><u>5,316,704</u></b>	<b><u>11,920,572</u></b>	<b><u>46,132,489</u></b>

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Reconciliation of the Balance Sheet to the  
Statement of Net Assets - Governmental Funds

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AS OF JUNE 30, 2010

<b>Total Fund Balance - Governmental Funds</b> <b>(Governmental Fund Balance Sheet)</b>	\$ 42,271,743
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Amounts reported for governmental activities in the Statement of Net Assets 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:	85,635,150
Accumulated depreciation is:	<u>(23,525,780)</u>

Total capital assets	62,109,370
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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>(1,209,167)</u>
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<b>Net assets of governmental activities (Statement of Net Assets)</b>	<b>\$ <u>103,171,946</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

YEAR ENDED JUNE 30, 2010

	Major Funds			Total Governmental Funds
	General Fund 19800	Capital Projects Fund 88700	Other Governmental Funds	
<b>REVENUES:</b>				
Service revenue	\$ 22,448,964	-	3,412,018	25,860,982
Federal grants	10,389,911	2,579,180	699,312	13,668,403
Interest earned	41,086	-	4,585	45,671
Other revenue	<u>242,818</u>	<u>-</u>	<u>41,933</u>	<u>284,751</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>33,122,779</u></b>	<b><u>2,579,180</u></b>	<b><u>4,157,848</u></b>	<b><u>39,859,807</u></b>
<b>EXPENDITURES:</b>				
Current operating:				
Game and Fish Resources				
Conservation	\$ 26,921,257	489,929	2,248,931	29,660,117
Capital outlay	<u>1,316,681</u>	<u>3,279,985</u>	<u>480,131</u>	<u>5,076,797</u>
<b>TOTAL EXPENDITURES</b>	<b><u>28,237,938</u></b>	<b><u>3,769,914</u></b>	<b><u>2,729,062</u></b>	<b><u>34,736,914</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	4,884,841	(1,190,734)	1,428,786	5,122,893
<b>OTHER FINANCING SOURCES (USES):</b>				
Unrealized gain (loss) on investments	-	-	116,126	116,126
Proceeds from the sale of equipment	133,494	-	-	133,494
General fund appropriations	-	-	-	-
Intra-agency transfers, net	(200,000)	950,000	(750,000)	-
Inter-agency transfers - reversions	-	(68,483)	-	(68,483)
Inter-agency transfers - severance tax bond proceeds	-	184,482	-	184,482
Inter-agency transfers - other, net	<u>(497,300)</u>	<u>-</u>	<u>1,333,709</u>	<u>836,409</u>
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b><u>(563,806)</u></b>	<b><u>1,065,999</u></b>	<b><u>699,835</u></b>	<b><u>1,202,028</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	4,321,035	(124,735)	2,128,621	6,324,921
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b><u>21,888,374</u></b>	<b><u>5,015,012</u></b>	<b><u>9,043,436</u></b>	<b><u>35,946,822</u></b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ <u>26,209,409</u></b>	<b><u>4,890,277</u></b>	<b><u>11,172,057</u></b>	<b><u>42,271,743</u></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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**YEAR ENDED JUNE 30, 2010**

**Net Changes in Fund Balances - Total Governmental Funds**  
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ 6,324,921

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: (34,996)

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	5,076,797
Depreciation expense	<u>(3,243,011)</u>

Excess of depreciation expense over capital outlay	1,833,786
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The Statement of Activities reports the gain on the sale of equipment, while the the Statement of Revenues, Expenditures and Changes in Fund Balance reports the proceeds. The reconciling amount is the difference: (128,349)

**Change in net assets of governmental activities**  
(Statement of Activities) \$ 7,995,362



STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures - General Fund  
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2010

GENERAL FUND 19800				
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 21,161,900	21,161,900	22,448,964	1,287,064
Federal grants	10,542,500	10,726,500	10,389,911	(336,589)
Interest earned	800,000	800,000	41,086	(758,914)
Other revenue	288,400	288,400	242,818	(45,582)
Other financing sources	<u>-</u>	<u>-</u>	<u>133,494</u>	<u>133,494</u>
	32,792,800	32,976,800	33,256,273	<u>279,473</u>
Cash balance budgeted	<u>1,600,500</u>	<u>1,600,500</u>		
<b>TOTAL REVENUES</b>	<b>\$ <u>34,393,300</u></b>	<b><u>34,577,300</u></b>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ 20,654,400	20,654,400	17,491,078	3,163,322
Contractual services	2,917,500	3,005,500	1,482,708	1,522,792
Other costs	10,124,100	10,220,100	9,264,152	955,948
Other financing uses	<u>697,300</u>	<u>697,300</u>	<u>697,300</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>34,393,300</u></b>	<b><u>34,577,300</u></b>	<b><u>28,935,238</u></b>	<b><u>5,642,062</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>\$ <u>4,321,035</u></b>	

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Fiduciary Assets and Liabilities -  
Agency Funds

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AS OF JUNE 30, 2010

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ <u>81,924</u>
<b>TOTAL ASSETS</b>	<u><u>81,924</u></u>
<b>LIABILITIES:</b>	
Due to others	<u>81,924</u>
<b>TOTAL LIABILITIES</b>	\$ <u><u>81,924</u></u>

## NATURE OF ORGANIZATION

### 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**

Game and Fish is headed by the State Game 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, the Department of Game and Fish (Department) is charged with the following responsibilities: to provide an adequate and flexible system for the protection of the game and fish of New Mexico; 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 of New Mexico.

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. Human Resources, Planning, Aircraft, 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 Conservation Services 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

**NATURE OF ORGANIZATION - continued**

• **Divisions - continued:**

**The Conservation Services Division – continued:**

New Mexico. The Conservation Services 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.

**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: Parkview 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 Public Information & Outreach 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, 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.

## NATURE OF ORGANIZATION - continued

- **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.

- **Financial Reporting**

The Department is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the State. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government.

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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Basic Financial Statements - GASB Statement #34**

The financial statements of 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. Pronouncements of the Financial Accounting Standard Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB No. 20. The Department does not have any proprietary funds at year end. 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.

In June 1999, the GASB unanimously approved GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB unanimously approved Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statement 34 and should be implemented simultaneously with Statement 34. Statement 38 modifies, establishes and rescinds certain financial statements' disclosure requirements. The Department implemented the provisions of GASB No. 34, 37 and 38 effective July 1, 2001.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. The new 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 Assets, the governmental activities column is presented on a consolidated basis by column, and is reflected on a full accrual, economic resources measurement focus basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Funds that are fiduciary in nature are excluded from the government-wide statements and the fund statements.

• **Government-wide Financial Statements**

The government-wide Statement of Activities reflects both the gross and net cost per functional category. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

The Department has only governmental activities.

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.

• **Fund Financial Statements**

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on major funds. Major funds under GASB No. 34 are described as funds with balances exceeding 10 percent of the total assets, liabilities, revenues or expenditures for all funds of that category or type. An entity's general fund is always considered a major fund. The Department's funds are classified in the accompanying fund statements in accordance with the GASB No. 34 requirements.

The governmental fund statements are presented on the current financial resource measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Department 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Fund Financial Statements - continued**

comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expense. The various funds are reported by generic classification within the financial statements.

Department policy is to first apply restricted resources to an expense incurred for purposes for which both restricted and unrestricted resources are available.

- **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.

**General Fund - SHARE Fund No. 19800** - The Game Protection Fund is the general operating fund of the Department of Game and Fish. 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 State Game 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 therefrom, 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.

**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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- Basis of Presentation - Fund Accounting - continued

Special Revenue Funds – continued:

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 checkoff 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.

Wildlife Conservation Fund-SHARE Fund No. 30800 - The Wildlife Conservation Fund was established by the “Wildlife Conservation Act”, Laws of 1974, Chapter 83. The fund is a non-reverting fund and is used to account for monies received (mostly federal sources) and expended in carrying out programs authorized by the management and protection of endangered species. The Wildlife Conservation Act 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.

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 Game Protection 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 non-major fund.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

• Basis of Presentation - Fund Accounting - continued

**Special Revenue Funds - continued**

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 non-resident license or a wildlife-associated recreation permit must purchase a habitat management stamp. The Habitat Management Fund is a non-major fund.

Trail Safety Fund-SHARE Fund 10840 – Created by an amendment to the Off-Highway Motor Vehicle Act, Laws of 2005, Chapter 325 (Senate Bill 252). The fees collected from off-road vehicle registrations are to be used to develop and maintain trails, build and maintain staging areas, market safety programs and promote safety for off-highway motor vehicles. The revenue is recognized in the period in which the registrations are purchased by users. The fund is non-reverting per the Off-Highway Motor Vehicle Act. This fund was transferred from the New Mexico Department of Tourism during the current fiscal year.

