

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

**FINANCIAL STATEMENTS
June 30, 2013**

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**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
OFFICIAL ROSTER
June 30, 2013**

Commission

Scott Bidegain	Tucumcari, New Mexico	Chairman
Thomas Salopek	Las Cruces, New Mexico	Vice-Chairman
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Dan Brooks	Deputy Director
R.J. Kirkpatrick	Assistant Director – Resource Programs/Area Operations
Patrick Block	Assistant Director – Administrative Support Services
Allison Marks	Legal Council
Alexa Sandoval	Chief of Administrative Services Division
Russ Verbofsky	Chief of Information Services Division
Sonya Quintana	Chief of Human Resources
Matt Wunder	Chief of Ecosystem and Environmental Planning Division
Cal Baca	Chief of Wildlife Management Division
Michael Sloane	Chief of Fisheries Management Division
Marty Frentzel	Chief of Information and Outreach Division
Robert Griego	Colonel Field Operations



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Independent Auditors' 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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of State of New Mexico Department of Game and Fish (the Department) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's nonmajor governmental funds, and the budgetary comparisons for the major capital projects fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Department as of June 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital projects fund and all non-major funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The 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 the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

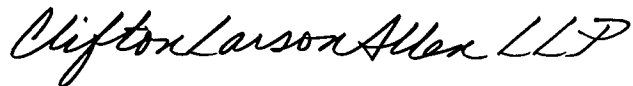
The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 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* in considering the Department's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

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

Albuquerque, New Mexico
December 13, 2013

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The State of New Mexico Department of Game and Fish's (the Department) Management's 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 greater detail than the government-wide statements.

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

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

Government-wide Financial Statements. The Statement of Net Position shows the Department's overall financial position as of June 30, 2013. This financial statement is comparable to the balance sheet in a private sector entity's financial statements. A Statement of Net Position differs from a balance sheet in several ways, but there is one main difference. The New Mexico Department of Game and Fish is a government agency and a trustee of public assets rather than a company with shareholders or owners. In a private sector balance sheet, the surplus (or deficit) of assets compared to liabilities is the owners' equity. In governmental financial statements, this excess is labeled net position.

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 2013. The statement provides the fund balance at the beginning of the year and the balance at the

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

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 significant funds. Funds are accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

The Department has two types of funds:

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

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

Financial Analysis of the Department as a Whole

Net Position. The total Department net position for the fiscal year ended June 30, 2013 is \$118,732,140. That entire amount is either restricted as to the purposes it can be used for or is net investment in capital assets. The restricted net position in Governmental Activities was \$56,684,741 at the end of the fiscal year.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The Department's Net Position

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Amount Change</u>	<u>Total % Change</u>
Assets:				
Current and other assets	\$ 61,322,392	\$ 55,178,878	\$ 6,143,514	11%
Capital assets	<u>62,047,399</u>	<u>61,406,035</u>	<u>641,364</u>	1%
Total assets	<u>\$123,369,791</u>	<u>\$116,584,913</u>	<u>\$ 6,784,878</u>	6%
Liabilities:				
Current liabilities	\$ 4,496,055	\$ 4,780,730	\$ (284,675)	-6%
Non-current liabilities	<u>141,596</u>	<u>117,480</u>	<u>24,116</u>	21%
Total liabilities	<u>4,637,651</u>	<u>4,898,210</u>	<u>(260,559)</u>	-5%
Net position:				
Net investment in capital assets	62,047,399	61,406,035	641,364	1%
Restricted	<u>56,684,741</u>	<u>50,280,668</u>	<u>6,404,073</u>	13%
Total net position	<u>118,732,140</u>	<u>111,686,703</u>	<u>7,045,437</u>	6%
Total liabilities and net position	<u>\$123,369,791</u>	<u>\$116,584,913</u>	<u>\$ 6,784,878</u>	6%

The Department total position is comprised of \$62,047,399 in capital assets and \$61,322,392 in current assets, for a total net position balance of \$118,732,140. The overall increase in total position from the previous fiscal year is 6.39%. Liabilities are also broken out into two segments: current liabilities and noncurrent liabilities. The total amount of current liabilities is \$4,496,055, a decrease of 5.95% from the prior year balance of \$4,780,730. 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 \$141,596.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Governmental Activities: The table below summarizes the Department's activities for the fiscal years ending June 30, 2013 and 2012. The change in net position was \$7,045,437 at the end of the fiscal year.

Changes in the Department's Net Position

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Amount Change</u>	<u>Total % Change</u>
Program revenues	\$ 39,705,222	\$ 36,706,560	\$ 2,998,662	8%
General revenues	<u>461,768</u>	<u>333,963</u>	<u>127,805</u>	38%
Total revenues	<u>40,166,990</u>	<u>37,040,523</u>	<u>3,126,467</u>	8%
Program expenses	<u>32,803,267</u>	<u>32,521,811</u>	<u>281,456</u>	1%
Total expenses	32,803,267	32,521,811	281,456	1%
Transfers	<u>(318,286)</u>	<u>(497,300)</u>	<u>179,014</u>	-36%
Change in net position	7,045,437	4,021,412	3,024,025	75%
Net position, beginning of year,	<u>111,686,703</u>	<u>107,665,291</u>	<u>4,021,412</u>	4%
Net position, end of year	<u>\$118,732,140</u>	<u>\$111,686,703</u>	<u>\$ 4,200,426</u>	4%

The Department manages eight operating fund accounts (excluding the capital fund); the Game Protection Fund (major fund) and seven (7) non-major funds that receive funding from sources created by the laws of the State of New Mexico. The Department's capital fund is managed based on the appropriation of funding through the State's legislative process. The revenue allocated to the capital fund is done on a project basis and depends on the approved funding. Therefore, the capital fund does not accumulate revenues beyond those required to support the capital projects.

For the year ending June 30, 2013, depreciation expense has been allocated to the program expense category of Game and Fish Resource Conservation. Interagency transfers include transfers to outside agencies, including the Energy, Minerals, and Natural Resources Department.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Information on Individual Funds

The Department is responsible for the management of nine individual fund accounts, including the capital project fund. The Game Protection Fund is considered the Department's one major operating fund. The cash balance increased in four of the seven non-major funds and the Game Protection Fund experienced an increase in the cash balance in fiscal year 2013. In totality, the Department ended fiscal year 2013 in an overall healthy financial position for all of its funds. The first table below lists the beginning and ending cash and investment balances for each fund managed by the Department.

