

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
Santa Fe, New Mexico

FINANCIAL STATEMENTS
June 30, 2011

NM Department of Game and Fish
June 30, 2011

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NM Department of Game and Fish
June 30, 2011

Official Roster

Commission

Jim McClintic	Albuquerque, New Mexico	Chairman
Thomas Salopek	Las Cruces, New Mexico	Vice-Chairman
Tom Arvas	Albuquerque, New Mexico	Member
Scott Bidegain	Tucumcari, New Mexico	Member
Robert V. Hoffman	Las Cruces, New Mexico	Member
William Montoya	Alto, New Mexico	Member
Robert Espinoza, Sr.	Farmington, New Mexico	Member

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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 Services Division
Sonya Quintana	Chief of Human Resources
Matt Wunder	Chief of Conservation Services Division
Darrel Weybright	Acting 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
Chris Neary	Chief of Northeast Area
Leon Redman	Chief of Southeast Area
Raymond Aaltonen	Chief of Southwest Area

Independent Auditor's Report

To the Members of the Commission of
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, 2011, 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, 2011, 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.

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, 2011, 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011 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 13 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.

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.

Clifton Gunderson LLP

Albuquerque, New Mexico
December 9, 2011

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**NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis**

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) an optional section that presents combining statements for non-major governmental funds.

The basic financial statements include two kinds of statements that provide different views of the Department: The first two statements are **government-wide financial statements** that provide both long-term and short-term information about the Department's overall financial status. The remaining statements are **fund financial statements** that focus on individual parts, specifically short term information of the Department's operations in 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, 2011. 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.

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 2011. The statement provides the fund 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 fund balance.

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.

NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis

Overview of the Financial Statements - continued

Government-wide Financial Statements - continued.

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.

Financial Analysis of the Department as a Whole

Net Assets: Total Department net assets for fiscal year ending June 30, 2011 are \$107,665,291. However, most of those assets are either restricted as to the purposes they can be used for or are invested in capital assets. The restricted net assets in Governmental Activities were \$46,010,616 at the end of the fiscal year. The restricted 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 2011</u>	<u>FY2010</u>	<u>Percent Change</u>
Assets:			
Current and Other Assets	\$ 49,752,374	46,011,245	8.13%
Capital Assets	<u>\$ 61,654,675</u>	<u>62,109,370</u>	-7.3%
Total Assets	\$111,407,049	108,120,615	3.04%
Liabilities:			
Current Liabilities	3,588,169	4,752,554	-24.50 %
Non-current Liabilities	<u>153,589</u>	<u>196,115</u>	-21.68 %
Total Liabilities	3,741,758	4,948,669	-24.39 %
Net Assets:			
Invested in Capital Assets	61,654,675	62,109,370	-7.3 %
Restricted	46,010,616	41,062,576	12.05 %
Total Net Assets	<u>\$107,665,291</u>	<u>103,171,946</u>	<u>4.36 %</u>

Based on additional research performed by the Department during the year, it was identified that all of the Department's fund and net assets are restricted based on the Code of Federal Regulations for Wildlife and Fisheries. Please refer to footnote 17 for additional information.

**NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis**

Financial Analysis of the Department as a Whole - continued

The Department total assets are comprised of \$61,654,675 in capital assets and \$49,752,374 in other assets, for a total asset balance of \$111,407,049. The overall increase in total assets from the previous fiscal year is \$3,286,434. Liabilities are also broken out into two segments: current liabilities and non-current liabilities. The total amount of current liabilities is \$3,588,169, a decrease of 24.50% from the prior year balance of \$4,752,554. This decrease is attributable to a decrease 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 \$153,589.

Governmental Activities: The table below summarizes the Department's activities for the fiscal years ending June 30, 2011 and 2010. Total change in net assets from the previous fiscal year was an increase of \$4,493,345.

The Department's Activities

<u>Category</u>	<u>2011</u>	<u>2010</u>	<u>Total Dollar Change 2010 - 2011</u>	<u>Total Percent Change 2010 - 2011</u>
Program Revenues	\$ 37,311,614	39,814,136	(2,502,522)	-6.29 %
General Revenues	<u>302,234</u>	<u>166,942</u>	<u>135,292</u>	<u>81.04 %</u>
Total Revenues	37,613,848	39,981,078	(2,367,230)	-5.92 %
Program Expenses	32,236,868	29,695,113	2,541,755	8.6%
Depreciation Expense & Other	<u>0</u>	<u>3,243,011</u>	<u>(3,243,011)</u>	<u>-100 %</u>
Total Expenses	32,236,868	32,938,124	(701,256)	-2.13 %
Transfers	(883,635)	952,408	(1,836,043)	-192.78%
Change in Net Assets	<u>4,493,345</u>	<u>7,995,362</u>	<u>(3,502,017)</u>	<u>-43.80 %</u>
Beginning Net Assets	103,171,946	95,176,584	7,995,362	8.40%
Ending Net Assets	\$ <u>107,665,291</u>	<u>103,171,946</u>	<u>4,493,345</u>	<u>4.36 %</u>

The Department manages fund accounts that receive funding from sources created in the laws of the State of New Mexico. Approximately half of the funds managed by the Department showed an increase in cash balances from the prior fiscal year. The cash balance increased in seven of the Department's funds, which indicates an increase in fund activity from 2010 for most funds and an overall healthy financial position to end the year in 2011.

For the year ending June 30, 2011, depreciation expenses has been allocated to the program expense category of Game and Fish Resource Conservation. From FY 10 to FY 11, program revenues saw a decline in federal revenue activity and hunting and license activity. Interagency transfers include transfers to outside agencies, which include the Department of Finance and Administration, Energy, Minerals, and Natural Resources Department and the Office of the State Engineer.

NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis

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 seven 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 and investment balances for each fund managed by the Department.

<u>Fund Name</u>	<u>SHARE Fund</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>	<u>Total Percent of Change 2010 - 2011</u>
Game Protection Fund	19800	\$ 33,728,358	24,052,347	40.23 %
Sikes Act Fund	09700	\$ 1,323,680	1,315,324	.64 %
Share With Wildlife Fund	30700	\$ 1,075,720	961,027	11.93 %
Trail Safety Fund	10840	\$ 1,613,767	1,729,654	-6.70%
Bond Interest & Retirement Fund	42800	\$ 1,788,364	1,782,836	.31 %
Big Game Depredation Damage Fund	54900	\$ 919,041	897,371	2.41 %
Big Game Enhancement Fund	77200	\$ 2,230,876	2,044,861	9.10 %
Habitat Management Fund	49400	\$ 3,062,279	2,661,412	15.06 %
Game & Fish Capital Improvement Fund	88700	\$ 193,698	4,974,209	-96.11 %

NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis

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 2010 - 2011</u>
		<u>Fiscal Year Ended June 30, 2011</u>	<u>Fiscal Year Ended June 30, 2010</u>	
Game Protection Fund	19800	\$ 32,179,588	33,122,779	-2.85 %
Sikes Act Fund	09700	936,877	891,851	5.05 %
Share With Wildlife Fund	30700	114,863	91,524	25.50 %
Trail Safety Fund	10840	635,877	544,373	16.81 %
Bond Interest & Retirement Fund	42800	178,218	198,608	-10.27 %
Big Game Depredation Damage Fund	54900	413,232	510,798	-19.10 %
Big Game Enhancement Fund	77200	1,013,904	1,021,983	-.79 %
Habitat Management Fund	49400	1,054,775	898,711	17.37 %
Game & Fish Capital Improvement Fund	88700	850,616	2,579,180	-67.01 %
Total Revenues		\$ 37,377,950	39,859,807	-6.23 %

<u>Fund Name</u>	<u>SHARE Fund</u>	<u>Expenditures</u>		<u>Total Percent of Change 2010 - 2011</u>
		<u>Fiscal Year Ended June 30, 2011</u>	<u>Fiscal Year Ended June 30, 2010</u>	
Game Protection Fund	19800	\$ 28,137,216	28,237,938	-.36 %
Sikes Act Fund	09700	878,720	916,303	-4.10 %
Share With Wildlife Fund	30700	160,226	155,962	2.73 %
Trail Safety Fund	10840	261,992	163,831	59.92%
Bond Interest & Retirement Fund	42800	-	-	%
Big Game Depredation Damage Fund	54900	283,593	414,261	-31.54 %
Big Game Enhancement Fund	77200	805,946	802,306	.45 %
Habitat Management Fund	49400	572,750	276,399	107.22 %
Game & Fish Capital Improvement Fund	88700	994,990	3,769,914	-73.61 %
Total Expenses		\$ 32,095,433	34,736,914	-7.60 %

**NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis**

Information on Individual Funds - continued

Significant changes in fund balances occurred in the Habitat Management, Big Game Enhancement, Share with Wildlife and Capital Improvement Funds. The Habitat Management Fund increase is due to revenue exceeding expenditures by a significant amount during fiscal year 2011. The increase in the Big Game Enhancement Fund is due to revenue exceeding expenditures by a significant amount during fiscal year 2011. The Share with Wildlife Fund increase 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 reversion of unspent funds for expired 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 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, 2011 for all funds except the Capital Projects fund (88700), which includes appropriations that span multiple budget years. Including this would inaccurately portray single budget information for the fiscal year ended June 30, 2011.