**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 and the payment of principal and interest of bonds issued under the Game and Fish Bond Act. The Bond Interest and Retirement Fund is a non-major fund.

**Capital Project Funds** - Capital Project 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 approved by the State Game 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, as well as severance tax bond proceeds. Severance tax bond proceeds are reverting proceeds. The Capital Outlay Fund is a major fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

- **Basis of Presentation - Fund Accounting - continued**

**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 funds 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. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

A 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).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Cash and Cash Equivalents**

Cash consists of cash on deposit with area banks, which are held for use by the Law Enforcement Division. In the normal course of cash activity, the Department maintains cash at financial institutions below the FDIC insured limits. The Commission considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

- **Investments Held by State Treasurer's Office and the State Investment Council**

Investments held by the State Treasurer's Office consist of required deposits made to the State Treasurer's Office. The State Treasurer's Office monitors the accounts and the State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits. The audit report of the financial statements was not received prior to the completion of this audit. 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.

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

The Department also maintains an investment account at the New Mexico State Investment Council (Investment Council) for the Share with Wildlife Fund 30700. Participation in the Investment Council is voluntary under a Joint Powers Agreement. Other auditors perform the audit of the Investment Council. The report was not received prior to the completion of this audit.

The investments are valued at fair value based on quoted market prices as of the valuation date.

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, and the number of units has not been changed.

1. 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 for June 2010. Amounts are to be remitted to the Department by the tenth (10<sup>th</sup>) of the month following the month of sale. 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.

• **Inventory**

The policy of the Department is to value inventory at cost, which approximates market, using the first-in, first-out (FIFO) method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in these funds are equally offset by fund balance reserve, which indicates that they are unavailable for appropriation even though they are a component of reported assets.

• **Nature and Purpose of Reservations and Designations of Fund Balances**

**Government-wide Statements**

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Department has no outstanding debt relating to capital assets.

Restricted net assets consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets are all other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- Nature and Purpose of Reservations and Designations of Fund Balances - continued

**Governmental Funds**

Reservations of fund balance of the governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated, or (2) identify the portion of the fund balance that is not appropriated for future expenditures. The designation for subsequent years' expenditures represents non-reverting fund balances. The amount designated for subsequent years' expenditures in the Debt Service Fund is available for the Capital Outlay Fund upon request of the State Game Commission and approved by the State Board of Finance. Specific reservations of fund balance accounts are summarized below:

Reserved for Encumbrances – Encumbrance accounting requires that purchase orders, contracts and other commitments for the expenditure of monies be recorded in order to reserve that portion of the applicable appropriation, and is employed as a formal budgetary integration in the governmental fund types. Encumbrances at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Only the capital projects funds of the Department budget encumbrances.

Reserved for Inventory - These reserves were created to represent the portion of the fund balance that is not available for expenditures because the Department expects to use these resources within the next budgetary period.

- **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.

- **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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **Capital Assets - continued**

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 – 15 years; Furniture and Fixtures – 10 years; Data Processing Equipment – 5 years; Equipment – 5 to 15 years; Aircraft and Automotive – 6 to 12 years; Buildings and Structures – 25 to 50 years, and Infrastructure – 12 to 50 years. Land, Land Improvements, and Rights and Easements 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) or 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 in the general long-term debt group.

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 600 hour minimum limit can be paid. All sick leave balances from 600 to 720 hours have been recorded at 50% of the employee's current hourly rate in the general long-term debt account group, including those amounts paid in July because no expendable financial resources are available as of the balance sheet date to liquidate the liability.

• **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, 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:

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **Budgets and Budgetary Accounting - continued**

The State Legislature makes annual appropriations to the Department's General Fund. 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 Funds include multi-year appropriations.

**2. CASH AND CASH EQUIVALENTS**

Cash in banks consists of cash on deposit with area banks amounting to \$81,924. Of this amount, \$81,924 represents amounts which are 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 (see Schedule 1).

**3. INVESTMENTS**

State law requires the Department's investments to be managed by the New Mexico State Treasurer's Office, with the exception of those belonging to the Share with Wildlife Fund (see Schedule 1). The Department has entered into a joint powers agreement with the State Investment Council, which is authorized to offer investment advisory or management services, including the Pooled Investment Funds, pursuant to section 6-8-7.G, NMSA 1978. Accordingly, the investments of the Department consist of investments in the investment pools managed by these two entities.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Notes to Financial Statements - continued

3. INVESTMENTS - continued

The fair value, which approximates carrying value, of the investments maintained at the New Mexico State Treasurer's Office and the State Investment Council External Pooled Investment Funds are as follows at June 30, 2010:

Investment	Maturities	Fair Value
New Mexico State Treasurer's Office:		
State General Fund Investment Pool	N/A	\$ 39,553,099
State Investment Council:		
Equity funds:		
Non-U.S. Developed Markets	N/A	47,210
Emerging Markets	N/A	48,484
Fixed Income:		
U.S. Core Bonds	1 to 39 years	336,153
Large Cap ETF	N/A	332,670
SMID ETF	N/A	<u>98,125</u>
State Investment Council total		<u>862,642</u>
Total investments		\$ <u>40,415,741</u>

• **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**

The New Mexico State Treasurer's Office and the State Investment Council pools are not rated.

For additional GASB 40 disclosure information related to the above investment pools, the reader should refer to the separate audit reports for the State Treasurer's Office and the State Investment Council for the fiscal year ended June 30, 2010.



STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Notes to Financial Statements - continued

4. DUE FROM AND DUE TO OTHER FUNDS

The following are short-term amounts owed between funds and are classified as due from/to other funds:

**A. Due To Other Funds**

Amount Due From	
Major Fund	Amount
General Fund (Fund 19800)	\$ <u>105,014</u>
Total Major Funds	105,014
Non-Major Funds (Funds 09700, 49400)	<u>16,230</u>
Total All Funds	\$ <u>121,244</u>

**B. Due From Other Funds**

Amount Due To	
Major Fund	Amount
Non-Major Funds (Funds 30700, 54900, 42800)	\$ <u>121,244</u>
Total All Funds	\$ <u>121,244</u>

The amounts due to/from are primarily the result of revenue transfers between funds which are outstanding at year end. All the balances are expected to be paid during fiscal year 2011.

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

**Notes to Financial Statements - continued**

**5. DUE FROM AND DUE TO OTHER STATE AGENCIES**

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

Due From Other State Agencies	Fund No.	Amount	Due From Agency/Fund	Fund No.	Amount
General Fund	19800	\$ 5,404	STO - Interest on Deposits	80100	\$ 5,404
Sikes Fund	09700	142	STO - Interest on Deposits	80100	142
Trail Safety Fund	10840	19	STO - Interest on Deposits	80100	19
Share with Wildlife Fund	30700	14	STO - Interest on Deposits	80100	14
Bond Interest & Retirement Fund	42800	252	STO - Interest on Deposits	80100	252
Big Game Depredation Fund	54900	107	STO - Interest on Deposits	80100	107
Big Game Enhancement Fund	77200	<u>310</u>	STO - Interest on Deposits	80100	<u>310</u>
		\$ <u>6,248</u>			\$ <u>6,248</u>
Due To Other State Agencies	Fund No.	Amount	Due From Agency/Fund	Fund No.	Amount
Trail Safety Fund	10840	\$ 4,986	Tourism Department	26200	\$ 277
			Motor Vehicle Department	17200	4,709
General Fund	19800	<u>497,300</u>	Office of the State Engineer		182,300
			Energy, Minerals & Natural Resources Dept.		<u>315,000</u>
		\$ <u>502,286</u>			\$ <u>502,286</u>

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Notes to Financial Statements - continued