Fund Name	Fund	Balance, June 30, 2013	Balance, June 30, 2012	Total % Change
Game Protection Fund	19800	\$ 39,807,332	\$ 37,357,836	7%
Sikes Act Fund	09700	\$ 1,343,653	\$ 1,519,094	-12%
Share With Wildlife Fund	30700	\$ 143,197	\$ 1,008,583	-86%
Trail Safety Fund	10840	\$ 2,010,594	\$ 1,889,601	6%
Bond Interest & Retirement Fund	42800	\$ 524,728	\$ 1,811,538	-71%
Big Game Depredation Damage Fund	54900	\$ 939,063	\$ 865,837	8%
Big Game Enhancement Fund	77200	\$ 2,927,058	\$ 2,466,670	19%
Habitat Management Fund	49400	\$ 2,883,662	\$ 3,532,600	-18%
Game & Fish Capital Improvement Fund	88700	\$ 5,349,631	\$ 1,128,286	374%

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

Fund Name	SHARE Fund	Revenue		Total % Change
		Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	
Game Protection Fund	19800	\$ 34,856,326	\$ 31,682,383	10%
Sikes Act Fund	09700	950,460	937,123	1%
Share With Wildlife Fund	30700	221,089	112,615	96%
Trail Safety Fund	10840	645,143	611,493	6%
Bond Interest & Retirement Fund	42800	186,088	186,611	0%
Big Game Depredation Damage Fund	54900	496,294	396,720	25%
Big Game Enhancement Fund	77200	1,270,346	1,065,064	19%
Habitat Management Fund	49400	1,159,326	1,156,618	0%
Game & Fish Capital Improvement Fund	88700	149,294	634,966	-76%
Total revenues		\$ 39,934,366	\$ 36,783,593	

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DEPARTMENT OF GAME AND FISH
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June 30, 2013**

Fund Name	SHARE Fund	Expenditures		Total % Change
		Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	
Game Protection Fund	19800	\$ 29,767,890	\$ 28,350,806	5%
Sikes Act Fund	09700	988,888	772,010	28%
Share With Wildlife Fund	30700	124,657	164,018	-24%
Trail Safety Fund	10840	509,154	391,154	30%
Bond Interest & Retirement Fund	42800	186	-	0%
Big Game Depredation Damage Fund	54900	274,824	407,362	-33%
Big Game Enhancement Fund	77200	867,650	898,222	-3%
Habitat Management Fund	49400	646,436	589,927	10%
Game & Fish Capital Improvement Fund	88700	215,174	900,250	-76%
Total expenditures		<u>\$ 33,394,859</u>	<u>\$ 32,473,749</u>	

Budgets, Revenue and Expenditures

The Department recorded several adjustments to the original budget amounts during the fiscal year; all the adjustments were due to additional federal grant funds made available to the Department. The variance in federal grant revenue is due to additional federal grants received throughout the fiscal year. Federal grants awarded to the Department include the purchase of bear dumpsters, plane engines, hatchery facilities, and restoration projects throughout the state. The variance in other revenue is attributed to additional grants received by the Department in 2013. The variance in other financing sources is the budgeting of 2014 capital projects in fiscal year 2013. DFA allows appropriated 2014 capital projects to be budgeted in 2013.

Since the Department generates all 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 to other funds. If funds remain unspent, they remain in the fund's cash balance, where they will be available for appropriation and expenditure in future fiscal years.

The tables below show the Department's budget comparisons for the year ended June 30, 2013 for all funds except the Capital Projects fund (88700), which includes appropriations that span multiple budget years. Including the capital budget would inaccurately portray the budget information for the fiscal year ended June 30, 2013.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance - Positive (Negative)
Revenues:				
Service revenue	\$ 24,199,000	\$ 24,199,000	\$ 23,828,242	\$ (370,758)
Federal grants	10,344,600	12,392,056	14,260,595	1,868,539
Interest earned	60,900	60,900	108,550	47,650
Other revenue	672,500	672,500	1,705,285	1,032,785
Other financing sources	-	-	-	-
	<u>35,277,000</u>	<u>37,324,456</u>	<u>39,902,672</u>	<u>2,578,216</u>
Fund balance budgeted	<u>3,381,000</u>	<u>3,731,000</u>	-	<u>(3,731,000)</u>
Total revenues	<u>\$ 38,658,000</u>	<u>\$ 41,055,456</u>	<u>\$ 39,902,672</u>	<u>\$ (1,152,784)</u>

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance - Positive (Negative)
Expenditures				
Personal services/benefits	\$ 20,584,600	\$ 20,424,600	\$ 16,764,743	\$ (3,659,857)
Contractual services	4,126,900	4,396,900	3,072,733	(1,324,167)
Other	13,449,200	15,736,656	13,342,023	(2,394,633)
Other financing uses	<u>497,300</u>	<u>497,300</u>	<u>4,493,286</u>	<u>3,995,986</u>
	<u>\$ 38,658,000</u>	<u>\$ 41,055,456</u>	<u>\$ 37,672,785</u>	<u>\$ (3,382,671)</u>

As the Department continues to move forward with filling vacant positions, the Department projects that the variance of revenues to expenditures will decrease due to higher spending on salaries and benefit expenses. The Department continues to take a conservative approach on expending funds due to the fact that we are an Agency that generates its own revenues and is not dependent on the State of New Mexico's general fund to provide funding for Department operations.

The largest single source of Department revenue comes from the sale of hunting and fishing licenses. This is shown as Charges for Service on the Statement of Activities within the financial statements. This revenue category accounts for \$25,295,335 of the Department's revenue. The expenditures include \$32,803,267 expended for Game and Fish Resources Conservation.

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

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
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units had not accounted for the depreciation of assets.

Capital Asset and Long-term Debt Activity

The following table shows the Department's capital assets:

	<u>Governmental Activities</u>		Total % Change
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	
Land	\$ 33,287,492	\$ 33,287,492	0%
Land improvements	5,080,838	4,887,661	4%
Infrastructures and Easements	11,220,174	10,094,181	11%
Property, Plant and Equipment	40,338,710	38,950,299	4%
Work in Process	<u>93,554</u>	<u>93,554</u>	0%
	90,020,768	87,313,187	3%
Less depreciation	<u>(27,973,369)</u>	<u>(25,907,152)</u>	8%
Net Investment in Capital Assets	<u>\$ 62,047,399</u>	<u>\$ 61,406,035</u>	0%

The net value of the Department's capital assets as of June 30, 2013 is \$62,047,399. This net value increased by less than 1% during fiscal year 2013 primarily due to necessary improvements of land, infrastructure and easements, property, plant, and equipment. Due to various fires and flooding throughout the state, improvements and precautions needed to be completed in 2013.