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:				
Service revenue	\$ 24,486,100	24,486,100	24,261,749	(224,351)
Federal grants	11,293,700	12,277,537	11,787,677	(489,860)
Interest earned	168,500	168,500	66,336	(102,164)
Other revenue	257,000	387,000	411,572	24,572
Other financing sources	<u>182,300</u>	<u>182,300</u>	<u>4,898,489</u>	<u>4,716,189</u>
	36,387,600	37,501,437	<u>41,425,823</u>	<u>3,924,386</u>

**NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis**

BUDGETS, REVENUE AND EXPENDITURES - continued

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues - continued:				
Fund balance budgeted	\$ <u>2,081,300</u>	<u>2,781,300</u>		
Total revenues	\$ <u>38,468,900</u>	<u>40,282,737</u>	<u>41,425,823</u>	<u>1,143,086</u>
Expenditures:				
Personal services/benefits	\$ 20,621,100	20,642,100	16,897,425	3,744,675
Contractual services	4,081,000	4,485,516	3,166,099	1,319,417
Other	13,269,500	13,957,821	11,036,919	2,920,902
Other financing uses	<u>497,300</u>	<u>1,197,300</u>	<u>1,083,635</u>	<u>113,665</u>
Total expenditures	\$ <u>38,469,000</u>	<u>40,282,737</u>	<u>32,184,078</u>	<u>8,098,659</u>

Overall, the Department recorded \$41,425,823 in total revenue and \$32,184,078 in expenditures. This resulted in a difference of revenues in excess of expenditures of \$9,241,745. The difference is due to a higher level of fund activity attributed to lower salary and benefits expenses during fiscal year 2011; federal fund reimbursements received at the end of fiscal year 2011; 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 \$24,673,321 of the Department's revenue. The expenditures include \$29,957,618 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.

**NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis**

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The following table shows the Department's capital assets:

	<u>Governmental Activities</u>		Total % of Change 2010 – 2011
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	
Land	\$ 33,077,666	33,082,810	-.02 %
Land improvements	4,412,941	4,330,364	-1.90 %
Infrastructures and Easements	9,712,628	9,250,337	4.99 %
Property, Plant and Equipment	38,720,587	31,827,007	21.66 %
Work in Process	93,554	7,144,632	-98.69 %
Less Depreciation	<u>(24,362,701)</u>	<u>(23,525,780)</u>	<u>3.56 %</u>
Net Capital Assets	\$ <u>61,654,675</u>	<u>62,109,370</u>	<u>-73 %</u>

The net value of the Department's capital assets as of June 30, 2011 is \$61,654,675. This net value decreased during fiscal year 2011 due in large part to the disposal of old, unusable and obsolete capital assets.

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 2011. 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 charged 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 Department continues to work with the Office of the State Engineer to bring dams into compliance with current standards and it continues to be an ongoing major, long-term project for the Department. The entity responsible for establishing safety standards for dams is the Office of the State Engineer.

**NM Department of Game and Fish
Year Ended June 30, 2011
Management's Discussion and Analysis**

Anticipated Future Conditions and Changes - continued

In the last two years, the Department has taken over the Off Highway Vehicle and Aquatic Invasive Species (AIS) programs within the State. These programs are important and the Department has made significant progress implementing these programs. However, as safety issues concerning off-highway vehicle use continue to grow, the Department will need to determine new ways and plans to support the program in a robust manner. The same is true for the AIS program. The concern for AIS is growing across the nation as global communities become more interconnected, the spread of invasive species continues. The negative impacts of AIS are not only felt by the natural environment but also by public water supplies and urban communities. The Department will have to determine how best to work with other governmental agencies and the public of New Mexico to slow the spread of AIS to protect our State's resources.

The Department is cognizant of national trends related to participation in hunting and fishing. While New Mexico has not experienced declines in participation to the degree other states have experienced, we must consider similar circumstances and how they may be relevant here, now and into the future. 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.

The state of New Mexico's economic health and economic conditions in the rest of the country are also major influences on the Department and how we will be able to operate in the future. Although the Department has not felt large-scale negative repercussions from the economic downturn; we remain cognizant of it and continue to find ways to control costs without adversely affecting services provided to the public. The Department must also be aware of how economic conditions can adversely affect the Department by a possible lower participation in hunting, trapping and fishing opportunities in the State, potentially decreasing Department revenue.

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 populations 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 a reasonable argument that everybody who benefits should also contribute financially to that management.

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.

BASIC FINANCIAL STATEMENTS

NM Department of Game and Fish
June 30, 2011

Statement of Net Assets

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 3,300
Investments	45,938,781
Accounts Receivable	974,077
Due from Other State Agencies	4,668
Due from Federal Government	2,762,400
Inventory	69,148
Total Current Assets	49,752,374
<i>Noncurrent Assets</i>	
Capital assets, net of accumulated depreciation	61,654,675
Total Assets	111,407,049
LIABILITIES	
<i>Current Liabilities</i>	
Bank Overdraft	6,298
Accounts Payable	1,765,438
Accrued Compensated Absence	924,421
Due to other State Agencies	298,068
Accrued Payroll	563,944
Other Liabilities	30,000
Total Current Liabilities	3,588,169
<i>Noncurrent Liabilities</i>	
Long-term portion of compensated absences	153,589
Total Liabilities	3,741,758
NET ASSETS	
Invested in Capital assets	61,654,675
<i>Restricted for:</i>	
Game and Fish Management	69,148
Wildlife and Fisheries	43,698,191
Debt Service	1,777,862
Capital Projects	465,415
Total Net Assets	\$ 107,665,291

**NM Department of Game and Fish
Year Ended June 30, 2011.**

Statement of Activities

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government				
Governmental Activities:				
Game and Fish Resource Conservation	\$ 32,225,451	\$ 24,673,321	\$ 12,638,293	\$ 5,086,163
<i>Total Governmental Activities</i>	32,225,451	24,673,321	12,638,293	5,086,163
General Purpose Revenues and Transfers:				
Revenues				
				180,754
				55,144
				66,336
				(883,635)
				(11,417)
				(592,818)
				<i>Change in Net Assets</i> 4,493,345
				103,171,946
				\$ 107,665,291

**NM Department of Game and Fish
June 30, 2011**

**Balance Sheet
Governmental Funds**

	Game Protection Fund - 19800	Capital Projects - 88700	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,300	\$ --	\$ --	\$ 3,300
Investments	33,731,356	193,698	12,013,727	45,938,781
Accounts Receivable	974,077	--	--	974,077
Due from Other State Agencies	4,015	--	653	4,668
Due from Federal Government	2,066,852	375,779	319,769	2,762,400
Inventory	37,912	--	31,236	69,148
Due from other funds	49,451	--	45,405	94,856
Total Assets	\$ 36,866,963	\$ 569,477	\$ 12,410,790	\$ 49,847,230
LIABILITIES				
Bank Overdraft	\$ 6,298	\$ --	\$ --	\$ 6,298
Accounts payable	1,358,634	104,062	302,742	1,765,438
Due to other State Agencies	293,946	--	4,122	298,068
Accrued Payroll	546,799	--	17,145	563,944
Undistributed Receipts	30,000	--	--	30,000
Due to Other Funds	45,405	--	49,451	94,856
Total Liabilities	2,281,082	104,062	373,460	2,758,604
FUND BALANCE				
Nonspendable	37,912	--	31,236	69,148
Restricted	34,547,969	465,415	12,006,094	47,019,478
Total Fund Balance	34,585,881	465,415	12,037,330	47,088,626
Total Liabilities and Fund Balance	\$ 36,866,963	\$ 569,477	\$ 12,410,790	\$ 49,847,230

**NM Department of Game and Fish
June 30, 2011**

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

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 47,088,626
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 fund:	
The cost of capital assets is:	86,017,376
Accumulated depreciation is:	<u>(24,362,701)</u>
Total Capital Assets:	<u>61,654,675</u>
Long- term and certain other liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:	
Compensated absences payable:	<u>(1,078,010)</u>
Total Net Assets-Governmental Funds	\$ <u>107,665,291</u>

**NM Department of Game and Fish
Year Ended June 30, 2011**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds**

	Game Protection Fund - 19800	Capital Projects - 88700	Other Governmental Funds	Total Governmental Funds
Revenues				
Other Penalties	\$ 52,740	\$ --	\$ --	\$ 52,740
Service Revenue	20,950,569	--	3,311,180	24,261,749
Federal Grants	10,806,395	850,616	981,282	12,638,293
Interest Earned	58,189	--	8,147	66,336
Unrealized gain on investments	--	--	180,754	180,754
Other Revenue	311,695	--	47,137	358,832
Total Revenues	32,179,588	850,616	4,528,500	37,558,704
Expenditures				
Game and Fish Resource Conservation	27,319,293	361,373	2,408,109	30,088,775
Capital Outlay	817,923	633,617	555,118	2,006,658
Total Expenditures	28,137,216	994,990	2,963,227	32,095,433
Excess of Revenues Over (Under) Expenditures				
	4,042,372	(144,374)	1,565,273	5,463,271
Other Financing Sources (Uses)				
Other Financing Sources STB Proceeds	--	55,144	--	55,144
Inter Agency Transfers	(412,810)	--	(500,000)	(912,810)
Proceeds from Sale of Equipment	182,103	--	--	182,103
Intra- Agency Transfers	4,564,807	(4,335,632)	(200,000)	29,175
Net Other Financing Sources (Uses)	4,334,100	(4,280,488)	(700,000)	(646,388)
Net Change in Fund Balance	8,376,472	(4,424,862)	865,273	4,816,883
Fund Balance at Beginning of Period	26,209,409	4,890,277	11,172,057	42,271,743
Fund Balance at End of Period	\$ 34,585,881	\$ 465,415	\$ 12,037,330	\$ 47,088,626

**NM Department of Game and Fish
Year Ended June 30, 2011**

**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities**

Total Net Change in Fund Balances - Governmental Funds	\$	4,816,883
--	----	-----------

Governmental funds report capital outlay 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-Total Capital Assets less Accumulated Depreciation

Capital outlay		2,006,658
Depreciation Expense		<u>(2,267,833)</u>

Excess of depreciation expense over capital outlay		(261,175)
--	--	-----------

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 decrease in the liabilities for the fiscal year was:

131,157

The Statement of Activities reports the loss on sale of equipment, while the Statement of Revenues, Expenditures and Changes in Fund Balance reports the proceeds. The reconciling amount is the difference.