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Governmental-type Activities</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Land	\$ 32,882,061	200,749	-	33,082,810
Rights and easements	340,751	15,838	-	356,589
Library and museum	<u>2,050</u>	<u>-</u>	<u>(1,050)</u>	<u>1,000</u>
Total non-depreciable assets	33,224,862	216,587	(1,050)	33,440,399
Infrastructure	8,926,650	489,119	(522,021)	8,893,748
Fencing	3,782,823	547,541	-	4,330,364
Furniture and fixtures	767,317	386,622	(392,816)	761,123
Data processing equipment	1,187,856	73,317	(671,388)	589,785
Equipment	6,484,483	225,431	(692,425)	6,017,489
Aircraft and automobiles	5,795,526	989,442	(548,500)	6,236,468
Buildings and structures	17,799,475	457,920	(36,253)	18,221,142
Work in process	<u>5,453,814</u>	<u>1,690,818</u>	<u>-</u>	<u>7,144,632</u>
Total depreciable assets	50,197,944	4,860,210	(2,863,403)	52,194,751
Less accumulated depreciation:				
Infrastructure	(5,807,313)	(114,931)	522,021	(5,400,223)
Fencing	(1,269,108)	(785,068)	-	(2,054,176)
Furniture and fixtures	(643,088)	(25,136)	392,816	(275,408)
Data processing equipment	(649,782)	(530,694)	671,388	(509,088)
Equipment	(4,799,641)	(233,480)	622,283	(4,410,838)
Aircraft and automobiles	(4,053,783)	(115,440)	513,356	(3,655,867)
Buildings and structures	(5,375,911)	(869,392)	14,240	(6,231,063)
Work in process	<u>(420,247)</u>	<u>(568,870)</u>	<u>-</u>	<u>(989,117)</u>
Total accumulated depreciation	<u>(23,018,873)</u>	<u>(3,243,011)</u>	<u>2,736,104</u>	<u>(23,525,780)</u>
Total capital assets, net	\$ <u>60,403,933</u>	<u>1,833,786</u>	<u>(128,349)</u>	<u>62,109,370</u>

Total current year depreciation expense is \$3,243,011 which includes \$487,361 for an adjustment to increase depreciation expense based on a change in the lives of capital assets. Depreciation expense is recorded in a separate category on the Statement of Activities.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Notes to Financial Statements - continued

7. REVERSIONS

In accordance with Senate Bill 182 (SFCS/SB182), Chapter 105, effective May 19, 2010, the Department's Capital Projects fund was ordered to revert unexpended or uncommitted balances to the State General Fund within 30 days of this effective date. A total of \$68,483 was paid to the State General Fund during the year.

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	<u>Balance at June 30, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2010</u>
Compensated absences payable	\$ <u>1,174,171</u>	<u>370,475</u>	<u>(335,479)</u>	<u>1,209,167</u>
Due within one year:			\$	<u>1,013,052</u>

The General Fund is used to liquidate compensated absences.

9. OPERATING TRANSFERS

Operating transfers consist of the following for the year ending June 30, 2010:

Intra-agency Transfers

<u>Agency/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
516-19800 General Fund – Major Fund	\$ -	(200,000)	(200,000)
516-49400 Habitat Management Fund – non-major	-	(250,000)	(250,000)
516-42800 Bond Interest & Retirement Fund – non-major	-	(500,000)	(500,000)
516-88700 Capital Projects Fund – non-major	<u>950,000</u>	<u>-</u>	<u>950,000</u>
	\$ <u>950,000</u>	<u>(950,000)</u>	<u>-</u>

Inter-agency Transfers

<u>Agency/Fund</u>			
516-19800 General Fund – Major Fund	\$ -	(497,300)	(497,300)
516-88700 Capital Projects Fund – Major Fund	-	(68,483)	(68,483)
516-88700 Capital Projects Fund – Major Fund	184,482	-	184,482
516-10840 Trail Safety Fund – Non-Major Fund	<u>1,333,709</u>	<u>-</u>	<u>1,333,709</u>
	\$ <u>1,518,191</u>	<u>(565,783)</u>	<u>952,408</u>

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Notes to Financial Statements - continued

9. OPERATING TRANSFERS - continued

Inter-agency Transfers - continued

Agency/Fund	Transfers In	Transfers Out	Total
550-21400 Office of State Engineer	\$ 182,300	-	182,300
521-19900 Energy, Minerals & Natural Resources	315,000	-	315,000
341-85300 Department of Finance & Administration	68,483	-	68,483
341-85300 Department of Finance & Administration	-	(184,482)	(184,482)
418-80400 Tourism Department	-	(1,333,709)	(1,333,709)
	\$ <u>565,783</u>	<u>(1,518,191)</u>	<u>(952,408)</u>

Transfers are largely the result of appropriation and severance tax draw activity occurring between the General Fund, Capital Projects Fund and the Department of Finance and Administration. Additionally, the Department received a new fund from the Tourism Department in the current year.

10. 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, 2010, 2009 and 2008 were \$1,776,233, \$2,163,135 and \$2,109,538, respectively, which equal the amount of the required contributions for each fiscal year.

11. **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 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. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Notes to Financial Statements - continued

11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN - continued

• **Funding Policy - continued**

For employees who are not members of an enhanced retirement plan, the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Department's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$156,887, \$166,013 and \$169,673, respectively, which equal the required contributions for each year.

12. COMMITMENTS AND CONTINGENCIES

• **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, 2010.

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, 2010.

<u>Years ending June 30:</u>	<u>Lease Amounts</u>
2011	\$ 436,505
2012	235,884
2013	167,748
2014	174,431
2015	179,660
2016 and thereafter	<u>769,464</u>
	<u>\$ 1,963,692</u>

**12. COMMITMENTS AND CONTINGENCIES – continued**

• **Operating Lease Obligations - continued**

Total lease expense for the year ended June 30, 2010 was \$561,859.

• **Federal Grants**

The Department receives federal grants, which may be refundable in the event that all terms of the grants are not complied with. In the opinion of management, no material refunds will occur.

**13. SEVERANCE TAX BOND PROCEEDS**

To comply with Governmental Accounting Standards Board Statement No. 33 (GASBS 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the Department has been authorized by the Legislature for a portion of bond proceeds. The Severance Tax Bonds were appropriated by Laws of 2007, Chapter 42, Section 7 for various capital projects. Under the modified accrual basis of accounting, GASBS 33 requires that the recognition of revenue and expenditures occur only when all applicable eligibility requirements have both been met. The Department requests draw downs from the State Board of Finance and recognizes revenue only when the eligibility requirements have been met. The Department requested \$184,482 during the year ended June 30, 2010.

**14. 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 pending or known threatened legal proceedings involving material matters to which the Department is party.

**15. JOINT POWERS AGREEMENTS**

Details of Joint Powers Agreements are disclosed in Supplemental Schedule 3.

**16. MULTI-YEAR APPROPRIATIONS**

The Capital Project Funds Statement of Revenues and Expenditures - Budget and Actual (Budget Basis) does not include multiple year appropriation budgets. If multiple year budgets were included in the financial statements, the statements would be misleading.



**17. CHANGE IN ACCOUNTING ESTIMATE**

During the year, the Department transitioned to a new capital asset accounting software. Management of the Department decided to change the lives of some individual capital assets to be more consistent with their internal policies. This resulted in an additional amount of depreciation expense in the current year of approximately \$487,000, reflected in Note 6 of these financial statements.

**18. NEW PRONOUNCEMENTS**

Effective for fiscal years beginning after June 15, 2010, *GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions*, will provide modifications to, and additional types of, fund balance classifications. This statement will enhance the usefulness of fund balance information to provide more consistency among the classifications and will establish reporting standards for all governments that report governmental funds. Although early implementation is encouraged, the State of New Mexico has decided to implement this new pronouncement for fiscal year ending June 30, 2011. The impact on the Department's financial statements has not yet been determined.

Effective for fiscal years beginning after June 15, 2010, *GASB 59, Financial Instruments Omnibus*, will update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement provides for the following amendments:

- National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, is updated to be consistent with the amendments to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, regarding certain financial guarantees.
- Statements No. 25, *Financial Reporting for Defined Benefit Pensions Plans and Note Disclosures for Defined Contribution Plans*, and No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.
- Statement 31 is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.

18. NEW PRONOUNCEMENTS - continued

- Statement No. 40, *Deposit and Investment Risk Disclosures*, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools – such as bond mutual funds and external bond investment pools – that do not meet the requirements to be reported as a 2a7-like pool.

Statement 53 is amended to:

- Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance.
- Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be *investment* derivative instruments entered into primarily for the purpose of obtaining income or profit.
- Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53.
- Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield.

Although early implementation is encouraged, the State of New Mexico has decided to implement this new pronouncement for fiscal year ending June 30, 2011. The impact on the Department’s financial statements has not yet been determined.