The Department had no long-term debt activity during fiscal year 2013. 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

New Mexico law mandates the State Game Commission and the Department of Game and Fish with the management of the Game Protection Fund, which is the Department's general operating fund. The projected cash balance of the Game Protection Fund through fiscal year 2019 reflects a healthy balance which will allow the Department to forego requesting a fee increase for hunting, fishing and trapping licenses in the next few years. The last time the Department requested a license fee increase was 2005. The healthy cash balance in the

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June 30, 2013**

Game Protection Fund is a result of cost savings in the recent few years and the effects of previous hiring freezes on the utilization of the Department's budget.

The Department continues to successfully implement the Aquatic Invasive Species and Off-Highway Vehicle programs statewide. As these programs grow, the Department has worked to form new partnerships across the State to improve implementation and service delivery. By fiscal year 2014, the Department will have implemented a significant reorganization of staff. The reorganization shifted the alignment of staff to more closely align organization with statute. The updated organizational structure has not altered duties of staff, nor has it changed agency responsibilities, but rather the new structure provides for more efficient delivery of services to the citizens of New Mexico.

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

Again this year, the state of New Mexico's economic health and economic conditions elsewhere are major influences on the Department and how we will operate in the future. Although the Department has not felt large-scale negative repercussions from the economic downturn; we remain cognizant of it and continue to find ways to control costs without adversely affecting services provided to the public.

The Department, and the State as a whole, will need to continue to determine how the public will pay for wildlife management. 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 a general overview of the Department's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, contact the Department's Administrative Services Division Chief or the Assistant Director for Support Services at P.O. Box 25112, Santa Fe, New Mexico 87504.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 3,300
Investment in State Treasurer General Fund Investment Pool	55,925,618
Long-term investments	939,955
Receivables:	
Accounts receivable	777,592
Due from other state agencies	9,166
Due from federal government	3,666,761
Total current assets	61,322,392
Non-current assets:	
Net investment in capital assets	62,047,399
TOTAL ASSETS	\$ 123,369,791
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,063,512
Accrued compensated absences	870,093
Accrued payroll	380,792
Other liabilities	41,496
Due to other state agencies	140,162
Total current liabilities	4,496,055
Non-current liabilities:	
Long-term portion of compensated absences	141,596
TOTAL LIABILITIES	4,637,651
NET POSITION	
Net investment in capital assets	62,047,399
Restricted for:	
Wildlife and Fisheries	50,765,685
Debt Services	575,375
Capital projects	5,343,681
Total net position	118,732,140
TOTAL LIABILITIES AND NET POSITION	\$ 123,369,791

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue</u>
				<u>Governmental Activities</u>
Governmental Activities:				
Game and Fish Resource Conservation	\$ 32,803,267	\$ 25,295,333	\$ 14,409,889	\$ 6,901,955
Total Governmental Activities	<u>\$ 32,803,267</u>	<u>\$ 25,295,333</u>	<u>\$ 14,409,889</u>	<u>6,901,955</u>

GENERAL REVENUES AND TRANSFERS

Unrealized gain or loss on investments	120,594
Other financing sources - STB proceeds	130,000
Gain on the sale of equipment	102,624
Interest earned	108,550
Inter-agency transfers	<u>(318,286)</u>
Total general revenues and transfers	<u>143,482</u>

CHANGE IN NET POSITION	7,045,437
NET POSITION, BEGINNING OF YEAR	<u>111,686,703</u>
NET POSITION, END OF YEAR	<u>\$ 118,732,140</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	Major Funds			Total Governmental Funds
	Game Protection Fund - 19800	Capital Projects - 88700	Other Governmental Funds	
ASSETS				
Cash on hand	\$ 3,300	\$ -	\$ -	\$ 3,300
Investment in State Treasurer				
General Fund Investment Pool	39,804,032	5,349,631	10,771,955	55,925,618
Long-term investments	-	-	939,955	939,955
Receivables:				
Accounts receivable	777,592	-	-	777,592
Due from other state agencies	8,956	-	210	9,166
Due from federal government	3,238,202	-	428,559	3,666,761
Due from other funds	1,110	-	362,806	363,916
TOTAL ASSETS	\$ 43,833,192	\$ 5,349,631	\$ 12,503,485	\$ 61,686,308
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,603,055	\$ 5,950	\$ 454,507	\$ 3,063,512
Accrued payroll	371,428	-	9,364	380,792
Other liabilities	30,000	-	11,496	41,496
Due to other funds	362,806	-	1,110	363,916
Due to other state agencies	135,986	-	4,176	140,162
Total liabilities	3,503,275	5,950	480,653	3,989,878
FUND BALANCES				
Restricted	40,329,917	5,343,681	12,022,832	57,696,430
Total fund balances	40,329,917	5,343,681	12,022,832	57,696,430
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,833,192	\$ 5,349,631	\$ 12,503,485	\$ 61,686,308

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013**

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 57,696,430
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

The cost of capital assets is	90,020,768
Accumulated depreciation is	<u>(27,973,369)</u>

Total capital assets	<u>62,047,399</u>
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Long-term and certain other liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

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

Compensated absences payable	<u>(1,011,689)</u>
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Net position of governmental activities (Statement of Net Position)	<u>\$ 118,732,140</u>
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The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	<u>Major Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental</u>
	<u>Game Protection Fund - 19800</u>	<u>Capital Projects - 88700</u>		
REVENUES				
Service revenue	\$ 20,470,667	\$ -	\$ 3,357,575	\$ 23,828,242
Federal grants	12,900,376	149,294	1,360,219	14,409,889
Penalties	54,682	-	-	54,682
Interest earned	90,245	-	18,305	108,550
Realized/Unrealized gain or loss on investments	-	-	120,594	120,594
Other revenue	<u>1,340,356</u>	<u>-</u>	<u>72,053</u>	<u>1,412,409</u>
Total revenues	<u>34,856,326</u>	<u>149,294</u>	<u>4,928,746</u>	<u>39,934,366</u>
EXPENDITURES				
Game and Fish Resource Conservation	27,143,594	85,174	3,209,961	30,438,729
Capital outlay	<u>2,624,296</u>	<u>130,000</u>	<u>201,834</u>	<u>2,956,130</u>
Total expenditures	<u>29,767,890</u>	<u>215,174</u>	<u>3,411,795</u>	<u>33,394,859</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,088,436</u>	<u>(65,880)</u>	<u>1,516,951</u>	<u>6,539,507</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources -				
STB proceeds	-	130,000	-	130,000
Inter-agency transfers	(318,286)	-	-	(318,286)
Proceeds from sale of equipment	117,600	-	-	117,600
Intra-agency transfers	<u>(1,500,000)</u>	<u>4,175,000</u>	<u>(2,675,000)</u>	<u>-</u>
NET OTHER FINANCING SOURCES (USES)	<u>(1,700,686)</u>	<u>4,305,000</u>	<u>(2,675,000)</u>	<u>(70,686)</u>
NET CHANGE IN FUND BALANCES	3,387,750	4,239,120	(1,158,049)	6,468,821
FUND BALANCES, BEGINNING OF YEAR	<u>36,942,167</u>	<u>1,104,561</u>	<u>13,180,881</u>	<u>51,227,609</u>
FUND BALANCES, END OF YEAR	<u>\$ 40,329,917</u>	<u>\$ 5,343,681</u>	<u>\$ 12,022,832</u>	<u>\$ 57,696,430</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Net Changes in Fund Balances - Total Governmental Funds
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ 6,468,821