(193,520)

Changes in Net Assets-Governmental Activities	\$	<u>4,493,345</u>
--	-----------	-------------------------

**NM Department of Game and Fish
Year Ended June 30, 2011**

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Game Protection Fund 19800**

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ 21,990,400	\$ 21,990,400	\$ 20,950,569	\$ (1,039,831)
Federal Grants	10,673,900	11,451,650	10,806,395	(645,255)
Interest Earned	163,900	163,900	58,189	(105,711)
Other Revenue	212,300	282,300	364,435	82,135
Other Financing sources	182,300	182,300	4,717,735	4,535,435
Total Revenues	33,222,800	34,070,550	36,897,323	2,826,773
Total Revenues	33,222,800	34,070,550		
Fund Balance Budgeted	1,391,100	1,391,100		
Total Revenues and Other Financing Sources	34,613,900	35,461,650		
Expenditures				
Personal Services and Benefits	20,272,100	20,293,100	16,588,673	3,704,427
Contractual Services	2,956,000	3,363,150	2,523,117	840,033
Other Costs	10,888,500	11,308,100	9,025,426	2,282,674
Other Financing Uses	497,300	497,300	383,635	113,665
Total Expenditures	34,613,900	35,461,650	28,520,851	6,940,799
Total Expenditures and Other Financing Uses	34,613,900	35,461,650	28,520,851	6,940,799
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses			8,376,472	
Net Change in Fund Balance			8,376,472	
Fund Balance at Beginning of Period	26,209,409	26,209,409	26,209,409	
Fund Balance at End of Period	\$ 26,209,409	\$ 26,209,409	\$ 34,585,881	

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

**NM Department of Game and Fish
Year Ended June 30, 2011**

**Statement of Fiduciary Assets and Liabilities -
Agency Funds**

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ <u>78,755</u>
TOTAL ASSETS	<u><u>78,755</u></u>
LIABILITIES:	
Due to others	<u>78,755</u>
TOTAL LIABILITIES	\$ <u><u>78,755</u></u>

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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 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.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

NATURE OF ORGANIZATION - continued

- **Divisions - continued:**

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

The Fisheries Management Division is concerned with the production and distribution of game fish, development of fishing waters and management and research programs needed to protect and expand the sport fishing resources of the State. The State trout hatcheries are: 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.

- **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.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

• **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.

• **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 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.

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.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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

This government-wide focus is more on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

• **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 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.

Game Protection 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

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• Basis of Presentation - Fund Accounting - continued

Game Protection Fund – continued:

of all money collected or received under the State laws for the protection and propagation of game and fish. The money shall be paid over to the State Treasurer to the credit of the Game Protection Fund, and the Fund, including all earned income there from, shall not be transferred to another fund. Chapter 17 NMSA 1978 shall be a guaranty to the person who pays for hunting and fishing licenses and permits that the money in the Fund shall not be used for any purpose other than as provided in Chapter 17 NMSA 1978.

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:

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.

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.

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

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

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

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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

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

Special Revenue Funds – continued:

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

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

Capital Outlay 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. The Capital Outlay Fund is a major fund.

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

These funds are not incorporated into the government-wide financial statements. The Agency account is:

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

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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

• **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).

• **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.

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.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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

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

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. Investment Council pool of investments is monitored by the same investment committee, and the 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 reached 582 as of year end.

• **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 2011. Amounts are to be remitted to the Department by the tenth (10th) 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.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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

- **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, consists of capital assets net of accumulated depreciation.

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.

Governmental Funds – New Pronouncements

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

Use of Restricted Resources

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

- **Interfund Receivables and Payables**

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

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Capital Assets**

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

Depreciation on assets is provided on a straight-line basis with no salvage value over the following estimated useful lives: Fencing – 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. Land, Land Improvements, Rights and Easements, and Infrastructure 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:

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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

• **Budgets and Budgetary Accounting - continued**

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 \$78,755 which is primarily held for use by the Law Enforcement Division. These deposits are insured or collateralized with securities held by its agent in the entity's name (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.

The fair 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, 2011:

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

3. INVESTMENTS continued

Investment	Maturities	Fair Value
New Mexico State Treasurer's Office: General Fund Investment Pool	1 day to 3 years	44,955,385
State Investment Council:		
Equity funds:		
Non-U.S. Developed Markets	N/A	62,110
Emerging Markets	N/A	61,423
Fixed Income:		
U.S. Core Bonds	1 to 39 years	324,148
Large Cap ETF	N/A	407,622
SMID ETF	N/A	<u>128,093</u>
State Investment Council total		<u>983,396</u>
Total investments		<u><u>45,938,781</u></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, 2011.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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 From Other Funds

Amount Due To	
Major Fund	Amount
Game Protection (Fund 19800)	\$ <u>49,451</u>
Total Major Funds	<u>49,451</u>
Non-Major Funds (Funds 54900, 42800)	<u>45,405</u>
Total All Funds	\$ <u>94,856</u>

B. Due To Other Funds

Amount Due From	
Major Fund	Amount
Game Protection (Fund 19800)	\$ <u>45,405</u>
Total Major Funds	<u>45,405</u>
Non-Major Funds (Funds 30700, 09700, 49400)	<u>49,451</u>
Total All Funds	\$ <u>94,856</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 2012.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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.

A. Due From Other State Agencies

Due From Other State Agencies	Fund No.	Amount
Game Protection Fund	19800	4,015
Sikes Fund	09700	90
Trail Safety Fund	10840	144
Share with Wildlife Fund	30700	8
Bond Interest & Retirement Fund	42800	149
Big Game Depredation Fund	54900	60
Big Game Enhancement Fund	77200	202
		<u>4,668</u>

B. Due From Agency/Fund

STO-Interest on Deposits	80100	4,015
STO-Interest on Deposits	80100	90
STO-Interest on Deposits	80100	144
STO-Interest on Deposits	80100	8
STO-Interest on Deposits	80100	149
STO-Interest on Deposits	80100	60
STO-Interest on Deposits	80100	202
		<u>4,668</u>

Due to Other State Agencies

Due to Other State Agencies	Fund No.	Amount
Trail Safety Fund	10840	4,122
Game Protection Fund	19800	<u>293,946</u>
		<u>298,068</u>

Due From Agency/Fund		
Tourism Department	26200	229
Motor Vehicle Department	17200	3,893
Energy, Minerals, & Natural Resources Department	20010	<u>293,946</u>
		<u>298,068</u>

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

<u>Governmental-type Activities</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2011</u>
Land	\$ 33,082,810	10,606	(15,750)	-	33,077,666
Rights and easements	356,589	44,067	-	-	400,656
Library and museum	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total non-depreciable assets	33,440,399	54,673	(15,750)		33,479,322
Infrastructure	8,893,748	418,224	-	-	9,311,972
Fencing	4,330,364	235,475	(152,898)	-	4,412,941
Furniture and fixtures	761,123	5,414	(9,384)	-	757,153
Data processing equipment	589,785	5,352	(242,531)	(2,398)	350,208
Equipment	6,017,489	425,466	(305,919)	2,398	6,139,434
Aircraft and automobiles	6,236,468	283,817	(827,809)		5,692,476
Buildings and structures	18,221,142	578,237	(70,141)	7,051,078	25,780,316
Work in process	<u>7,144,632</u>	<u>-</u>	<u>-</u>	<u>(7,051,078)</u>	<u>93,554</u>
Total depreciable assets	52,194,751	1,951,985	(1,608,682)		52,538,054
Less accumulated depreciation:					
Infrastructure	(5,400,223)	(224,125)	-	-	(5,624,348)
Fencing	(2,054,176)	(354,249)	-	-	(2,408,425)
Furniture and fixtures	(275,408)	(24,953)	9,384	-	(290,977)
Data processing equipment	(509,088)	(24,834)	240,133	2,398	(291,391)
Equipment	(4,410,838)	(240,182)	304,561	(2,398)	(4,348,857)
Aircraft and automobiles	(3,655,867)	(599,428)	826,910	-	(3,428,385)
Buildings and structures	(6,231,063)	(800,062)	49,924	(989,117)	(7,970,318)
Work in process	<u>(989,117)</u>	<u>-</u>	<u>-</u>	<u>989,117</u>	<u>-</u>
Total accumulated depreciation	<u>(23,525,780)</u>	<u>(2,267,833)</u>	<u>1,430,912</u>	<u>-</u>	<u>(24,362,701)</u>
Total capital assets, net	\$ <u>62,109,370</u>	<u>(261,175)</u>	<u>(193,520)</u>	<u>-</u>	<u>61,654,675</u>

Current year depreciation expense is \$2,267,833. Depreciation expense is charged to the governmental function of Game and Fish Resource Conservation on the Statement of Activities.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

7. REVERSIONS

The Department did not have any capital projects funded with Severance Tax Bonds or Game Protection Fund that expired during the year.