**SUPPLEMENTARY INFORMATION**

AS OF JUNE 30, 2010

	Sikes Fund 09700	Share with Wildlife Fund 30700	Wildlife Conservation Fund 30800	Special Big Game Depredation Fund 54900
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	-	-	-
Investments	1,315,324	961,027	-	897,371
Receivables:				
Due from vendors	-	-	-	-
Due from federal grants	-	35,801	-	-
Interest receivable	-	-	-	-
Due from other state agencies	142	14	-	107
Due from other funds	-	58	-	104,630
Other receivables	-	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,315,466</b>	<b>996,900</b>	<b>-</b>	<b>1,002,108</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 896	134,201	-	225,210
Accrued payroll	4,142	-	-	-
Due to other funds	5,944	-	-	-
Due to other agencies	-	-	-	-
Amounts to be refunded	-	-	-	-
Other liabilities (third party (payload liabilities))	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>10,982</b>	<b>134,201</b>	<b>-</b>	<b>225,210</b>
<b>FUND BALANCES:</b>				
Inventory	-	-	-	-
Unreserved-undesignated:				
General fund	-	-	-	-
Special revenue funds	1,304,484	862,699	-	776,898
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,304,484</b>	<b>862,699</b>	<b>-</b>	<b>776,898</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,315,466</b>	<b>996,900</b>	<b>-</b>	<b>1,002,108</b>

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Combining Balance Sheet - By Fund Type  
Non-Major Governmental Funds

Revenue			Total Special Revenue Funds	Debt Service	
Big Game Enhancement Fund 77200	Habitat Management Fund 49400	Trail Safety Fund 10840		Bond Interest & Retirement Fund 42800	Total
-	-	-	-	-	-
2,044,861	2,661,412	1,729,654	9,609,649	1,782,836	11,392,485
-	-	-	-	-	-
201,816	168,382	-	405,999	-	405,999
-	-	-	-	-	-
310	-	19	592	252	844
-	-	-	104,688	16,556	121,244
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,246,987</u>	<u>2,829,794</u>	<u>1,729,673</u>	<u>10,120,928</u>	<u>1,799,644</u>	<u>11,920,572</u>
191,389	155,638	1,225	708,559	-	708,559
5,387	-	4,180	13,709	-	13,709
-	10,286	-	16,230	-	16,230
-	-	4,986	4,986	-	4,986
-	-	-	-	-	-
-	-	<u>5,031</u>	<u>5,031</u>	-	<u>5,031</u>
196,776	165,924	15,422	748,515	-	748,515
-	-	-	-	-	-
-	-	-	-	-	-
2,050,211	2,663,870	1,714,251	9,372,413	-	9,372,413
-	-	-	-	1,799,644	1,799,644
-	-	-	-	-	-
<u>2,050,211</u>	<u>2,663,870</u>	<u>1,714,251</u>	<u>9,372,413</u>	<u>1,799,644</u>	<u>11,172,057</u>
<u>2,246,987</u>	<u>2,829,794</u>	<u>1,729,673</u>	<u>10,120,928</u>	<u>1,799,644</u>	<u>11,920,572</u>

YEAR ENDED JUNE 30, 2010

	Sikes Fund 09700	Share with Wildlife Fund 30700	Wildlife Conservation Fund 30800	Special Big Game Depredation Fund 54900
<b>REVENUES:</b>				
Service revenue	\$ 891,220	4,270	-	509,837
Federal grants	-	45,201	-	-
Interest earned	631	120	-	961
Other revenue	-	41,933	-	-
<b>TOTAL REVENUES</b>	891,851	91,524	-	510,798
<b>EXPENDITURES:</b>				
Current operating:				
Game and Fish Resources				
Conservation	916,303	155,962	-	135,680
Capital outlay	-	-	-	278,581
<b>TOTAL EXPENDITURES</b>	916,303	155,962	-	414,261
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(24,452)	(64,438)	-	96,537
<b>OTHER FINANCING SOURCES (USES):</b>				
Unrealized gain on investments	-	116,126	-	-
Proceeds from the sale of property and equipment	-	-	-	-
General fund appropriations	-	-	-	-
Intra-agency transfer, net	-	-	-	-
Inter-agency transfers, net	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	-	116,126	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(24,452)	51,688	-	96,537
<b>FUND BALANCE, BEGINNING OF YEAR</b>	1,328,936	811,011	-	680,361
<b>FUND BALANCE, END OF YEAR</b>	\$ 1,304,484	862,699	-	776,898

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
By Fund Type - Non-Major Governmental Funds

Revenue			Total Special Revenue Funds	Debt Service	
Big Game Enhancement Fund 77200	Habitat Management Fund 49400	Trail Safety Fund 10840		Bond Interest & Retirement Fund 42800	Total
568,846	697,737	544,354	3,216,264	195,754	3,412,018
453,137	200,974	-	699,312	-	699,312
-	-	19	1,731	2,854	4,585
-	-	-	41,933	-	41,933
1,021,983	898,711	544,373	3,959,240	198,608	4,157,848
784,871	114,710	141,405	2,248,931	-	2,248,931
17,435	161,689	22,426	480,131	-	480,131
802,306	276,399	163,831	2,729,062	-	2,729,062
219,677	622,312	380,542	1,230,178	198,608	1,428,786
-	-	-	116,126	-	116,126
-	-	-	-	-	-
-	-	-	-	-	-
-	(250,000)	-	(250,000)	(500,000)	(750,000)
-	-	1,333,709	1,333,709	-	1,333,709
-	(250,000)	1,333,709	1,199,835	(500,000)	699,835
219,677	372,312	1,714,251	2,430,013	(301,392)	2,128,621
1,830,534	2,291,558	-	6,942,400	2,101,036	9,043,436
2,050,211	2,663,870	1,714,251	9,372,413	1,799,644	11,172,057

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Combined Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2010

	Combined Special Revenue			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 2,756,400	2,756,400	3,412,018	655,618
Interest	57,000	57,000	4,585	(52,415)
Other	30,500	30,500	41,933	11,433
Federal grants	400,000	400,000	699,312	299,312
Other financing sources	-	-	1,333,709	1,333,709
	3,243,900	3,243,900	5,491,557	<u>2,247,657</u>
Cash balance budgeted	<u>779,900</u>	<u>1,279,900</u>		
<b>TOTAL REVENUES</b>	<b>\$ <u>4,023,800</u></b>	<b><u>4,523,800</u></b>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ 346,800	346,800	259,649	87,151
Contractual services	945,000	945,000	604,109	340,891
Other costs	2,482,000	2,482,000	1,865,304	616,696
Other financing uses	<u>250,000</u>	<u>750,000</u>	<u>750,000</u>	-
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>4,023,800</u></b>	<b><u>4,523,800</u></b>	3,479,062	<u>1,044,738</u>
<b>NON-BUDGETED ITEMS:</b>				
Unrealized gain	\$ -	-	116,126	<u>116,126</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>\$ <u>2,128,621</u></b>	



STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE - SIKES ACT FUND 09700			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 800,000	800,000	891,220	91,220
Interest earned	25,000	25,000	631	(24,369)
Other revenue	-	-	-	-
Other financing sources	-	-	-	-
	<u>825,000</u>	<u>825,000</u>	891,851	<u>66,851</u>
Cash balance budgeted	<u>171,200</u>	<u>171,200</u>		
<b>TOTAL REVENUES</b>	<u>\$ 996,200</u>	<u>996,200</u>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ 96,200	96,200	85,972	10,228
Contractual services	-	-	-	-
Other costs	<u>900,000</u>	<u>900,000</u>	<u>830,331</u>	<u>69,669</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 996,200</u>	<u>996,200</u>	<u>916,303</u>	<u>79,897</u>
<b>CHANGE IN FUND BALANCE</b>			(24,452)	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>1,328,936</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 1,304,484</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE - SHARE WITH WILDLIFE FUND 30700				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 46,000	46,000	4,270	(41,730)
Interest	2,000	2,000	120	(1,880)
Other	30,500	30,500	41,933	11,433
Federal grants	50,000	50,000	45,201	(4,799)
Other financing sources	-	-	-	-
	128,500	128,500	91,524	(36,976)
Cash balance budgeted	36,500	36,500		
<b>TOTAL REVENUES</b>	<b>\$ 165,000</b>	<b>165,000</b>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	165,000	165,000	155,962	9,038
Other costs	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 165,000</b>	<b>165,000</b>	155,962	9,038
<b>NON-BUDGETED ITEMS:</b>				
Unrealized gain	\$ -	-	116,126	116,126
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>\$ 51,688</b>	

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

**\*\*CLOSED OUT\*\***

		SPECIAL REVENUE - WILDLIFE CONSERVATION FUND 30800			
		Budgeted Amounts		Actual Amounts	Variance From Final Budget
		Original	Final	(Budgetary Basis)	Positive (Negative)
<b>REVENUES:</b>					
Service revenue	\$	-	-	-	-
Interest		-	-	-	-
Other		-	-	-	-
Unrealized gain		-	-	-	-
Federal grants		-	-	-	-
Other financing sources		-	-	-	-
		-	-	-	-
Cash balance budgeted		-	-	-	-
<b>TOTAL REVENUES</b>	\$	-	-	-	-
<b>EXPENDITURES:</b>					
Personal services and benefits	\$	-	-	-	-
Contractual services		-	-	-	-
Other costs		-	-	-	-
Other financing uses		-	-	-	-
		-	-	-	-
<b>TOTAL EXPENDITURES</b>	\$	-	-	-	-