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

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase in the liabilities for the fiscal year was: (64,748)

The Statement of Activities reports the loss on sale of equipment, while the Statement of Revenues, Expenditures and Changes in Fund Balances reports the proceeds. The reconciling amount is the difference. (14,976)

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts were:

Capital outlay	2,956,130
Depreciation expense	<u>(2,299,790)</u>

Excess of depreciation expense over capital outlay	<u>656,340</u>
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Change in net position of governmental activities (Statement of Activities) \$ 7,045,437

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR GOVERNMENTAL FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

GAME PROTECTION FUND - 19800				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Service revenue	\$ 21,222,700	\$ 21,222,700	\$ 20,470,667	\$ (752,033)
Federal grants	9,619,000	11,311,801	12,900,376	1,588,575
Interest earned	54,300	54,300	90,245	35,945
Other revenue	443,100	443,100	1,512,638	1,069,538
Other financing sources	182,300	182,300	-	(182,300)
TOTAL REVENUES	31,521,400	33,214,201	34,973,926	\$ 1,759,725
Fund balance budgeted	2,985,600	4,485,600		
TOTAL FUND BALANCE BUDGETED	34,507,000	37,699,801		
EXPENDITURES:				
Personal services and benefits	20,096,000	19,921,000	16,386,224	3,534,776
Contractual services	3,061,900	3,411,900	2,432,755	979,145
Other costs	10,851,800	12,369,601	10,948,911	1,420,690
Other financing uses	497,300	1,997,300	1,818,286	179,014
TOTAL EXPENDITURES	\$ 34,507,000	\$ 37,699,801	31,586,176	\$ 6,113,625
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			\$ 3,387,750	

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

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>90,068</u>
TOTAL ASSETS	\$ <u><u>90,068</u></u>
LIABILITIES	
Due to others	\$ <u>90,068</u>
TOTAL LIABILITIES	\$ <u><u>90,068</u></u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – DEFINITION OF REPORTING ENTITY

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

Management

The Department of Game and Fish is headed by the State Game Commission. 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 (the 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.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)

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

The Fisheries Management Division is concerned with the production and distribution of game fish, development of fishing waters, and management and research programs needed to protect and expand the sport fishing resources of the State. The State trout hatcheries are: 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; and software design, development, implementation, training and support for computer applications used by the various divisions of the Department of Game and Fish. In addition, it maintains an extensive network of computers and communications equipment, along with a complete backup and disaster recovery system. It provides technical assistance to all users of both networked and personal computers. Its primary interest, however, is in ensuring that Department personnel have ready access to all available information and data needed by the Commission or the Department's administration for making well informed decisions in wildlife management issues.

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.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

The 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

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

Government-wide and Fund Financial Statements

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

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in the governmental category.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (1) demonstrate legal compliance, (2) demonstrate the source and use of liquid resources, and (3) demonstrate how the Department's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column on the government-wide presentation.

The financial transactions of the Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expense. The various funds are reported by generic classification within the financial statements.

Basis of Presentation - Fund Accounting

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

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

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Game Protection Fund - SHARE Fund No. 19800. The Game Protection Fund is the general operating fund of the Department. It is used to account for all financial resources, except those required to be accounted for in another fund. Under Section 17-1-14, NMSA, 1978, the Game Protection Fund is a non-reverting fund. The State Game Commission shall have general control over the collection and disbursement of all money collected or received under the State laws for the protection and propagation of game and fish. The money shall be paid over to the State Treasurer to the credit of the Game Protection Fund, and the Fund, including all earned income 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 nonresident license or a wildlife-associated recreation permit must purchase a habitat management stamp. The Habitat Management Fund is a non-major fund.

Big Game 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.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 nonreverting fund. The Sikes Act Fund is a non-major fund.

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

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

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

fund types, using the same measurement focus and basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are not incorporated into the government-wide financial statements. The Agency account is:

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

Basis of Accounting

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

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

Modified Accrual Basis - All governmental funds (in the fund financial statements) are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

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

Cash

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

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The audit report of the financial statements was not received prior to the completion of this audit. The State Treasurer invests all public monies held in excess of the minimum compensating balance maintained with the fiscal agent bank in accordance with an investment policy approved by the State Board of Finance.

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

The Investment Council is a component of the primary government of the State of New Mexico. The Investment Council pool of investments is monitored by the same investment committee, and the same policies and procedures apply that apply to all other state investments at the Investment Council.

The Department also maintains an investment account at the New Mexico State Investment Council (Investment Council) for the Share with Wildlife Fund 30700. The investments are valued at fair value based on quoted market prices as of the valuation date. Participation in the Investment Council is voluntary under a Joint Powers Agreement. Other auditors perform the audit of the Investment Council. The report was not received prior to the completion of this audit.

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.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

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

Vendors - Accounts receivable from vendors represent amounts due from the sale of hunting and fishing licenses for June 2013. 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.

Nature and Purpose of Reservations and Designations of Fund Balances

• **Governmental Funds**

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). *Restricted* represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. *Committed fund balance* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. *Assigned fund balance* is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. See Note 21 for additional information about fund balances.

• **Use of Restricted Resources**

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

Interfund Receivables and Payables

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

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

Compensated Absences

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

When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours. Accumulated annual leave is not expected to be liquidated with expendable available financial resources and is reported 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 the 600 hour minimum limit can be paid. Sick leave balances from 600 to 720 hours are recorded at 50% of the employee's current hourly rate in the compensated absences category.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department did not have any items that qualified for reporting in this category as of June 30, 2013.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that were required to be reported in this category as of June 30, 2013.

Net Position

In June 2011, GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), effective for the Department's fiscal year beginning July 1, 2012. GASB 63 modifies the presentation of deferred inflows and deferred outflows in the financial statements; it also limits the use of the term "deferred." Implementation of GASB 63 had no effect on the Department's net position or changes in net position for the fiscal year ended June 30, 2013.