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<u>Balance at June 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2011</u>
Compensated absences payable	\$ <u>1,209,167</u>	\$ <u>842,833</u>	\$ <u>(973,990)</u>	\$ <u>1,078,010</u>
Due within one year:			\$	<u>924,421</u>

The Game Protection Fund is used to liquidate compensated absences.

9. OPERATING TRANSFERS

Operating transfers consist of the following for the year ending June 30, 2011:

Intra-agency Transfers

<u>Agency/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
516-19800 Game Protection Fund – Major Fund	\$ 4,535,632	-	4,535,632
516-42800 Bond Interest & Retirement Fund	-	(200,000)	(200,000)
516-88700 Capital Improvement Fund	<u>200,000</u>	<u>(4,535,632)</u>	<u>(4,335,632)</u>
	\$ <u>4,735,632</u>	<u>(4,735,632)</u>	<u>-</u>

Inter-agency Transfers

<u>Agency/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
516-19800 Game Protection Fund – Major Fund	\$ 29,175	(412,810)	(383,635)
516-88700 Capital Improvements Fund – Major Fund	55,144	-	55,144
516-10840 Trail Safety Fund	-	(500,000)	(500,000)
	<u>84,319</u>	<u>(912,810)</u>	<u>(828,491)</u>
550-21400 Office of State Engineer	\$ 182,300	(29,175)	153,125
521-19900 Energy, Minerals & Natural Resources	230,510	-	230,510
341-85300 Department of Finance & Administration	<u>500,000</u>	<u>(55,144)</u>	<u>444,856</u>
	\$ <u>912,810</u>	<u>(84,319)</u>	<u>828,491</u>

Transfers are largely the result of appropriation and severance tax draw activity occurring between the Game Protection Fund, Capital Projects Fund and the Department of Finance and Administration.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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.

• **Funding Policy**

Plan members are required to contribute 7.42% of their gross salary. The Department is required to contribute 16.59% 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, 2011, 2010 and 2009 were \$1,674,441, \$1,776,233 and \$2,163,135, 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.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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

• **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.

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 12	1.834%	.917%
FY 13	2.000%	1.000%

Also, employers joining the program after 1/1/98 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, 2011, 2010 and 2009 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, 2011.

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, 2011.

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

12. COMMITMENTS AND CONTINGENCIES - continued

- Operating Lease Obligations - continued

Years ending June 30:	<u>Lease Amounts</u>
2012	\$ 810,918
2013	348,767
2014	352,845
2015	353,656
2016	178,066
2017 and thereafter	<u>1,604,201</u>
	\$ <u>3,648,453</u>

Total lease expense for the year ended June 30, 2011 was \$400,284.

- 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 2008, Chapter 43, Section 18 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 recognized revenue only when the eligibility requirements have been met. The Department requested \$55,144 during the year ending June 30, 2011.

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. There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed coverage in any of the past three fiscal years.

15. JOINT POWERS AGREEMENTS

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

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

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. GOVERNMENTAL FUND BALANCES

The Department's fund balances represent: 1) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2011, follows:

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

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

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

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

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

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

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

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

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

(c) A diversion of license fee revenues occurs when any portion of license revenues is used for

NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements

17. GOVERNMENTAL FUND BALANCES – continued

any purpose other than the administration of the State fish and wildlife agency.

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

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

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

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

The remainder of this page is intentionally left blank. Please see page 44 for individual fund breakdown.

**NM Department of Game and Fish
June 30, 2011
Notes to Financial Statements**

	Major Capital		Nonmajor Special Revenue Funds					Debt Service	
	General Fund	Projects							
	Game Protection Fund 19800	Capital Projects 88700	Habitat Management 49400	Big Game Enhancement 77200	Big Game Depredation 54900	Trail Safety Fund 10840	Sikes Act 09700	Share with Wildlife 30700	Bond Interest and Retirement Fund
Fund Balances:									
Nonspendable:									
Inventory	\$ 37,912	\$ -	\$ -	\$ -	\$ 31,236	\$ -	\$ -	\$ -	\$ -
Restricted for:									
50 CFR 80.3 and 80.4 Wildlife and Fisheries	34,547,969	465,415	3,145,895	2,258,169	875,301	1,588,136	1,362,641	998,090	1,777,862
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 34,585,881	\$ 465,415	\$ 3,145,895	\$ 2,258,169	\$ 906,537	\$ 1,588,136	\$ 1,362,641	\$ 998,090	\$ 1,777,862

Supplementary Information

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Combining Balance Sheet

Nonmajor Governmental Funds

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds	
	Habitat Management Fund - 49400	Big Game Enhancement - 77200	Big Game Depredation- 54900	Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share With Wildlife - 30700	Total Special Revenue Funds		Bond Interest Retirement Fund - 42800
ASSETS									
Investments	\$ 3,062,279	\$ 2,230,876	\$ 919,041	\$ 1,613,767	\$ 1,323,680	\$ 1,075,720	\$ 10,225,363	\$ 1,788,364	\$ 12,013,727
Due from Other State Agencies	-	202	60	144	90	8	504	149	653
Due from Federal Government	67,898	142,121	-	-	54,651	55,099	319,769	-	319,769
Inventory	-	-	31,236	-	-	-	31,236	-	31,236
Due from other funds	15,718	-	-	-	29,097	590	45,405	-	45,405
Total Assets	\$ 3,145,895	\$ 2,373,199	\$ 950,337	\$ 1,613,911	\$ 1,407,518	\$ 1,131,417	\$ 10,622,277	\$ 1,788,513	\$ 12,410,790
LIABILITIES									
Accounts payable	\$ -	\$ 110,520	\$ 5,000	\$ 11,702	\$ 42,193	\$ 133,327	\$ 302,742	\$ -	\$ 302,742
Due to other State Agencies	-	-	-	4,122	-	-	4,122	-	4,122
Accrued Payroll	-	4,510	-	9,951	2,684	-	17,145	-	17,145
Due to Other Funds	-	-	38,800	-	-	-	38,800	10,651	49,451
Total Liabilities	-	115,030	43,800	25,775	44,877	133,327	\$ 362,809	10,651	373,460
FUND BALANCE									
Nonspendable	-	-	31,236	-	-	-	\$ 31,236	-	31,236
Restricted	3,145,895	2,258,169	875,301	1,588,136	1,362,641	998,090	10,228,232	1,777,862	12,006,094
Total Fund Balance	3,145,895	2,258,169	906,537	1,588,136	1,362,641	998,090	10,259,468	1,777,862	12,037,330
Total Liabilities and Fund Balance	\$ 3,145,895	\$ 2,373,199	\$ 950,337	\$ 1,613,911	\$ 1,407,518	\$ 1,131,417	\$ 10,622,277	\$ 1,788,513	\$ 12,410,790

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds**

	Special Revenue						Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
	Habitat Management Fund - 49400	Big Game Enhancement - 77200	Big Game Depredation- 54900	Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share With Wildlife - 30700		Bond Interest Retirement Fund - 42800	
Revenues									
Service Revenue	\$ 690,864	\$ 517,959	\$ 412,017	\$ 634,221	\$ 876,216	\$ 4,800	\$ 3,136,077	\$ 175,103	\$ 3,311,180
Federal Grants	363,911	495,945	--	--	58,562	62,864	981,282	--	981,282
Interest Earned	--	--	1,215	1,656	2,099	62	5,032	3,115	8,147
Unrealized gain on investments	--	--	--	--	--	180,754	180,754	--	180,754
Other Revenue	--	--	--	--	--	47,137	47,137	--	47,137
Total Revenues	1,054,775	1,013,904	413,232	635,877	936,877	295,617	4,350,282	178,218	4,528,500
Expenditures									
Game and Fish Resource Conservation	326,067	782,369	12,831	247,896	878,720	160,226	2,408,109	--	2,408,109
Capital Outlay	246,683	23,577	270,762	14,096	--	--	555,118	--	555,118
Total Expenditures	572,750	805,946	283,593	261,992	878,720	160,226	2,963,227	--	2,963,227
Excess of Revenues Over (Under) Expenditures	482,025	207,958	129,639	373,885	58,157	135,391	1,387,055	178,218	1,565,273
Other Financing Sources (Uses)									
Inter Agency Transfers	--	--	--	(500,000)	--	--	(500,000)	--	(500,000)
Infra- Agency Transfers	--	--	--	--	--	--	--	(200,000)	(200,000)
Transfers from other funds	--	--	--	--	--	--	--	--	--
Transfers to other funds	--	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	--	--	--	(500,000)	--	--	(500,000)	(200,000)	(700,000)
Net Change in Fund Balance	482,025	207,958	129,639	(126,115)	58,157	135,391	887,055	(21,782)	865,273
Fund Balance at Beginning of Period	2,663,870	2,050,211	776,898	1,714,251	1,304,484	862,699	9,372,413	1,799,644	11,172,057
Fund Balance at End of Period	\$ 3,145,895	\$ 2,258,169	\$ 906,537	\$ 1,588,136	\$ 1,362,641	\$ 998,090	\$ 10,259,468	\$ 1,777,862	\$ 12,037,330

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Habitat Management Fund - 49400**

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ 396,800	\$ 396,800	\$ 690,864	\$ 294,064
Federal Grants	150,000	221,087	363,911	142,824
Total Revenues	546,800	617,887	1,054,775	436,888
Other Financing Sources				
Total Revenue	546,800	617,887	1,054,775	436,888
Fund Balance Budgeted	253,200	253,200		
Total Revenues and Other Financing Sources	800,000	871,087		
Expenditures				
Contractual Services	300,000	207,366	202,865	4,501
Other Costs	500,000	663,721	369,885	293,836
Total Expenditures	800,000	871,087	572,750	298,337
Total Expenditures and Other Financing Uses	800,000	871,087	572,750	298,337
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	482,025	
Net Change in Fund Balance			482,025	
Fund Balance at Beginning of Period	2,663,870	2,663,870	2,663,870	
Fund Balance at End of Period	\$ 2,663,870	\$ 2,663,870	\$ 3,145,895	