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE - TRAIL SAFETY FUND 10840				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 360,000	360,000	544,354	184,354
Interest	-	-	19	19
Other	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	1,333,709	1,333,709
	360,000	360,000	1,878,082	1,518,082
Cash balance budgeted	-	-		
<b>TOTAL REVENUES</b>	<b>\$ 360,000</b>	<b>360,000</b>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ 160,000	160,000	102,508	57,492
Contractual services	100,000	100,000	6,157	93,843
Other costs	100,000	100,000	55,166	44,834
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 360,000</b>	<b>360,000</b>	<b>163,831</b>	<b>196,169</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>\$ 1,714,251</b>	

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE - BIG GAME DEPREDATION FUND 54900				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 450,000	450,000	509,837	59,837
Interest	30,000	30,000	961	(29,039)
Other	-	-	-	-
Unrealized gain	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
	480,000	480,000	510,798	30,798
Cash balance budgeted	145,000	145,000		
<b>TOTAL REVENUES</b>	<b>\$ 625,000</b>	<b>625,000</b>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	25,000	25,000	3,060	21,940
Other costs	600,000	600,000	411,201	188,799
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 625,000</b>	<b>625,000</b>	<b>414,261</b>	<b>210,739</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>\$ 96,537</b>	

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE - BIG GAME ENHANCEMENT FUND 77200				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 600,400	600,400	568,846	(31,554)
Interest	-	-	-	-
Other	-	-	-	-
Unrealized gain	-	-	-	-
Federal grants	350,000	350,000	453,137	103,137
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	950,400	950,400	1,021,983	<u>71,583</u>
Cash balance budgeted	<u>177,200</u>	<u>177,200</u>		
<b>TOTAL REVENUES</b>	<b>\$ <u>1,127,600</u></b>	<b><u>1,127,600</u></b>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ 90,600	90,600	71,169	19,431
Contractual services	555,000	555,000	355,496	199,504
Other costs	482,000	482,000	375,641	106,359
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>1,127,600</u></b>	<b><u>1,127,600</u></b>	<b><u>802,306</u></b>	<b><u>325,294</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			<b>\$ <u>219,677</u></b>	

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE - HABITAT MANAGEMENT FUND 49400				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ 500,000	500,000	697,737	197,737
Interest	-	-	-	-
Other	-	-	-	-
Unrealized gain	-	-	-	-
Federal grants	-	-	200,974	200,974
Other financing sources	-	-	-	-
	500,000	500,000	898,711	398,711
Cash balance budgeted	250,000	250,000		
<b>TOTAL REVENUES</b>	\$ 750,000	750,000		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	100,000	100,000	83,434	16,566
Other costs	400,000	400,000	192,965	207,035
Other financing uses	250,000	250,000	250,000	-
<b>TOTAL EXPENDITURES</b>	\$ 750,000	750,000	526,399	223,601
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			\$ 372,312	

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Statement of Revenues and Expenditures -  
Other Non-major Governmental Funds -  
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2010

DEBT SERVICE - BOND INTEREST  
AND RETIREMENT FUND 42800

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Service revenue	\$ -	-	195,754	195,754
Interest	-	-	2,854	2,854
Other	-	-	-	-
Unrealized gain	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
	-	-	198,608	<u>198,608</u>
Cash balance budgeted	-	<u>500,000</u>		
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b><u>500,000</u></b>		
<b>EXPENDITURES:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	<u>500,000</u>	<u>500,000</u>	-
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b><u>500,000</u></b>	<b><u>500,000</u></b>	<b><u>-</u></b>
<b>CHANGE IN FUND BALANCE</b>			(301,392)	
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>2,101,036</u>	
<b>FUND BALANCE, END OF YEAR</b>			\$ <u>1,799,644</u>	



**FOR ACTIVITY THROUGH JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Received</b>
	<b>Original</b>	<b>Final</b>	<b>Prior Years</b>
<b>REVENUES:</b>			
Federal sources	\$ 5,377,198	7,748,948	8,084,403
State general fund	14,155,668	17,610,341	9,650,000
STB Proceeds	4,695,498	6,113,090	5,416,147
Other financing sources	<u>21,458,750</u>	<u>35,498,735</u>	<u>31,107,338</u>
<b>TOTAL REVENUES</b>	\$ <u>45,687,114</u>	<u>66,971,114</u>	<u>54,257,888</u>

	<b>Budgeted Amounts</b>		<b>Expended</b>
	<b>Original</b>	<b>Final</b>	<b>Prior Years</b>
<b>EXPENDITURES:</b>			
Maintenance and repairs	\$ 321,209	422,609	324,201
Supplies	104,597	152,197	91,873
Contractual services	4,219,094	4,254,094	930,747
Operating costs	1,029,948	1,029,948	1,029,715
Land conservation easements	6,772,387	6,772,387	4,085,497
Capital outlay	27,280,896	48,380,896	39,488,326
Other financing uses	<u>5,958,983</u>	<u>5,958,983</u>	<u>4,015,989</u>
<b>TOTAL EXPENDITURES</b>	\$ <u>45,687,114</u>	<u>66,971,114</u>	<u>49,966,348</u>

**CHANGE IN FUND BALANCE**

**FUND BALANCE, BEGINNING OF YEAR**

**FUND BALANCE, END OF YEAR**

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Capital Projects Fund - 887  
Statement of Revenues and Expenditures - Budget and Actual  
(Modified Accrual Budgetary GAAP Basis) for Multi-year Appropriations

<u>Received Current Year</u>	<u>Total Revenue</u>	<u>Variance From Final Budget Positive (Negative)</u>
2,579,180	10,663,583	2,914,635
	9,650,000	(7,960,341)
184,482	5,600,629	(512,461)
<u>950,000</u>	<u>32,057,338</u>	<u>(3,441,397)</u>
3,713,662	<u>57,971,550</u>	<u>(8,999,564)</u>
<u>Expended Current Year</u>	<u>Total Expenditures</u>	<u>Variance From Final Budget Positive (Negative)</u>
62,277	386,478	36,131
51,194	143,067	9,130
376,229	1,306,976	2,947,118
229	1,029,944	4
145,186	4,230,683	2,541,704
3,134,799	42,623,125	5,757,771
<u>68,483</u>	<u>4,084,472</u>	<u>1,874,511</u>
<u>3,838,397</u>	<u>53,804,745</u>	<u>13,166,369</u>
(124,735)		
<u>5,015,012</u>		
\$ <u>4,890,277</u>		

**SUPPLEMENTAL SCHEDULES**

Schedule 1

AS OF JUNE 30, 2010

<u>Name of Depository</u>	<u>Account Name</u>	<u>Fund Type</u>	<u>SHARE System Fund No.</u>
NM State Treasurer	General Fund	General	19800
NM State Treasurer	Sikes Fund	Special Revenue	09700
NM State Treasurer	Capital Projects Fund	Capital projects	88700
NM State Treasurer	Share with Wildlife Fund	Special Revenue	30700
NM State Treasurer	Wildlife Conservation Fund	Special Revenue	30800
NM State Treasurer	Big Game Depredation Fund	Special Revenue	54900
NM State Treasurer	Big Game Enhancement Fund	Special Revenue	77200
NM State Treasurer	Habitat Management Fund	Special Revenue	49400
NM State Treasurer	Trail Safety Fund	Special Revenue	10840
NM State Treasurer	Bond Interest & Retirement Fund	Debt Service	42800

**Total Investments-State Treasurer's Office Investment Pool**

State Investment Council	Share with Wildlife Fund	Special Revenue	30700
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**Total investments**

**General Fund Cash:**

Dept. of Game and Fish	Petty Cash-Cashier-Santa Fe	General
Wells Fargo Bank	Law Enforcement	General

**Total cash - Dept. of Game and Fish**

**Financial statement cash balance**

Wells Fargo Bank	<b>Operation Game Thief/ Law Enforcement</b>	Agency
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STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Supplemental Schedule of Cash Accounts including Investments

<u>Type of Account</u>	<u>Bank Balance</u>	<u>Outstanding Items</u>	<u>Book Amount</u>
State Treasury	\$ 24,049,047	-	24,049,047
State Treasury	1,315,324	-	1,315,324
State Treasury	4,974,209	-	4,974,209
State Treasury	98,385	-	98,385
State Treasury	-	-	-
State Treasury	897,371	-	897,371
State Treasury	2,044,861	-	2,044,861
State Treasury	2,661,412	-	2,661,412
State Treasury	1,729,654	-	1,729,654
State Treasury	<u>1,782,836</u>	<u>-</u>	<u>1,782,836</u>
	39,553,099	-	39,553,099
Investment	<u>862,642</u>		<u>862,642</u>
			<u>40,415,741</u>
Petty Cash	\$ 3,300	-	3,300
Checking	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,300</u>	<u>-</u>	<u>3,300</u>
	<u>\$ 3,300</u>	<u>-</u>	<u>3,300</u>
			<u>\$ 3,300</u>
Checking	<u>\$ 81,924</u>		<u>81,924</u>