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

Net investment in capital assets - This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

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

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

Subsequent Events

Management evaluated subsequent events through December 13, 2013, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2013, but prior to December 13, 2013, that provided additional evidence about conditions that existed at June 30, 2013 have been recognized in the financial statements for the year ended June 30, 2013. Events or transactions that provided evidence about conditions that did not exist at June 30, 2013, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2013.

NOTE 3 – CASH

Cash in banks consists of cash on deposit with area banks amounting to \$90,068, which is primarily held for use by the Law Enforcement Division. These deposits are insured or collateralized with securities held by its agent in the entity's name. The Department completes a cash reconciliation, by fund, to verify the cash balances that are stated in the State's central account system, SHARE. This process has been in place prior to the implementation of SHARE and it will continue monthly for the Department.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 - STATE GENERAL FUND INVESTMENT POOL

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

In FY 2012, Management of DFA recorded a loss contingency of \$101.7 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

The Department reviews fund level cash activity on a regular basis to mitigate misstatement.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 - INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL

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

At June 30, 2013 the Department had \$55,925,618 invested in the State General Fund Investment Pool.

Interest Rate Risk

The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk

The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2013.

NOTE 6 - 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, 2013:

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 6 – INVESTMENTS (CONTINUED)

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
New Mexico State Treasurer's Office:		
General Fund Investment Pool	1 day to 3 years	\$ <u>55,925,618</u>
State Investment Council:		
Equity funds:		
Non-U.S. Developed Markets	N/A	58,508
Emerging Markets	N/A	46,634
Fixed Income:		
U.S. Core Bonds	1 to 39 years	347,833
Large Cap Index	N/A	361,107
Mid/Small Cap Index	N/A	<u>125,873</u>
State Investment Council Total		<u>939,955</u>
Total Investments		\$ <u>56,865,573</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

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, 2013.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 – DUE FROM AND DUE TO OTHER FUNDS

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

Due From Other Funds

Amount Due To	
Non-major Funds	Amount
Game Protection Fund (Fund 19800)	\$ 1,110
Non-major Funds (Funds 30700, 42800, 49400, 54900, 09700)	362,806
Total All Funds	\$ 363,916

Due To Other Funds

Amount Due From	
Funds	Amount
Non-major Funds (30700)	\$ 1,110
Game Protection Fund (Fund 19800)	362,806
Total All Funds	\$ 363,916

The amounts due to/from are primarily the result of revenue transfers between funds which are outstanding at year end. All of the balances are expected to be paid during fiscal year 2014.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 8 – DUE FROM AND DUE TO OTHER STATE AGENCIES

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

Due From and Due To Other State Agencies

Due From Other State Agencies	Fund No.	Amount	Due From Agency/Fund	Fund No.	Amount
STO-Interest on Deposits	80100	\$ 8,956	Game Protection Fund	19800	\$ 8,956
STO-Interest on Deposits	80100	14	Big Game Depredation Fund	54900	14
STO-Interest on Deposits	80100	<u>196</u>	Big Game Enhancement Fund	77200	<u>196</u>
Total		<u>\$ 9,166</u>	Total		<u>\$ 9,166</u>

Due To Other State Agencies	Fund No.	Amount	Due To Agency/Fund	Fund No.	Amount
Sikes Fund	09700	(80)	STO-Interest on Deposits	80100	(80)
Trail Safety Fund	10840	(39)	STO-Interest on Deposits	80100	(39)
Trail Safety Fund	10840	(218)	Tourism Department-OHV Fees	26200	(218)
Trail Safety Fund	10840	(3,706)	Motor Vehicle Department	17200	(3,706)
Share with Wildlife Fund	30700	(3)	STO-Interest on Deposits	80100	(3)
Bond Interest & Retirement Fund	42800	(130)	STO-Interest on Deposits	80100	(130)
Game Protection Fund	80100	<u>(135,986)</u>	Energy & Minerals and Natural Resources - State Parks	20010	<u>(135,986)</u>
Total		<u>\$ (140,162)</u>	Total		<u>\$ (140,162)</u>

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 9 - CAPITAL ASSETS

A summary of changes in capital assets follows:

Governmental-type Activities	Balance, June 30, 2012	Additions	Deletions	Balance, June 30, 2013
Assets being depreciated:				
Infrastructure	\$ 9,695,122	\$ 1,126,993	\$ -	\$ 10,822,115
Fencing	4,887,661	193,177	-	5,080,838
Furniture and fixtures	779,873	28,023	-	807,896
Data processing equipment	429,697	132,289	(9,778)	552,208
Equipment	6,328,409	459,100	(187,197)	6,600,312
Automobiles	5,775,389	691,900	-	6,467,289
Buildings and structures	<u>25,636,931</u>	<u>324,648</u>	<u>(51,574)</u>	<u>25,910,005</u>
Total assets being depreciated	<u>53,533,082</u>	<u>2,956,130</u>	<u>(248,549)</u>	<u>56,240,663</u>
Less accumulated depreciation:				
Infrastructure	(5,827,419)	(270,937)	-	(6,098,356)
Fencing	(2,788,501)	(385,550)	-	(3,174,051)
Furniture and fixtures	(317,238)	(27,378)	-	(344,616)
Data processing equipment	(308,827)	(43,943)	9,778	(342,992)
Equipment	(4,522,334)	(231,153)	178,823	(4,574,664)
Automobiles	(3,435,457)	(525,341)	-	(3,960,798)
Buildings and structures	<u>(8,707,376)</u>	<u>(815,488)</u>	<u>44,972</u>	<u>(9,477,892)</u>
Total accumulated depreciation	<u>(25,907,152)</u>	<u>(2,299,790)</u>	<u>233,573</u>	<u>(27,973,369)</u>
Assets not being depreciated:				
Land	33,287,492	-	-	33,287,492
Rights and easements	398,059	-	-	398,059
Library and museum	1,000	-	-	1,000
Work in progress	<u>93,554</u>	<u>-</u>	<u>-</u>	<u>93,554</u>
Total assets not being depreciated	<u>33,780,105</u>	<u>-</u>	<u>-</u>	<u>33,780,105</u>
Net total capital assets	<u>\$ 61,406,035</u>	<u>\$ 656,340</u>	<u>\$ (14,976)</u>	<u>\$ 62,047,399</u>

Depreciation of \$2,299,790 was charged to the Game and Fish Resource Conservation Program.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 10 – REVERSION OF FUNDS

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

NOTE 11 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

<u>Governmental-type Activities</u>	<u>Balance at June 30, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 946,941	\$ 943,600	\$ (878,852)	\$ 1,011,689	\$ 870,093

The Game Protection Fund is used to liquidate compensated absences.