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

NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Big Game Enhancement - 77200

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ 444,300	\$ 444,300	\$ 517,959	\$ 73,659
Federal Grants	382,300	382,300	495,945	113,645
Total Revenues	826,600	826,600	1,013,904	187,304
Other Financing Sources				
Total Revenues	826,600	826,600	1,013,904	187,304
Fund Balance Budgeted	326,000	326,000		
Total Revenues and Other Financing Sources	1,152,600	1,152,600		
Expenditures				
Personal Services and Benefits	92,600	92,600	73,858	18,742
Contractual Services	555,000	555,000	271,157	283,843
Other Costs	505,000	505,000	460,931	44,069
Total Expenditures	1,152,600	1,152,600	805,946	346,654
Total Expenditures and Other Financing Uses	1,152,600	1,152,600	805,946	346,654
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
			207,958	
Net Change in Fund Balance			207,958	
Fund Balance at Beginning of Period	2,050,211	2,050,211	2,050,211	
Fund Balance at End of Period	\$ 2,050,211	\$ 2,050,211	\$ 2,258,169	

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

NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Big Game Depredation-54900

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ 409,400	\$ 409,400	\$ 412,017	\$ 2,617
Interest Earned	4,600	4,600	1,215	(3,385)
Total Revenues	414,000	414,000	413,232	(768)
Other Financing Sources				
Total Revenues	414,000	414,000	413,232	(768)
Fund Balance Budgeted	111,000	111,000		
Total Revenues and Other Financing Sources	525,000	525,000		
Expenditures				
Contractual Services	25,000	25,000	--	25,000
Other Costs	500,000	500,000	283,593	216,407
Total Expenditures	525,000	525,000	283,593	241,407
Total Expenditures and Other Financing Uses	525,000	525,000	283,593	241,407
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	--	--	129,639	
Net Change in Fund Balance			129,639	
Fund Balance at Beginning of Period	776,898	776,898	776,898	
Fund Balance at End of Period	\$ 776,898	\$ 776,898	\$ 906,537	

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

NM Department of Game and Fish
Year Ended June 30, 2011
--- Supplementary Information

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Trail Safety Fund - 10840

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ 360,000	\$ 360,000	\$ 634,221	\$ 274,221
Interest Earned	--	--	1,656	1,656
Total Revenues	360,000	360,000	635,877	275,877
Fund Balance Budgeted		500,000		
Total Revenues and Other Financing Sources	360,000	860,000		
Expenditures				
Personal Services and Benefits	160,000	160,000	151,550	8,450
Contractual Services	80,000	80,000	8,988	71,012
Other Costs	120,000	120,000	101,454	18,546
Other Financing Uses	--	500,000	500,000	--
Total Expenditures	360,000	860,000	761,992	98,008
Other Financing Uses				
Total Expenditures and Other Financing Uses	360,000	860,000	761,992	98,008
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	(126,115)	
Net Change in Fund Balance	--	--	(126,115)	
Fund Balance at Beginning of Period	1,714,251	1,714,251	1,714,251	
Fund Balance at End of Period	\$ 1,714,251	\$ 1,714,251	\$ 1,588,136	

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

NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Sikes Act Fund - 09700

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ 852,400	\$ 852,400	\$ 876,216	\$ 23,816
Federal Grants	--	75,000	58,562	(16,438)
Interest Earned	--	--	2,099	2,099
Total Revenues	<u>852,400</u>	<u>927,400</u>	<u>936,877</u>	<u>9,477</u>
Total Revenues and Other Financing Sources	<u>852,400</u>	<u>927,400</u>	<u>936,877</u>	<u>9,477</u>
Expenditures				
Personal Services and Benefits	96,400	96,400	83,344	13,056
Other Costs	756,000	831,000	795,376	35,624
Total Expenditures	<u>852,400</u>	<u>927,400</u>	<u>878,720</u>	<u>48,680</u>
Total Expenditures and Other Financing Uses	<u>852,400</u>	<u>927,400</u>	<u>878,720</u>	<u>48,680</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>--</u>	<u>--</u>	<u>58,157</u>	
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>58,157</u>	
Fund Balance at Beginning of Period	<u>1,304,484</u>	<u>1,304,484</u>	<u>1,304,484</u>	
Fund Balance at End of Period	<u>\$ 1,304,484</u>	<u>\$ 1,304,484</u>	<u>\$ 1,362,641</u>	

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

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Share With Wildlife - 30700**

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ 32,800	\$ 32,800	\$ 4,800	\$ (28,000)
Federal Grants	87,500	147,500	62,864	(84,636)
Interest Earned	--	--	62	62
Other Revenue	44,700	104,700	47,137	(57,563)
Unrealized gain			180,754	180,754
Total Revenues	165,000	285,000	295,617	10,617
Total Revenues and Other Financing Sources				
	165,000	285,000	295,617	10,167
Expenditures				
Contractual Services	165,000	255,000	159,972	95,028
Other Costs	--	30,000	254	29,746
Total Expenditures	165,000	285,000	160,226	124,774
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses				
	165,000	285,000		
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	--	--	135,391	
Net Change in Fund Balance	--	--	135,391	
Fund Balance at Beginning of Period	862,699	862,699	862,699	
Fund Balance at End of Period	\$ 862,699	\$ 862,699	\$ 998,090	

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

NM Department of Game and Fish
Year Ended June 30, 2011
- Supplementary Information

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
(Budgetary Basis) Bond Interest Retirement Fund - 42800

	Budgeted Amounts		(Budgetary Basis) Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Service Revenue	\$ --	\$ --	\$ 175,103	\$ 175,103
Interest Earned	--	--	3,115	3,115
<i>Total Revenues</i>	--	--	178,218	178,218
Other Financing Sources				
Fund Balance Budgeted	--	200,000	--	--
<i>Total Revenues and Other Financing Sources</i>	--	200,000	--	--
Expenditures				
<i>Total Expenditures</i>				
Other Financing Uses				
Other Financing Use	--	200,000	(200,000)	--
<i>Total Expenditures and Other Financing Uses</i>	--	200,000	(200,000)	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
<i>Net Change in Fund Balance</i>	--	--	(21,782)	(21,782)
Fund Balance at Beginning of Period	1,799,644	1,799,644	1,799,644	
Fund Balance at End of Period	\$ 1,799,644	\$ 1,799,644	\$ 1,777,862	

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

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Capital Projects Fund - 88700 Statement of Revenues and Expenditures - Budget to Actual (Budgetary Basis)

	Budgeted Amounts		Received Prior Years	Received Current Year	Total Revenue	Variance From Final Budget Positive (Negative)
	Original	Final				
REVENUES:						
Federal sources	\$ 6,227,814	8,599,564	10,663,583	850,616	11,514,199	2,914,635
State general fund	14,155,668	17,610,341	9,650,000	-	9,650,000	(7,960,341)
Bond sales	4,750,642	6,168,234	5,600,629	55,144	5,655,773	(512,461)
Other financing sources	<u>21,458,750</u>	<u>35,498,735</u>	<u>32,057,338</u>	<u>-</u>	<u>32,057,338</u>	<u>(3,441,397)</u>
TOTAL REVENUES	\$ <u>46,592,874</u>	<u>67,876,874</u>	<u>57,971,550</u>	<u>905,760</u>	<u>58,877,310</u>	<u>(8,999,564)</u>
	Budgeted Amounts		Expended Prior Years	Expended Current Year	Total Expenditures	Variance From Final Budget Positive (Negative)
	Original	Final				
EXPENDITURES - current:						
Maintenance and repairs	\$ 353,704	455,104	386,478	32,495	418,973	36,131
Supplies	111,760	159,360	143,067	7,163	150,230	9,130
Contractual services	4,507,931	4,542,931	1,306,976	288,837	1,595,813	2,947,118
Operating costs	1,062,826	1,062,826	1,029,944	32,878	1,062,822	4
Land conservation easements	6,772,387	6,772,387	4,230,683	-	4,230,683	2,541,704
Capital outlay	27,914,513	49,014,513	42,623,125	633,617	43,256,742	5,757,771
Other financing (uses)	<u>10,294,615</u>	<u>10,294,615</u>	<u>4,084,472</u>	<u>4,335,632</u>	<u>8,420,104</u>	<u>1,874,511</u>
TOTAL EXPENDITURES	\$ <u>51,017,736</u>	<u>72,301,736</u>	<u>53,804,745</u>	<u>5,330,622</u>	<u>59,135,367</u>	<u>13,166,369</u>
 CHANGE IN FUND BALANCE				<u>(4,424,862)</u>		
FUND BALANCE, BEGINNING OF YEAR				<u>4,890,277</u>		
FUND BALANCE, END OF YEAR				<u>465,415</u>		