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Schedule 2

Supplemental Schedule of Changes in Assets and Liabilities -  
Agency Funds

AS OF JUNE 30, 2010

**OPERATION GAME THIEF/LAW ENFORCEMENT**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>ASSETS:</b>				
Cash on deposit	\$ 73,733	17,292	9,101	81,924
Total assets	\$ <u>73,733</u>	<u>17,292</u>	<u>9,101</u>	<u>81,924</u>
<b>LIABILITIES:</b>				
Deposits held in custody for others	\$ 73,733	17,292	9,101	81,924
Total liabilities	\$ <u>73,733</u>	<u>17,292</u>	<u>9,101</u>	<u>81,924</u>

### Schedule 3

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#### YEAR ENDED JUNE 30, 2010

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

	<u>Participants</u>
Engineering and project management services for Bear Canyon Restoration Project.	USFS, Region 3
Master agreement to work cooperatively in managing wildlife on national forest lands.	USFS, Region 3
Agreement to consult with the Department regarding livestock use permitted numbers on the Horsethief.	USFS, Santa Fe
Amendment to clarify national forests and lands meaning in original 1958 agreement.	USFS, Region 3
Amendment to 1958 agreement regarding constructing hunting and angling facilities in national forests.	USFS, Region 3
Amendment to 1958 agreement regarding resource or land management in which state listed species or habitat may be affected.	USFS, Region 3
Agreement to conserve and protect the peregrine falcon.	USFS, Region 3
Revision to establish a new master agreement to manage wildlife on national forest land.	USFS, Region 3
Establish a framework in which to share electronic data and other forms of information.	USFS, Region 3
Release and study of gemsbok onto the range.	White Sands M.R.
Coordination of vegetal control projects.	BLM
Develop Jackson Lake Wildlife Management Area.	BLM
Agency relationships and duties in the Pecos River EIS development.	U.S. BOR
Restoration and management of Rio Grande Cutthroat Trout.	USFWS, Region 2
Conservation of candidate, proposed and listed species and their habitats in the State of New Mexico.	USFWS, Region 2
Management of fish and wildlife on National Park Service property.	National Park Svc.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Supplemental Schedule of Joint Powers Agreements

Dates of Agreement						
Beginning	Ending					
1/1/2001	Ongoing	\$	-	\$	-	NMDGF
4/1/1958	Ongoing	\$	-	\$	-	NMDGF
4/1/1960	Ongoing	\$	-	\$	-	NMDGF
2/1/1961	Ongoing	\$	-	\$	-	NMDGF
8/1/1964	Ongoing	\$	-	\$	-	NMDGF
1/1/1980	Ongoing	\$	-	\$	-	NMDGF
3/1/1985	Ongoing	\$	-	\$	-	NMDGF
4/1/1991	Ongoing	\$	-	\$	-	NMDGF
5/1/1991	Ongoing	\$	-	\$	-	NMDGF
6/1/1969	Ongoing	\$	-	\$	-	NMDGF
7/1/1972	Ongoing	\$	-	\$	-	NMDGF
5/1/1987	Ongoing	\$	-	\$	-	NMDGF
2/1/2000	Ongoing	\$	-	\$	-	NMDGF
8/1/2000	Ongoing	\$	-	\$	-	NMDGF
10/1/1994	Ongoing	\$	-	\$	-	NMDGF
7/1/1972	Ongoing	\$	-	\$	-	NMDGF

See Independent Auditors' Report.



**Schedule 3 - continued**

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**YEAR ENDED JUNE 30, 2010**

	<u>Participants</u>
Wildlife management activities on public lands under the purview of the BLM.	U.S. BLM
Boat-use Facilities with Wallop-Breaux Funds - boat access project priorities at State Parks which places SPRD on a 5-year plan cycle.	EMNRD & State Parks Division
Cooperative measures specific to construction of new highways and impact to wildlife and proposed developments affecting streams flows or highway facilities.	NM State Highway Commission
Cooperative effort in wildlife management on State Trust lands leased by the Department	State Land Office
Agreement to develop and maintain Ute Dam Lake.	Interstate Stream Commission
Cooperative effort to develop resource management plans that affect wildlife and forest health.	EMNRD-State Forestry Div.
Utilize inmate work crews on habitat improvement projects on the Department's properties.	EMNRD-Forestry Division
Establishes process for accepting mine remediation funds to conduct remediation of mine waste at the upper Pecos site, including Lisboa Springs Hatchery.	NM DFA
Agreement to initiate a bear study project on the Philmont Scout Ranch.	Philmont Scout Ranch
Management agreement for the restoration of Rio Grande Cutthroat Trout on South Ponil Creek.	Philmont Scout Ranch
Allows the Department to modify existing fences to minimize any restriction of movements by Desert Bighorn Sheep.	Mrs. R. Evans, Mr. A. Foster, Mr. R. Winkler
Allows the Department to transplant sheep onto property owned by NMRP on the Fra Cristobal Mountains.	N.M. Ranch Properties
Policy and procedures for handling depredating and nuisance bears by Vermejo Park personnel or agents.	Vermejo Park Ranch
Develop and implement turkey projects in NM with funding by NWTf.	Ntl. Wild Turkey Federation

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Supplemental Schedule of Joint Powers Agreements - continued

<u>Dates of Agreement</u>			<u>Applicable</u>	<u>Contributed</u>	<u>Responsibility</u>	
<u>Beginning</u>	<u>Ending</u>					
12/1/1990	Ongoing	\$	-	\$	-	NMDGF
2/1/2001	9/1/2009	\$	315,000	\$	315,000	EMNRD
9/1/1963	Ongoing	\$	-	\$	-	NMDGF & State Hwy. Dept.
4/1/1987	Ongoing	\$	-	\$	-	NMDGF & State Land Office
8/1/1962	Ongoing	\$	147,300	\$	147,300	NMDGF
2/1/1978	Ongoing	\$	-	\$	-	NMDGF
4/1/1998	Ongoing		Depends on amt. in oper. budget	\$	-	NMDGF
6/1/1998	Ongoing	\$	-	\$	-	EMNRD
11/1/1987	Ongoing	\$	-	\$	-	NMDGF
9/1/1999	Ongoing	\$	-	\$	-	NMDGF
5/1/1981	Ongoing	\$	-	\$	-	NMDGF
8/1/1995	Ongoing	\$	-	\$	-	NMDGF
5/1/2000	Ongoing	\$	-	\$	-	NMDGF
9/1/1988	Ongoing	\$	-	\$	-	NMDGF

**Schedule 3 - continued**

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**YEAR ENDED JUNE 30, 2010**

	<u>Participants</u>
Allows the Department to transplant sheep on TGIA land in the Manzano Mountains.	Tierra Grande Improvement Assoc.
Data collecting, processing and sharing of use of fish and wildlife resource information.	Nature Conservancy
Parameters to develop, construct, monitor and maintain pilot wetland project on the SGC Picacho Bosque Wetland Project.	Southwest Environmental Center
Establishes the bighorn sheep study on the San Andres National Wildlife Refuge.	White Sands M.R. & USFWS
Conservation and management of wildlife on national forest and BLM lands (Sikes Act provisions).	USFS, Region 3 & BLM
Management of wildlife on the missile range and the San Andres Refuge.	White Sands M.R., USFWS, San Andres Refuge
Establish mountain lion study and mule deer study areas, terms and conditions.	White Sands M.R., USFWS, San Andres Refuge
Implement collective management programs to sustain and enhance distribution and abundance of sage grouse in each state/province.	Western Assoc. of Fish & Wildlife Agencies
Work with NM Cowbells to develop and promote Operation Respect.	BLM, USFS, NM Land Office
Temporary agreement concerning administration of Navajo Reservoir for recreation and fish and wildlife management.	EMNRD State Parks Div. & BOR
Establishes Middle Rio Grande Endangered Species Act Collaborative Program.	USFWS, SEO, ISC, NMAG & BOR
Administration of oil, gas, and mineral leasing within Navajo Reservoir Area.	BOR, EMNRD State Park Div. & BLM
Establishes animal damage control guidelines.	USFWS, BLM, USFS, NM Ag.
Analysis of data, report, recommendations and development of water management plans for Pecos Bluntnose Shiner.	CID, BOR, USFWS, NM State Engineer

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See Independent Auditors' Report.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Supplemental Schedule of Joint Powers Agreements - continued