NOTE 12 – OPERATING TRANSFERS

Operating transfers consist of the following for the year ending June 30, 2013:

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	\$ -	\$ (1,500,000)	\$ (1,500,000)
516-42800 Bond Interest Fund	-	(1,475,000)	(1,475,000)
516-49400 Habitat Management Fund	-	(1,200,000)	(1,200,000)
516-88700 Capital Improvement Fund	<u>4,175,000</u>	<u>-</u>	<u>4,175,000</u>
	<u>\$ 4,175,000</u>	<u>\$ (4,175,000)</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 12 – OPERATING TRANSFERS (CONTINUED)

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	\$ -	\$ (318,286)	\$ (318,286)
516-88700 Capital Improvement Fund - Major Fund	130,000	-	130,000
	<u>\$ 130,000</u>	<u>\$ (318,286)</u>	<u>\$ (188,286)</u>
521-19900 Energy, Minerals & Natural Resources Department	\$ 135,986	\$ -	\$ 135,986
550-21400 Office of the State Engineer	182,300	-	182,300
341-85300 Dept. of Finance & Administration	-	(130,000)	(130,000)
	<u>\$ 318,286</u>	<u>\$ (130,000)</u>	<u>\$ 188,286</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.

NOTE 13 - 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 8.92% of their gross salary. The Department is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$1,715,359, \$1,427,821 and \$1,674,441, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description

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

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

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

Funding Policy

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

**NOTE 14 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3,4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Department's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$227,481, \$204,640 and \$156,887, respectively, which equal the required contributions for each year.

NOTE 15 – 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, 2013.

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, 2013.

Years ending June 30:

2014	\$ 588,326
2015	451,497
2016	289,017
2017	291,473
2018	196,489
2019 and thereafter	<u>197,131</u>
Total	<u>\$ 2,013,935</u>

Total lease expense for the year ended June 30, 2013 was \$758,492.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 16 – 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.

NOTE 17 - SEVERANCE TAX BOND PROCEEDS

To comply with Governmental Accounting Standards Board Statement No. 33 (GASBS 33), *Accounting and Financial Reporting for Non-exchange 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 occurs only when all applicable eligibility requirements have been met. The Department requests drawdowns from the State Board of Finance and recognized revenue only when the eligibility requirements have been met. The Department requested \$130,000 during the year ending June 30, 2013.

NOTE 18 - 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.

NOTE 19 - JOINT POWERS AGREEMENTS

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

NOTE 20 - 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.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 21 - 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, 2013, follows:

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

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

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

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

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

(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.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 21 - GOVERNMENTAL FUND BALANCES (CONTINUED)

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

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

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

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

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

	General Fund	Major Capital Projects	Nonmajor Special Revenue Funds					Debt Service	
	Game Protection Fund 19800	Capital Projects 88700	Habitat Management 49400	Big Game Enhancement 77200	Big Game Depredation 54900	Trail Safety Fund 10840	Sikes Act 97000	Share with Wildlife 30700	Bond Interest & Retirement Fund 42800
Fund Balances:									
Nonspendable Inventory \$	-	-	-	-	-	-	-	-	-
Restricted for:									
50 CFR 80.3 and 80.4 Wildlife and Fisheries	40,329,917	5,343,681	3,025,476	2,827,707	1,117,365	1,944,464	1,489,326	1,043,119	575,375
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total	<u>\$ 40,329,917</u>	<u>\$ 5,343,681</u>	<u>\$ 3,025,476</u>	<u>\$ 2,827,707</u>	<u>\$ 1,117,365</u>	<u>\$ 1,944,464</u>	<u>\$ 1,489,326</u>	<u>\$ 1,043,119</u>	<u>\$ 575,375</u>

NOTE 22 – NEW PRONOUNCEMENTS

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities (effective for period beginning after December 15, 2012)*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Department is currently evaluating the impact GASB Statement 65 will have on the financial statements.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013

	<u>Special</u>		
	<u>Habitat Management Fund - 49400</u>	<u>Big Game Enhancement Fund - 77200</u>	<u>Big Game Depredation Fund - 54900</u>
ASSETS			
Investment in State Treasurer			
General Fund Investment Pool	\$ 2,883,662	\$ 2,927,058	\$ 939,063
Long-term investments	-	-	-
Receivables:			
Due from other state agencies	-	196	14
Due from federal government	86,910	70,242	-
Due from other funds	112,493	-	181,856
TOTAL ASSETS	<u>\$ 3,083,065</u>	<u>\$ 2,997,496</u>	<u>\$ 1,120,933</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 57,589	\$ 166,577	\$ 3,568
Accrued payroll	-	3,212	-
Other Liabilities	-	-	-
Due to other funds	-	-	-
Due to other state agencies	-	-	-
Total liabilities	<u>57,589</u>	<u>169,789</u>	<u>3,568</u>
FUND BALANCES			
Restricted	<u>3,025,476</u>	<u>2,827,707</u>	<u>1,117,365</u>
Total fund balances	<u>3,025,476</u>	<u>2,827,707</u>	<u>1,117,365</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,083,065</u>	<u>\$ 2,997,496</u>	<u>\$ 1,120,933</u>

<u>Revenue Funds</u>			<u>Debt Service Fund</u>	
<u>Trail Safety Fund - 10840</u>	<u>Sikes Act Fund - 09700</u>	<u>Share with Wildlife Fund - 30700</u>	<u>Bond Interest Retirement Fund - 42800</u>	<u>Total</u>
\$ 2,010,594	\$ 1,343,653	\$ 143,197	\$ 524,728	\$ 10,771,955
-	-	939,955	-	939,955
-	-	-	-	210
-	219,705	51,702	-	428,559
-	17,680	-	50,777	362,806
<u>\$ 2,010,594</u>	<u>\$ 1,581,038</u>	<u>\$ 1,134,854</u>	<u>\$ 575,505</u>	<u>\$ 12,503,485</u>
\$ 46,272	\$ 89,879	\$ 90,622	\$ -	\$ 454,507
4,399	1,753	-	-	9,364
11,496	-	-	-	11,496
-	-	1,110	-	1,110
3,963	80	3	130	4,176
<u>66,130</u>	<u>91,712</u>	<u>91,735</u>	<u>130</u>	<u>480,653</u>
<u>1,944,464</u>	<u>1,489,326</u>	<u>1,043,119</u>	<u>575,375</u>	<u>12,022,832</u>
<u>1,944,464</u>	<u>1,489,326</u>	<u>1,043,119</u>	<u>575,375</u>	<u>12,022,832</u>
<u>\$ 2,010,594</u>	<u>\$ 1,581,038</u>	<u>\$ 1,134,854</u>	<u>\$ 575,505</u>	<u>\$ 12,503,485</u>