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

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

**Schedule 1 Supplemental Schedule of Cash Accounts including Investments
SHARE System**

Name of Depository	Account Name	Fund Type	Fund No.	Type of Account	Bank Balance	Outstanding Items	Book Amount
NM State Treasurer	Game Protection Fund	General	19800	State Treasury	\$ 33,731,356	-	33,731,356
NM State Treasurer	Trail Safety Fund	Special Revenue	10840	State Treasury	1,613,767	-	1,613,767
NM State Treasurer	Sikes Fund	Special Revenue	09700	State Treasury	1,323,680	-	1,323,680
NM State Treasurer	Capital Projects Fund	Capital projects	88700	State Treasury	193,698	-	193,698
NM State Treasurer	Share with Wildlife Fund	Special Revenue	30700	State Treasury	92,324	-	92,324
NM State Treasurer	Wildlife Conservation Fund	Special Revenue	30800	State Treasury	-	-	-
NM State Treasurer	Big Game Depredation Fund	Special Revenue	54900	State Treasury	919,041	-	919,041
NM State Treasurer	Big Game Enhancement Fund	Special Revenue	77200	State Treasury	2,230,876	-	2,230,876
NM State Treasurer	Habitat Management Fund	Special Revenue	49400	State Treasury	3,062,279	-	3,062,279
NM State Treasurer	Bond Interest & Retirement Fund	Debt Service	42800	State Treasury	1,788,364	-	1,788,364
Total Investments-State Treasurer's Office Investment Pool					44,955,385	-	44,955,385
State Investment Council	Share with Wildlife Fund	Special Revenue	30700	Investment	983,396	-	983,396
Total investments							<u>45,938,781</u>
Game Protection Fund Cash:							
Dept. of Game and Fish	Petty Cash-Cashier-Santa Fe	General		Petty Cash	\$ -	-	3,300
Bank Overdraft	Game Protection Fund	General		Checking	-	-	(6,298)
					-	-	(2,998)
Total cash - Dept. of Game and Fish					\$ -	-	<u>(2,998)</u>
Financial statement cash balance						\$	<u>(2,998)</u>
Wells Fargo Bank	Operation Game Thief/ Law Enforcement	Agency		Checking	\$ 78,755	-	<u>78,755</u>

NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information

Schedule 2 - Supplemental Schedule of Changes in Assets and Liabilities - Agency Funds

OPERATION GAME THIEF/LAW ENFORCEMENT

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash on deposit	\$ 81,924	7,053	10,222	78,755
Total assets	<u>\$ 81,924</u>	<u>7,053</u>	<u>10,222</u>	<u>78,755</u>
LIABILITIES:				
Deposits held in custody for others	\$ 81,924	7,053	10,222	78,755
Total liabilities	<u>\$ 81,924</u>	<u>7,053</u>	<u>10,222</u>	<u>78,755</u>

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 3 - Supplemental Schedule of Joint Powers Agreements

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

	Participants	Dates of Agreement		Applicable	Contributed	Responsibility
		Beginning	Ending			
Engineering and project management services for Bear Canyon Restoration Project.	USFS, Region 3	1/1/2001	Ongoing	\$ -	\$ -	NMDGF
Master agreement to work cooperatively in managing wildlife on national forest lands.	USFS, Region 3	4/1/1958	Ongoing	\$ -	\$ -	NMDGF
Agreement to consult with the Department regarding livestock use permitted numbers on the Horsethief	USFS, Santa Fe	4/1/1960	Ongoing	\$ -	\$ -	NMDGF
Amendment to clarify national forests and lands meaning in original 1958 agreement.	USFS, Region 3	2/1/1961	Ongoing	\$ -	\$ -	NMDGF
Amendment to 1958 agreement regarding constructing hunting and angling facilities in national forests.	USFS, Region 3	8/1/1964	Ongoing	\$ -	\$ -	NMDGF
Amendment to 1958 agreement regarding resource or land management in which state listed species or habitat may be affected.	USFS, Region 3	1/1/1980	Ongoing	\$ -	\$ -	NMDGF
Agreement to conserve and protect the peregrine falcon.	USFS, Region 3	3/1/1985	Ongoing	\$ -	\$ -	NMDGF
Revision to establish a new master agreement to manage wildlife on national forest land.	USFS, Region 3	4/1/1991	Ongoing	\$ -	\$ -	NMDGF
Establish a framework in which to share electronic data and other forms of information.	USFS, Region 3	5/1/1991	Ongoing	\$ -	\$ -	NMDGF
Release and study of gemsbok onto the range.	White Sands M.R.	6/1/1989	Ongoing	\$ -	\$ -	NMDGF
Coordination of vegetal control projects.	BLM	7/1/1972	Ongoing	\$ -	\$ -	NMDGF
Develop Jackson Lake Wildlife Management Area.	BLM	5/1/1987	Ongoing	\$ -	\$ -	NMDGF
Agency relationships and duties in the Pecos River EIS development.	U.S. BOR	2/1/2000	Ongoing	\$ -	\$ -	NMDGF
Restoration and management of Rio Grande Cutthroat Trout.	USFWS, Region 2	8/1/2000	Ongoing	\$ -	\$ -	NMDGF
Conservation of candidate, proposed and listed species and their habitats in the State of New Mexico.	USFWS, Region 2	10/1/1994	Ongoing	\$ -	\$ -	NMDGF
Management of fish and wildlife on National Park Service property.	National Park Svc.	7/1/1972	Ongoing	\$ -	\$ -	NMDGF

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 3 - Supplemental Schedule of Joint Powers Agreements

	Participants	Dates of Agreement		Applicable	Contributed	Responsibility
		Beginning	Ending			
Wildlife management activities on public lands under the purview of the BLM.	U.S. BLM	12/1/1990	Ongoing	\$ -	\$ -	NMDGF
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	2/1/2001	9/1/2009	\$ 315,000	\$ 315,000	EMNRD
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	9/1/1963	Ongoing	\$ -	\$ -	NMDGF & State Hwy. Dept.
Cooperative effort in wildlife management on State Trust lands leased by the Department	State Land Office	4/1/1987	Ongoing	\$ -	\$ -	NMDGF & State Land Office
Agreement to develop and maintain Ute Dam Lake.	Interstate Stream Commission	8/1/1962	Ongoing	\$ 147,300	147,300	NMDGF
Cooperative effort to develop resource management plans that affect wildlife and forest health.	EMNRD-State Forestry Div.	2/1/1978	Ongoing	\$ -	\$ -	NMDGF
Utilize inmate work crews on habitat improvement projects on the Department's properties.	EMNRD-Forestry Division	4/1/1998	Ongoing	Depends on amt. in oper. budget	\$ -	NMDGF
Establishes process for accepting mine remediation funds to conduct remediation of mine waste at the upper Pecos site, including Lisboa Springs Hatchery.	NM DFA	6/1/1998	Ongoing	\$ -	\$ -	EMNRD
Agreement to initiate a bear study project on the Philmont Scout Ranch.	Philmont Scout Ranch	11/1/1987	Ongoing	\$ -	\$ -	NMDGF
Management agreement for the restoration of Rio Grande Cutthroat Trout on South Ponil Creek.	Philmont Scout Ranch	9/1/1999	Ongoing	\$ -	\$ -	NMDGF
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	5/1/1981	Ongoing	\$ -	\$ -	NMDGF
Allows the Department to transplant sheep onto property owned by NMRP on the Fra Cristobal Mountains.	N.M. Ranch Properties	8/1/1995	Ongoing	\$ -	\$ -	NMDGF
Policy and procedures for handling depreddating and nuisance bears by Vermejo Park personnel or agents.	Vermejo Park Ranch	5/1/2000	Ongoing	\$ -	\$ -	NMDGF
Develop and implement turkey projects in NM with funding by NWTF.	NH. Wild Turkey Federation	9/1/1988	Ongoing	\$ -	\$ -	NMDGF

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 3 - Supplemental Schedule of Joint Powers Agreements

	Participants	Dates of Agreement		Applicable	Contributed	Responsibility
		Beginning	Ending			
Wildlife management activities on public lands under the purview of the BLM.	U.S. BLM	12/1/1990	Ongoing	\$ -	\$ -	NMDGF
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	2/1/2001	9/1/2009	\$ 315,000	\$ 315,000	EMNRD
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	9/1/1963	Ongoing	\$ -	\$ -	NMDGF & State Hwy. Dept.
Cooperative effort in wildlife management on State Trust lands leased by the Department	State Land Office	4/1/1987	Ongoing	\$ -	\$ -	NMDGF & State Land Office
Agreement to develop and maintain Ute Dam Lake.	Interstate Stream Commission	8/1/1962	Ongoing	\$ 147,300	147,300	NMDGF
Cooperative effort to develop resource management plans that affect wildlife and forest health.	EMNRD-State Forestry Div.	2/1/1978	Ongoing	\$ -	\$ -	NMDGF
Utilize inmate work crews on habitat improvement projects on the Department's properties.	EMNRD-Forestry Division	4/1/1998	Ongoing	Depends on amt. in oper. budget	\$ -	NMDGF
Establishes process for accepting mine remediation funds to conduct remediation of mine waste at the upper Pecos site, including Lisboa Springs Hatchery.	NM DFA	6/1/1998	Ongoing	\$ -	\$ -	EMNRD
Agreement to initiate a bear study project on the Philmont Scout Ranch.	Philmont Scout Ranch	11/1/1987	Ongoing	\$ -	\$ -	NMDGF
Management agreement for the restoration of Rio Grande Cutthroat Trout on South Ponil Creek.	Philmont Scout Ranch	9/1/1999	Ongoing	\$ -	\$ -	NMDGF
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	5/1/1981	Ongoing	\$ -	\$ -	NMDGF
Allows the Department to transplant sheep onto property owned by NMRP on the Fra Cristobal Mountains.	N.M. Ranch Properties	8/1/1995	Ongoing	\$ -	\$ -	NMDGF
Policy and procedures for handling depredating and nuisance bears by Vermejo Park personnel or agents.	Vermejo Park Ranch	5/1/2000	Ongoing	\$ -	\$ -	NMDGF
Develop and implement turkey projects in NM with funding by NWTF.	Ntl. Wild Turkey Federation	9/1/1988	Ongoing	\$ -	\$ -	NMDGF