Dates of Agreement			Applicable	Contributed	Responsibility
Beginning	Ending				
7/1/1998	Ongoing	\$	-	\$	NMDGF
5/1/1992	Ongoing	\$	-	\$	NMDGF
7/1/2001	Ongoing	\$	-	\$	NMDGF
6/1/1975	Ongoing	\$	-	\$	NMDGF
11/1/1984	Ongoing	\$	-	\$	NMDGF
6/1/1985	Ongoing	\$	-	\$	NMDGF
7/1/1985	Ongoing	\$	-	\$	NMDGF
8/1/1999	Ongoing	\$	-	\$	NMDGF
7/1/1983	Ongoing	\$	-	\$	NMDGF
5/1/1997	Ongoing	\$	-	\$	NMDGF & EMNRD St. Parks
1/1/2000	Ongoing	\$	-	\$	NMDGF
2/1/1967	Ongoing	\$	-	\$	NMDGF
2/1/1978	Ongoing	\$	-	\$	NMDGF
2/1/1997	Ongoing	\$	-	\$	NMDGF

Schedule 3 - continued

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YEAR ENDED JUNE 30, 2010

	<u>Participants</u>
Conservation strategies for the jaguar in Arizona and New Mexico.	AZDGF, USFWS, BLM, USFS, NPS, APHIS, NMDAg., NMSLO, Hidalgo, Otero, Pima & Cochise Counties
Cooperative management of Vermejo Park Ranch, Valle Vidal and Carson National Forest lands.	USFS Reg. 3, Vermejo Park Corp.
Establishes partnership for the protection and restoration of native fisheries.	Rio Grande chptr. of T.U., NM Trout Un., USFS Reg 3, BLM
Agreement to restore Rio Grande Cutthroat Trout in Poso Creek and Willow Creek.	Jacarillo Tribe, Running Elk Corp., USFWS Reg. 2
Establish a relationship between the Department and the SIC.	SIC
Ensure water is acquired and used for protection of listed threatened species.	Interstate Stream Commission, NMGF
Development, issuance and withdrawals of fish consumption advisories resulting from the presence of contaminants in fish tissues.	NMDGF, NMDOH, NMED
Establish broad policies for operation of a statewide Sikes Act Public Land Management Stamp Program in New Mexico.	USDA, Forest Svc., NMDGF, USD
Manage the elk population to improve herd quality; redistribution of voluntarily returned unused landowner authorization certificates.	NMDGF, Unit 4 Coop. Pilot Project
Installation of a trick tank in the Ranger District of Carson National Forest.	NMDGF, USDA Forest Svc.
Management of the WIPP withdrawal area.	USDE, NMDGF, EMNR, OCA, SLO
Environmental Impact Statement for amendment to the Mimbres Resource Management Plan and Revision to White Sands RMP.	DOI, BLM, Las Cruces Dist. Office, NMDGF

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Supplemental Schedule of Joint Powers Agreements - continued

Dates of Agreement						
Beginning	Ending					
UNK	UNK	\$	-	\$	-	NMDGF
2/1/1982	Ongoing	\$	-	\$	-	NMDGF
1/1/1997	Ongoing	\$	-	\$	-	NMDGF
9/1/1998	Ongoing	\$	-	\$	-	NMDGF
7/28/1998	Ongoing	Depends on Fund	\$	-	253	NMDGF
4/1/2002	Ongoing	\$	-	\$	-	NMDGF & Int. Stream Comm.
3/31/2004	Ongoing	\$	-	\$	-	NMDGF & Int. Stream Comm.
1/18/2005	Ongoing	Funds generated by sale of stamp	\$	-	1,402,900	NMDGF
7/15/2003	Ongoing	\$	-	\$	-	NMDGF
12/11/2002	Ongoing	\$	-	\$	-	NMDGF
4/25/1997	Ongoing	\$	-	\$	-	NMDGF
3/13/2006	Ongoing	\$	-	\$	-	NMDGF

Schedule 3 - continued

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YEAR ENDED JUNE 30, 2010

	<u>Participants</u>
Maintain, manage and supervise all state parks and state owned or leased recreation areas; acquire, develop, improve and manage lands for game refuge.	EMNRD, NMDGF
Reimburse ISC an amount not to exceed \$40,000 for costs for managing and operating Eagle Nest Dam.	NMDGF, State Engr. Ofc, Interstate Stream Commission
Maintain specimens of fishes collected for scientific studies or other activities.	NMDGF, Regents of UNM thru Div. of Fishes, Museum of SW Biol., UNM-ABQ
Governing the relationship between the Department and BLM regarding Special Status Species Resource Management Plan Amendment (SSSRMPA).	NMDGF, Pecos District of BLM
Design, construction and installation of handicapped-accessible fishing pier along Pecos River above Terrero.	EMNRD & DGF
Non-native Salt Cedar and Russian Olive control on the Escondida Property.	Soil & Water Cons. Dist. and DGF
Set forth conditions for license across SGC land in Taos County for proposed public access trail known as the Pescado Trail.	US Dept. of Interior, BLM- Taos Field Office
Establish a formal framework by which the Department will work with Virginia Tech to maintain and improve the BISON-M.	NMDGF, VPISU
Holding and maintaining captive populations of imperiled native aquatic species and the Department to expend funds for the management of threatened or endangered species and to determine, characterize and refine husbandry techniques for imperiled aquatic species in NM for a period of 3 years.	City of ABQ & NMDGF
The Department will conduct the Rio Grande cutthroat trout spawning project within the municipal reservoirs operated by the Water Division.	NMDGF, City of SF Water Div.
Agreement between the NMSGC and the City of Hobbs to manage the property and lake, and their associated uses, cooperatively and effectively.	NMSGC, City of Hobbs

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Supplemental Schedule of Joint Powers Agreements - continued

Dates of Agreement						
Beginning	Ending					
2/14/1989	Ongoing	\$	-	\$	-	NMDGF
9/25/2003	Ongoing	\$	40,000	\$	40,000	NMDGF
7/18/2006	Ongoing	\$	-	\$	-	NMDGF
3/24/2005	Ongoing	\$	-	\$	-	NMDGF
5/28/2008	6/3/2010	\$	-	\$	-	NMDGF
6/10/2008	6/30/2013	\$	-	\$	-	NMDGF
7/1/2007	6/30/2017	\$	-	\$	-	NMDGF
5/7/2007	N/A	\$	-	\$	-	NMDGF
8/29/2007	6/20/2010	\$	-	\$	-	NMDGF
9/11/2007	N/A	\$	-	\$	-	NMDGF
11/3/2008	Ongoing	\$	-	\$	-	NMDGF



Schedule 3 - continued

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YEAR ENDED JUNE 30, 2010

	<u>Participants</u>
Valencia Soil and Water Conservation district shall at all times be maintained and operated to achieve its conservation and recreational goals.	NMDGF, VSWCD, DFA
For the Conservation, Protection and Management of multi-state aquatic resources in adjacent waters.	NMDGF, Arizona DGF, California DGF, Colorado DGF, Nevada DGF, Utah DGF, Wyoming DGF
Colloaborative planning and the production of an Environmental Impact Statement for a revision to the Rio Puerco Resource Management Plan.	NMDGF, USBLM
The Off-highway Motor Vehicle Act provides that responsibility and authority for management of personnel, property, records and appropriations is transferred from the NM Tourism Department to the Department	NMDGF, NMTD

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Supplemental Schedule of Joint Powers Agreements - continued

<u>Dates of Agreement</u>						
<u>Beginning</u>	<u>Ending</u>					
4/7/2009	4/7/2013	\$	-	\$	-	NMDGF
3/6/2008	Ongoing	\$	-	\$	-	NMDGF
1/28/2009	Ongoing	\$	-	\$	-	NMDGF
4/22/2009	Ongoing	\$	-	\$	-	NMDGF

## Schedule 4

## Supplemental Schedule of Severance Tax Bond Proceeds

## YEAR ENDED JUNE 30, 2010

The following is a list of the Department's severance tax bond proceeds for the Capital Projects Fund 887:

Project Name	Chapter	Laws	Section	Total Appropriation	Life-to-date Expenditures	FY2010 Expenditures	Encumbrance Balance	Remaining Appropriation
Rock Lake Warm Water Hatchery	42	2007	20/1	500,000	371,594	-	-	128,406
Facilities Improvement Statewide	42	2007	20/2	480,351	295,869	184,482	-	-
McCaffey Lake Dam Safety Rules Compliance	43	2008	18/1	90,118	44,252	-	45,866	-
Laguna Del Campo Dam Safety Rules Compliance	43	2008	18/2	90,590	44,252	-	45,993	345
Lake Roberts Dam Spillway	154	2009	23/1	4,250,000	-	-	-	4,250,000
Aquatic Education - San Juan River County	154	2009	23/2	<u>250,000</u>	<u>12,831</u>	<u>-</u>	<u>36,866</u>	<u>200,303</u>
				\$ <u>5,661,059</u>	<u>397,204</u>	<u>184,482</u>	<u>128,725</u>	<u>4,579,054</u>