STATE OF NEW MEXICO
AND NATURAL RESOURCES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2013

	Special		
	Habitat Management Fund - 49400	Big Game Enhancement Fund - 77200	Big Game Depredation Fund - 54900
REVENUES			
Service revenue	\$ 630,641	\$ 735,888	\$ 490,869
Federal grants	528,685	494,260	3,734
Interest earned	-	5,198	1,691
Other revenue	-	35,000	-
Realized/unrealized gain or loss on investments	-	-	-
Total revenues	<u>1,159,326</u>	<u>1,270,346</u>	<u>496,294</u>
EXPENDITURES			
Game and Fish Resource Conservation	646,436	867,650	103,432
Capital Outlay	-	-	171,392
Total expenditures	<u>646,436</u>	<u>867,650</u>	<u>274,824</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	512,890	402,696	221,470
OTHER FINANCING SOURCES (USES)			
Intra-agency transfers	<u>(1,200,000)</u>	-	-
Total other financing sources (uses)	<u>(1,200,000)</u>	-	-
NET CHANGE IN FUND BALANCES	(687,110)	402,696	221,470
FUND BALANCES, BEGINNING OF YEAR	<u>3,712,586</u>	<u>2,425,011</u>	<u>895,895</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,025,476</u>	<u>\$ 2,827,707</u>	<u>\$ 1,117,365</u>

Revenue Funds			Debt Service Fund	
Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share with Wildlife Fund - 30700	Bond Interest Retirement Fund - 42800	Total
\$ 640,740	\$ 674,842	\$ 2,490	\$ 182,105	\$ 3,357,575
-	272,718	60,822	-	1,360,219
4,403	2,900	130	3,983	18,305
-	-	37,053	-	72,053
-	-	120,594	-	120,594
<u>645,143</u>	<u>950,460</u>	<u>221,089</u>	<u>186,088</u>	<u>4,928,746</u>
486,272	981,328	124,657	186	3,209,961
<u>22,882</u>	<u>7,560</u>	<u>-</u>	<u>-</u>	<u>201,834</u>
<u>509,154</u>	<u>988,888</u>	<u>124,657</u>	<u>186</u>	<u>3,411,795</u>
135,989	(38,428)	96,432	185,902	1,516,951
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,475,000)</u>	<u>(2,675,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,475,000)</u>	<u>(2,675,000)</u>
135,989	(38,428)	96,432	(1,289,098)	(1,158,049)
<u>1,808,475</u>	<u>1,527,754</u>	<u>946,687</u>	<u>1,864,473</u>	<u>13,180,881</u>
<u>\$ 1,944,464</u>	<u>\$ 1,489,326</u>	<u>\$ 1,043,119</u>	<u>\$ 575,375</u>	<u>\$ 12,022,832</u>

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
HABITAT MANAGEMENT FUND - 49400
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service revenue	\$ 504,000	\$ 504,000	\$ 630,641	\$ 126,641
Federal grants	296,000	296,000	528,685	232,685
Other revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	800,000	800,000	1,159,326	359,326
Fund balance budgeted	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 800,000</u>	<u>\$ 2,000,000</u>	<u>1,159,326</u>	<u>\$ 359,326</u>
EXPENDITURES				
Contractual services	\$ 200,000	\$ 200,000	137,917	\$ 62,083
Other costs	600,000	600,000	508,519	91,481
Other financing uses	<u>-</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 800,000</u>	<u>\$ 2,000,000</u>	<u>1,846,436</u>	<u>\$ 153,564</u>
NET CHANGE IN FUND BALANCES			<u>\$ (687,110)</u>	

NOTE: There were no reconciling items required for GAAP presentation.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
BIG GAME ENHANCEMENT FUND - 77200
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service revenue	\$ 517,700	\$ 517,700	\$ 735,888	\$ 218,188
Federal grants	353,800	388,800	494,260	105,460
Other revenue	-	-	40,198	40,198
TOTAL REVENUES	871,500	906,500	1,270,346	363,846
Fund balance budgeted	281,100	281,100	-	-
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 1,152,600</u>	<u>\$ 1,187,600</u>	<u>1,270,346</u>	<u>\$ 363,846</u>
EXPENDITURES				
Personnel services & benefits	\$ 92,600	\$ 92,600	75,013	\$ 17,587
Contractual services	555,000	555,000	340,155	214,845
Other costs	505,000	540,000	452,482	87,518
TOTAL EXPENDITURES	<u>\$ 1,152,600</u>	<u>\$ 1,187,600</u>	<u>867,650</u>	<u>\$ 319,950</u>
NET CHANGE IN FUND BALANCES			<u>\$ 402,696</u>	

NOTE: There were no reconciling items required for GAAP presentation.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
BIG GAME DEPREDATION FUND - 54900
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service revenue	\$ 450,800	\$ 450,800	\$ 490,869	\$ 40,069
Federal grants	-	-	3,734	3,734
Interest earned	<u>1,100</u>	<u>1,100</u>	<u>1,691</u>	<u>591</u>
TOTAL REVENUES	451,900	451,900	496,294	44,394
Fund balance budgeted	<u>73,100</u>	<u>73,100</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>496,294</u>	<u>\$ 44,394</u>
EXPENDITURES				
Contractual services	25,000	25,000	12,198	12,802
Other costs	<u>500,000</u>	<u>500,000</u>	<u>262,626</u>	<u>237,374</u>
TOTAL EXPENDITURES	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>274,824</u>	<u>\$ 250,176</u>
NET CHANGE IN FUND BALANCES			<u>\$ 221,470</u>	

NOTE: There were no reconciling items required for GAAP presentation.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
TRAIL SAFETY FUND - 10840
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service revenue	\$ 656,000	\$ 656,000	\$ 640,740	\$ (15,260)
Interest earned	-	-	4,403	4,403
Other revenue	-	-	-	-
TOTAL REVENUES	<u>\$ 656,000</u>	<u>\$ 656,000</u>	645,143	<u>\$ (10,857)</u>
EXPENDITURES				
Personnel services & benefits	\$ 299,600	\$ 299,600	218,844	\$ 80,756
Contractual services	120,000	40,000	25,051	14,949
Other costs	<u>236,400</u>	<u>316,400</u>	<u>265,259</u>	<u>51,141</u>
TOTAL EXPENDITURES	<u>\$ 656,000</u>	<u>\$ 656,000</u>	<u>509,154</u>	<u>\$ 146,846</u>
NET CHANGE IN FUND BALANCES			<u>\$ 135,989</u>	