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 3 - Supplemental Schedule of Joint Powers Agreements

Allows the Department to transplant sheep on TGIA land in the Manzano Mountains.	Tierra Grande Improvement Assoc.	7/1/1998	Ongoing	\$	-	\$	-	NMDGF
Data collecting, processing and sharing of use of fish and wildlife resource information.	Nature Conservancy	5/1/1992	Ongoing	\$	-	\$	-	NMDGF
Parameters to develop, construct, monitor and maintain pilot wetland project on the SGC Picacho Bosque Wetland Project.	Southwest Environmental Center	7/1/2001	Ongoing	\$	-	\$	-	NMDGF
Establishes the bighorn sheep study on the San Andres National Wildlife Refuge.	White Sands M.R. & USFWS	6/1/1975	Ongoing	\$	-	\$	-	NMDGF
Conservation and management of wildlife on national forest and BLM lands (Sikes Act provisions).	USFS, Region 3 & BLM	11/1/1984	Ongoing	\$	-	\$	-	NMDGF
Management of wildlife on the missile range and the San Andres Refuge.	White Sands M.R., USFWS, San Andres Refuge	6/1/1985	Ongoing	\$	-	\$	-	NMDGF
Establish mountain lion study and mule deer study areas, terms and conditions.	White Sands M.R., USFWS, San Andres Refuge	7/1/1985	Ongoing	\$	-	\$	-	NMDGF
Implement collective management programs to sustain and enhance distribution and abundance of sage grouse in each state/province.	Western Assoc. of Fish & Wildlife Agencies	8/1/1999	Ongoing	\$	-	\$	-	NMDGF
Work with NM Cowbells to develop and promote Operation Respect.	BLM, USFS, NM Land Office	7/1/1983	Ongoing	\$	-	\$	-	NMDGF
Temporary agreement concerning administration of Navajo Reservoir for recreation and fish and wildlife management.	EMNRD State Parks Div. & BOR	5/1/1997	Ongoing	\$	-	\$	-	NMDGF & EMNRD St. Parks
Establishes Middle Rio Grande Endangered Species Act Collaborative Program.	USFWS, SEO, ISC, NMAG & BOR	1/1/2000	Ongoing	\$	-	\$	-	NMDGF
Administration of oil, gas, and mineral leasing within Navajo Reservoir Area.	BOR, EMNRD State Park Div. & BLM	2/1/1967	Ongoing	\$	-	\$	-	NMDGF
Establishes animal damage control guidelines.	USFWS, BLM, USFS, NM Ag.	2/1/1978	Ongoing	\$	-	\$	-	NMDGF
Analysis of data, report, recommendations and development of water management plans for Pecos Bluntnose Shiner.	CID, BOR, USFWS, NM State Engineer	2/1/1997	Ongoing	\$	-	\$	-	NMDGF
Conservation strategies for the jaguar in Arizona and New Mexico.	AZDGF, USFWS, BLM, USFS, NPS, APHIS, NMDAg., NMSLO, Hidalgo, Otero, Pima & Cochise Counties	UNK	UNK	\$	-	\$	-	NMDGF

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 3 - Supplemental Schedule of Joint Powers Agreements

Cooperative management of Vermejo Park Ranch, Valle Vidal and Carson National Forest lands.	USFS Reg. 3, Vermejo Park Corp.	2/1/1982	Ongoing	\$	-	\$	-	NMDGF
Establishes partnership for the protection and restoration of native fisheries.	Rio Grande chptr. of T.U., NM Trout Un., USFS Reg 3, BLM	1/1/1997	Ongoing	\$	-	\$	-	NMDGF
Agreement to restore Rio Grande Cutthroat Trout in Poso Creek and Willow Creek.	Jacarillo Tribe, Running Elk Corp., USFWS Reg. 2	9/1/1998	Ongoing	\$	-	\$	-	NMDGF
Establish a relationship between the Department and the SIC.	SIC	7/28/1998	Ongoing	Depends on Fund	\$	253		NMDGF
Ensure water is acquired and used for protection of listed threatened species.	Interstate Stream Commission, NMGF	4/1/2002	Ongoing	\$	-	\$	-	NMDGF & Int. Stream Comm.
Development, issuance and withdrawals of fish consumption advisories resulting from the presence of contaminants in fish tissues.	NMDGF, NMDOH, NMED	3/31/2004	Ongoing	\$	-	\$	-	NMDGF & Int. Stream Comm.
Establish broad policies for operation of a statewide Sikes Act Public Land Management Stamp Program in New Mexico.	USDA, Forest Svc., NMDGF, USD	1/18/2005	Ongoing	Funds generated by sale of stamp	\$	1,402,900		NMDGF
Manage the elk population to improve herd quality; redistribution of voluntarily returned unused landowner authorization certificates.	NMDGF, Unit 4 Coop. Pilot Project	7/15/2003	Ongoing	\$	-	\$	-	NMDGF
Installation of a trick tank in the Ranger District of Carson National Forest.	NMDGF, USDA Forest Svc.	12/11/2002	Ongoing	\$	-	\$	-	NMDGF
Management of the WIPP withdrawal area.	USDE, NMDGF, EMNR, OCA, SLO	4/25/1997	Ongoing	\$	-	\$	-	NMDGF
Environmental Impact Statement for amendment to the Mimbres Resource Management Plan and Revision to White Sands RMP.	DOI, BLM, Las Cruces Dist. Office, NMDGF	3/13/2006	Ongoing	\$	-	\$	-	NMDGF
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	2/14/1989	Ongoing	\$	-	\$	-	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	9/25/2003	Ongoing	\$	40,000	\$	40,000	NMDGF
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	7/18/2006	Ongoing	\$	-	\$	-	NMDGF

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 3 - Supplemental Schedule of Joint Powers Agreements

Governing the relationship between the Department and BLM regarding Special Status Species Resource Management Plan Amendment (SSSRMPA).	NMDGF, Pecos District of BLM	3/24/2005	Ongoing	\$	- \$	-	NMDGF
Non-native Salt Cedar and Russian Olive control on the Escondida Property.	Soil & Water Cons. Dist. and DGF	6/10/2008	6/30/2013	\$	- \$	-	NMDGF
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	7/1/2007	6/30/2017	\$	- \$	-	NMDGF
Establish a formal framework by which the Department will work with Virginia Tech to maintain and improve the BISON-M.	NMDGF, VPISU	5/7/2007	N/A	\$	- \$	-	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.	9/11/2007	N/A	\$	- \$	-	NMDGF
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	11/3/2008	Ongoing	\$	- \$	-	NMDGF
Valencia Soil and Water Conservation district shall at all times be maintained and operated to achieve its conservation and recreational goals.	NMDGF, VSWCD, DFA	4/7/2009	4/7/2013	\$	- \$	-	NMDGF
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	3/6/2008	Ongoing	\$	- \$	-	NMDGF
Collaborative planning and the production of an Environmental Impact Statement for a revision to the Rio Puerco Resource Management Plan.	NMDGF, USBLM	1/28/2009	Ongoing	\$	- \$	-	NMDGF
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	4/22/2009	Ongoing	\$	- \$	-	NMDGF
Appropriation of New Mexico's portion of the Arizona Water Settlement Act of 2004 for the Gila River Project.	NMDGF, DFA	1/8/2009	6/30/2009	\$	- \$	-	NMDGF
To regulate open and closed seasons for taking game fish, licensing fishermen to fish the waters of the State, and to provide fishing opportunities.	NMDGF, CITY OF ALAMAGORDO	4/16/2009	4/16/2012	\$	\$	-	NMDGF
Agreement for the construction of a game resistant fence on property owned by Stockton.	NMDGF, GENE STOCKTON	5/29/2009	Ongoing	\$	\$	-	NMDGF
To work cooperatively to remove feral sheep, goats, and pigs from areas where they may pose a threat to wildlife and agricultural resources.	NMDGF, LIVESTOCK BOARD	9/9/2009	6/30/2014	\$	\$	-	NMDGF

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 3 - Supplemental Schedule of Joint Powers Agreements

To provide a framework for cooperation and coordination between the BLM and the Cooperator that will ensure successful completion of the RMP/EIE in a timely, efficient, and thorough manner.	NMDGF, USDI-BLM TAOS FIELD OFFICE	12/15/2009	Ongoing	\$	\$	NMDGF
To promotes effective communication and collaboration between the state agency and New Mexico Indian nations, tribes and pueblos.	NMDGF, 22 INDIAN NATIONS, TRIBES & PUEBLOS	12/16/2009	Ongoing	\$	\$	NMDGF
Department of Game and Fish grants and assigns to EMNDR authorization to operate State Parks in the areas designated for use as State Parks.	NMDGF, NMSGC EMNDR	1/21/2010	Ongoing	\$	\$	NMDGF
Agreement between the Western Governor Association and Department of Game and Fish (Contractor) shall perform the work for pilot project.	NMDGF, WESTERN GOVERNORS ASSOC	7/14/2010	5/31/2012	\$	\$	NMDGF
The NMDGF, FWS and NRCS share a common objective of protecting and improving wildlife corridors and quality habitat areas throughout the state of New Mexico.	NMDGF, USDI AND FWS AND USDA NRCS	8/4/2010	9/30/2013	\$	\$	NMDGF
To Protect and monitor the water quality, water availability, and conservation of water resources in the reservoir.	NMDGF, ISC EMNDR SPD, UTE RESERVIOR	12/22/2010	Ongoing	\$	\$	NMDGF
To utilize water from bear Canyon Reservoir pertaining to New Mexico State Engineer for emergency fire suppression.	NMDGF, FOREST SERVICE AND OSE	6/7/2011	Ongoing	\$	\$	NMDGF
Irrigation of Storrie project lands located within the New Mexico (McAllister) Wildlife Refuge or for storage within McAllister Lake.	NMDGF, CITY OF LAS VEGAS	6/21/2011	Ongoing	\$	\$	NMDGF
To acquire a perpetual conservation easement for the property located North of Luna, NM in Catron County.	NMDGF, EMNDR	7/27/2011	6/30/2014	\$	997,990 \$	NMDGF
To provide access upon and through certain state trust land to authorized hunters, anglers and trapper for the regulated harvest of protected species.	NMDGF, COMMISSIONER OF PUBLIC LAND	8/1/2011	6/30/2012	\$	\$	NMDGF