**SINGLE AUDIT**

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Schedule of Expenditures of Federal Awards

YEAR ENDED JUNE 30, 2010

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
U.S. Department of Interior:		
U.S. Fish and Wildlife Service:		
Central Arizona Project	15.608	\$ 97,683
Wildlife Conservation Education Center	15.625	160,895
Landowner Assistance Program	15.633	139,834
Cooperative Endangered Species	15.615	339,241
State Wildlife Incentive Grants *	15.634	502,620
Wildlife Restoration *	15.611	4,644,346
Sport Fish Restoration *	15.605	<u>7,299,800</u>
Total U.S. Fish and Wildlife Service		13,184,419
Bureau of Reclamation:		
Pecos River	15.000	13,362
Seven Rivers Operation & Maintenance	15.000	67,099
San Juan River	15.000	<u>288,195</u>
Total Bureau of Reclamation		<u>368,656</u>
Total U.S. Department of Interior		13,553,075
U.S. Department of Agriculture:		
USDA-Cap Chronic Wasting Disease	10.025	66,087
Avian Influenza Detection	10.028	<u>49,241</u>
Total U.S. Department of Agriculture		<u>115,328</u>
Total Federal Expenditures		\$ <u><u>13,668,403</u></u>

\* Tested as a Major Program.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Schedule of Expenditures of Federal Awards - continued

AS OF JUNE 30, 2010

**Note 1: Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of New Mexico, Department of Game and Fish, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Note 2: Loans Outstanding** - The Department does not make loans to others.

**Note 3:** The Department did not receive federal awards in the form of non-cash assistance.

**Note 4: Subrecipient** - Of the federal expenditures presented in the schedule, the Department provided federal awards to the following:

Program Title	CFDA No.	Cash Provided to Subrecipient
Boating Access, State Parks Division, EMNRD	15.605	\$ 315,000
Boating Access, Office of the State Engineer	15.605	136,725
Wildlife Restoration, State Land Office	15.611	150,000
Landowner Incentive Program Kelly Boney, private landowner	15.633	<u>124,510</u>
		<u>\$ 726,235</u> *

\* As of June 30, 2010, there were no unreimbursed expenditures due to subrecipients.

**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund, and the combining and individual funds, fiduciary fund and related budgetary comparisons presented as supplemental information of the New Mexico Department of Game and Fish (the Department) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 13, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.



Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Internal Control Over Financial Reporting - continued**

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 08-01 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free of 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*.

We noted no other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5, NMSA 1978.

The Department's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Department's response and, accordingly, we express no opinion on it.



Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and applicable federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Meyers + Company, LLC*

December 13, 2010

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

Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

**Compliance**

We have audited New Mexico Department of Game and Fish's (the Department) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the 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, 2010. The results of our auditing procedures disclosed no instances of noncompliance with those requirements.



Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Internal Control Over Compliance**

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A **deficiency in internal control over compliance** exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A **material weakness in internal control over compliance** is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Department's responses and, accordingly, we express no opinion on the responses.

Members of the Commission  
State of New Mexico  
Department of Game and Fish and  
Mr. Hector H. Balderas  
New Mexico State Auditor

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and federal award agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Meyers + Company, LLC*

December 13, 2010

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Schedule of Findings and Questioned Costs

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YEAR ENDED JUNE 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the New Mexico Department of Game and Fish (Department).
2. One significant deficiency relating to the audit of financial statements was reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is considered to be a material weakness.
3. No instances of non-compliance material to the financial statements of the Department were disclosed during the audit.
4. No deficiencies were disclosed during the audit of the major federal award programs as reported in the Report on Compliance with the Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. There were no audit findings that the auditor is required to report under 510(a) of Circular A-133.
6. The auditors' report on compliance for the major federal award programs for the Department expresses an unqualified opinion.
7. The programs tested as the major programs included:

<b>Program</b>	<b>CFDA #</b>
Sport Fish Restoration	15.605
Wildlife Restoration	15.611
State Wildlife Grant Program	15.634

8. The threshold for distinguishing Types A and B programs was \$410,052.
9. The Department was determined to be a low-risk auditee.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**08-01 CAPITAL ASSETS (Material Weakness) – Repeated and Modified**

**Condition:** During the year, the Department transferred their capital assets to a software system purchased during the fiscal year. We identified deficiencies in the review process over the assets transferred to the new system because some assets did not import with the appropriate historical information. During FY10, in anticipation of the capital asset software implementation, the Department performed a statewide inventory observation and reconciliation of all capital assets. As a result of this inventory, the Department was unable to locate some of these capital assets. In total, assets with a net book value of approximately \$285,000 were removed from the capital asset listing. Management was unable to provide us with a detailed list of the individual assets comprising this amount.

**Criteria:**

- In accordance with the State of New Mexico's Manual of Model Accounting Practices (MAPs), FIN 6.7, *Safeguarding Capital Assets*, the Department must have an established formal internal control structure over capital assets. This includes written policies and procedures to ensure capital assets are adequately controlled and safeguarded, as well as an adequate record keeping system whereby the Department can track each individual asset by description and cost. This policy also establishes that the Department must mark or tag each capital asset (chattels and equipment) with a unique number that identifies the state agency and the specific asset amount.
- Additionally, in accordance with the MAPs, FIN 6.5, *Disposing of Capital Assets*, the Department should dispose of capital assets in accordance with state and federal laws. Section 2.2.2.10 V. of the New Mexico State Audit Rule states the Department should have provided a list of assets to be disposed of to the Office of the State Auditor at least 30 days prior to deletion.

**Cause:**

- Lack of appropriate controls and review process for safeguarding and recording capital asset inventory. Additionally, the review process over assets transferred into the new accounting software did not result in providing all necessary historical information for some assets in the new software. The Department did not, in all cases, consistently follow their process for assigning individual tag numbers to individual capital asset items. During this software transition process, several items were combined together on one tag, and some historical data associated with specific tag numbers was not transitioned appropriately.
- Because the Department did not provide appropriate disposal documentation associated with some capital assets, we were unable to verify if the Department disposed of those capital assets in a manner that is consistent with state law.

Schedule of Findings and Questioned Costs - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**08-01 CAPITAL ASSETS (Material Weakness) – Repeated and Modified - continued**

**Effect:** Noncompliance with State Audit Rule and Manual of Model Accounting Practices. Additionally, capital assets with a net book value of \$285,000 were removed from the Department's capital assets. Management of the Department believes these assets were obsolete or destroyed. However, because we were unable to obtain a specific list of these assets, management was unable to demonstrate that the assets were disposed of in accordance with state requirements.

**Recommendation:** We recommend the Department revise and consistently adhere to policies and procedures over the capital asset process to ensure assets are appropriately safeguarded and recorded in the financial records. Department employees should be trained on these policies and procedures.

**Management's Response:** The Department will continue to review and make necessary revisions to policies and procedures over the capital asset process, and will ensure that staff is knowledgeable and trained on this process. The transition to the new inventory software; the deletion of obsolete, destroyed and previously disposed of items; and addressing the inventory issues identified in this finding are actions the Department has undertaken with the specific intent of correcting shortcomings in the tracking of capital assets. These efforts will allow the Department to ensure assets are appropriately safeguarded and properly recorded in agency financial records.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None.

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

Summary Schedule of Prior Year Audit Findings

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07-5 General Ledger Reconciliation – Resolved

08-1 Capital Assets – Repeated and Modified



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

**Exit Conference**

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An exit conference was held with the Department on December 13, 2010. The conference was held at the Department's offices in Santa Fe, New Mexico. In attendance were:

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

Tod Stevenson, Director  
Bob Jenks, Deputy Director  
Patrick Block, Assistant Director  
Alexa Sandoval, ASD Chief  
Sonya Quintana, Assistant ASD Chief  
Reagan Smetak, Budget & Finance Director  
Maggie Jaramillo, Auditor II  
Anthony Lujan, Lead Accountant and Auditor  
Jim McClintic, Chairman of NM State Game Commission  
James Karp, General Counsel  
Jean Higgins, Federal Aid Coordinator

**MEYNER + COMPANY, LLC**

Janet Pacheco-Morton, CPA, CGFM, Assurance Director  
Raul Anaya, CPA, CGFM, Assurance Manager  
Laura Beltran-Schmitz, CPA, CFE, Assurance Supervising Senior Accountant  
Ryan Jones, Assurance Staff Accountant

**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 Independent Auditors' Report.