**NM Department of Game and Fish
Year Ended June 30, 2011
Supplementary Information**

Schedule 4 - Supplemental Schedule of Severance Tax Bond Proceeds

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

<u>Project Name</u>	<u>Chapter</u>	<u>Laws</u>	<u>Section</u>	<u>Total Appropriation</u>	<u>Life-to-date Expenditures</u>	<u>FY2011 Expenditures</u>	<u>Encumbrance Balance</u>	<u>Remaining Appropriation</u>
Rock Lake Warm Water Hatchery	42	2007	20/1	500,000	371,594	55,144	-	73,262
Facilities Improvement Statewide	42	2007	20/2	480,351	295,869	-	-	184,482
McGaffey 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	-	-	46,338
Lake Robert Dam Spillway	154	2009	23/1	4,250,000	-	-	-	4,250,000
Aquatic Education - San Juan River County	154	2009	23/2	250,000	12,831	-	15,573	221,596
				<u>\$ 5,661,059</u>	<u>768,798</u>	<u>55,144</u>	<u>15,573</u>	<u>4,821,544</u>

Single Audit

NM Department of Game and Fish
Year Ended June 30, 2011
Single Audit
Schedule of Expenditures of Federal Awards

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	\$ 111,207
Wildlife Conservation Education Center	15.625	46,983
Hunter Safety Education Section 10	15.626	86,942
Cooperative Endangered Species *	15.615	396,516
USFWS EBMA PONIL Creek Fish Passage	15.632	70,455
Wolf Demo Project	15.650	3,733
USFWS Archery in Schools	15.613	12,002
Bureau of Reclamation Programs	15.517	10,427
BLM Challenge Cost Share	15.238	199,565
State Wildlife Incentive Grants	15.634	576,183
Wildlife Restoration *	15.611	4,447,021
Sport Fish Restoration *	15.605	<u>5,764,306</u>
 Total U.S. Fish and Wildlife Service		 11,725,340
Bureau of Reclamation:		
San Juan River (BOR) *	15.529	<u>671,669</u>
 Total Bureau of Reclamation		 <u>671,669</u>
 Total U.S. Department of Interior		 12,397,009
U.S. Department of Agriculture:		
USDA-Cap Chronic Wasting Disease *	10.025	154,686
Avian Influenza Detection	10.028	<u>24,598</u>
 Total U.S. Department of Agriculture		 179,284
 Western Governor's Association DOE	81.112	20,000
Homeland Security Fort Training	97.042	<u>42,000</u>
		62,000
 Total Federal Expenditures		 \$ <u>12,638,293</u>

* Tested as a Major Program.

NM Department of Game and Fish
Year Ended June 30, 2011
Single Audit

Schedule of Expenditures of Federal Awards - continued

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 modified 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:

<u>Program Title</u>	<u>CFDA No.</u>	<u>Amount Provided to Subrecipient</u>
Boating Access, State Parks Division, EMNRD	15.605	\$ 230,510
Boating Access, Office of the State Engineer	15.605	136,725
Wildlife Restoration, State Land Office	15.611	150,000
		\$ <u>517,235</u>

**Independent Auditor's 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
New Mexico Department of Game and Fish
Mr. Hector Balderas
New Mexico State Auditor

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund, and the combining and individual funds 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, 2011, and have issued our report thereon dated December 9, 2011. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 certain 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, which are described in the accompanying schedule of findings and questions costs as findings 2011-01 and 2011-02.

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 them.

This report is intended solely for the information and use of management, Members of the Commission, others within the Department, the New Mexico Department of Finance and Administration, the State Auditor, the New Mexico Legislature, and 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.

Clifton Gunderson LLP

Albuquerque, New Mexico
December 9, 2011

**Independent Auditor's 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 Balderas
New Mexico State Auditor

Compliance

We have audited the compliance of the New Mexico Department of Game and Fish (the Department) 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 its major federal programs for the year ended June 30, 2011. 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 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, 2011.

Internal Control over Compliance

The 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 in order to determine our 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 entity'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 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.

This report is intended solely for the information and use of management, Members of the Commission, others within the Department, the New Mexico Department of Finance and Administration, the New Mexico State Auditor, the New Mexico Legislature and 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.

Clifton Gunderson LLP

Albuquerque, New Mexico
December 9 , 2011

**NEW MEXICO DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings, disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
15.605/15.611	Sport Fish/Wildlife Restoration Cluster
15.529	Bureau of Reclamation – San Juan River
15.615	Cooperative Endangered Species
10.025	USDA Chronic Wasting Disease

Dollar threshold used to distinguish between type A and type B programs \$379,149

Auditee qualified as low-risk auditee? yes no

NEW MEXICO DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

Section II - Financial Statement Findings

2011-01 – Petty Cash Lockbox (Deficiency in Internal Control)

Condition: During our walkthrough of the cash receipts process at an area office, we discovered a petty cash box that was left in an open safe. The safe is located in the back room, however it may be accessible by people walking in through the front or the unlocked back door.

Criteria: A sound internal control structure requires adequate safeguards over the Department's assets, which include petty cash. These internal controls are designed to prevent asset misappropriation. Additionally, in accordance with the New Mexico Manual of Model Accounting Practices, Section FIN 5.16, item B(1d), the Department is required to certify that internal control procedures are in place and that cash is kept where only the custodian of the account can access it.

Cause: There are inadequate safeguards in place over the petty cash lockbox.

Effect: The risk of misappropriation of the petty cash is increased.

Recommendation: We recommend that the Department take steps to ensure that petty cash lockboxes are stored out of the view of the public and employees, in a secure location. If it is kept in a safe, we recommend that safe remain closed and locked whenever possible.

Management's Response:

The Department has taken steps to ensure that staff complies with existing internal control processes regarding petty cash lockboxes. The internal control mechanism in place requires that petty cash is stored out of the view of the public and employees, in a secure location. Staff has been reminded that the safe should remain closed and locked whenever possible.

NEW MEXICO DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDING AND QUESTIONED COSTS
June 30, 2011

Section II - Financial Statement Findings, continued

2011-02 – Credit Card Charge Error (Deficiency in Internal Control)

Control Deficiency

Condition: We noted during our assessment of internal controls over cash receipts that in one item out of the 38 tested, the amount that a customer was charged was \$10 more than the cost of the license. Also, customers are entering the charge amounts themselves, instead of being entered by a Department employee.

Criteria: In accordance with the New Mexico Manual of Model Accounting Practices, Section FIN 2.5 regarding cash receipts, the Department should verify the cash received before providing a customer with a receipt.

Cause: There are inadequate internal controls in place at the point of sale, and customers are entering their own purchase amounts.

Effect: A customer was overcharged by \$10.

Recommendation: We recommend a review process be established and adhered to whereby employees review the credit card receipt against the invoice at the point of sale before the customer leaves the premises.

Management's Response:

The Department has an established review process in place and will continue to work with all staff to ensure that the process is followed and the appropriate amount is charged to customers for each transaction. We will continue to work with staff to ensure that they adhere to daily deposit and auditing processes to verify daily sales and revenue collections.

Section III- Federal Award Findings

No Federal Award Findings

**NEW MEXICO DEPARTMENT OF GAME AND FISH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2011**

Section I – Financial Statement Findings

2008-01 – Capital Assets (Material Weakness) - Cleared

Section II – Federal Award Findings and Questioned Costs

None

**NEW MEXICO DEPARTMENT OF GAME AND FISH
EXIT CONFERENCE
June 30, 2011**

An exit conference was held with the Department on November 29, 2011. The conference was held at the offices of the Department of Game and Fish in Santa Fe, New Mexico. In attendance were:

NEW MEXICO DEPARTMENT OF GAME AND FISH

Jim McClintic, Chairman
Jim Lane, Director
Patrick Block, Assistant Director
R.J. Kirkpatrick, Assistant Director
Alexa Sandoval, ASD Chief
Reagan Smetak, Budget Director
Jean Higgins, Federal Aid Coordinator
Elizabeth Burks, Federal Aid Auditor
Maggie Jaramillo, Financial Auditor
Sonya Quintana, Chief of Human Resources

CLIFTON GUNDERSON LLP

Janet Pacheco-Morton, CPA, CGFM, Assurance Partner
Laura Beltran-Schmitz, CPA, CFE, CGFM, Assurance Manager
Ryan Jones, CPA, Assurance Senior Associate
Carson Townsend, Associate

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 management, as addressed in the Independent Auditors' Report.