NOTE: There were no reconciling items required for GAAP presentation.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SIKES ACT FUND - 09700
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service revenue	\$ 847,100	\$ 847,100	\$ 674,842	\$ (172,258)
Federal grants	3,300	315,623	272,718	(42,905)
Interest earned	2,000	2,000	2,900	900
Other revenue	-	-	-	-
TOTAL REVENUES	<u>\$ 852,400</u>	<u>\$ 1,164,723</u>	950,460	<u>\$ (214,263)</u>
EXPENDITURES				
Personnel services & benefits	\$ 96,400	\$ 96,400	84,662	\$ 11,738
Contractual services	-	-	-	-
Other costs	<u>756,000</u>	<u>1,068,323</u>	<u>904,226</u>	<u>164,097</u>
TOTAL EXPENDITURES	<u>\$ 852,400</u>	<u>\$ 1,164,723</u>	<u>988,888</u>	<u>\$ 175,835</u>
NET CHANGE IN FUND BALANCES			<u>\$ (38,428)</u>	

NOTE: There were no reconciling items required for GAAP presentation.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SHARE WITH WILDLIFE FUND - 30700
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service revenue	\$ 4,200	\$ 4,200	\$ 2,490	\$ (1,710)
Federal grants	72,500	72,500	60,822	(11,678)
Interest earned	-	-	130	130
Other revenue	47,100	47,100	37,053	(10,047)
Realized gain, net of unrealized (loss)	-	-	120,594	120,594
TOTAL REVENUES	123,800	123,800	221,089	97,289
Fund balance budgeted	41,200	41,200	-	-
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>221,089</u>	<u>\$ 97,289</u>
EXPENDITURES				
Personnel services & benefits	\$ -	\$ -	-	\$ -
Contractual services	165,000	165,000	124,657	40,343
Other costs	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>124,657</u>	<u>\$ 40,343</u>
NET CHANGE IN FUND BALANCES			<u>\$ 96,432</u>	

NOTE: There were no reconciling items required for GAAP presentation.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
BOND INTEREST RETIREMENT FUND - 42800
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service revenue	\$ -	\$ -	\$ 182,105	\$ 182,105
Interest on Investments	-	-	3,797	3,797
TOTAL REVENUES	-	-	185,902	185,902
Fund balance budgeted	<u>1,475,000</u>	<u>1,475,000</u>	-	-
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 1,475,000</u>	<u>\$ 1,475,000</u>	<u>185,902</u>	<u>\$ 185,902</u>
EXPENDITURES				
Personnel services & benefits	\$ -	\$ -	-	\$ -
Other financing uses	-	1,475,000	1,475,000	-
Other costs	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 1,475,000</u>	<u>1,475,000</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES			<u>\$ (1,289,098)</u>	

NOTE: There were no reconciling items required for GAAP presentation.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
CAPITAL PROJECTS FUND - 88700
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2013

	Budgeted Amounts		Received	Received	Total Revenue	Variance From Final Budget
	Original	Final	Prior Years	Current Year		Positive (Negative)
REVENUES						
Federal sources	\$ 7,012,074	\$ 9,383,824	\$ 12,149,165	\$ 149,294	\$ 12,298,459	\$ 2,914,635
State general fund	14,155,668	17,610,341	9,650,000	-	9,650,000	(7,960,341)
Bond proceeds	5,137,572	6,555,164	5,922,703	130,000	6,052,703	(502,461)
Other financing sources	<u>25,633,750</u>	<u>39,673,735</u>	<u>32,704,838</u>	<u>4,175,000</u>	<u>36,879,838</u>	<u>(2,793,897)</u>
TOTAL REVENUES	51,939,064	73,223,064	<u>\$ 60,426,706</u>	<u>4,454,294</u>	<u>\$ 64,881,000</u>	<u>\$ (8,342,064)</u>
Fund balance budgeted	<u>194,098</u>	<u>1,094,042</u>				
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 52,133,162</u>	<u>\$ 74,317,106</u>				
EXPENDITURES						
Maintenance and repairs	\$ 362,204	\$ 463,604	403,478	-	\$ 403,478	\$ 60,126
Supplies	119,860	167,460	159,267	-	159,267	8,193
Contractual services	5,217,266	5,252,266	2,555,296	85,174	2,640,470	2,611,796
Operating costs	1,062,826	2,092,770	1,029,944	-	1,029,944	1,062,826
Land conservation easements	6,772,387	6,772,387	4,320,683	-	4,320,683	2,451,704
Capital outlay	28,304,004	49,274,004	43,142,107	130,000	43,272,107	6,001,897
Other financing uses	<u>10,294,615</u>	<u>10,294,615</u>	<u>4,084,472</u>	<u>-</u>	<u>4,084,472</u>	<u>6,210,143</u>
TOTAL EXPENDITURES	<u>\$ 52,133,162</u>	<u>\$ 74,317,106</u>	<u>\$ 55,695,247</u>	<u>215,174</u>	<u>\$ 55,910,421</u>	<u>\$ 18,406,685</u>
NET CHANGE IN FUND BALANCES				<u>\$ 4,239,120</u>		

NOTE: There were no reconciling items required for GAAP presentation.

SUPPLEMENTARY SCHEDULES

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 1 - SUPPLEMENTARY SCHEDULE OF CASH ACCOUNTS INCLUDING INVESTMENTS
Year Ended June 30, 2013

Name of Depository	Account Name	Fund Type	SHARE System Fund No.	Type of Account	Bank/Book Balance	Book Amount
New Mexico State Treasurer	Game Protection Fund	General	19800	State Treasury	\$ 39,804,032	\$ 39,804,032
New Mexico State Treasurer	Trail Safety Fund	Special Revenue	10840	State Treasury	2,010,594	2,010,594
New Mexico State Treasurer	Sikes Fund	Special Revenue	09700	State Treasury	1,343,653	1,343,653
New Mexico State Treasurer	Capital Projects Fund	Capital	88700	State Treasury	5,349,631	5,349,631
New Mexico State Treasurer	Share with Wildlife Fund	Special Revenue	30700	State Treasury	143,197	143,197
New Mexico State Treasurer	Wildlife Conservation Fund	Special Revenue	30800	State Treasury	-	-
New Mexico State Treasurer	Big Game Depredation Fund	Special Revenue	54900	State Treasury	939,063	939,063
New Mexico State Treasurer	Big Game Enhancement Fund	Special Revenue	77200	State Treasury	2,927,058	2,927,058
New Mexico State Treasurer	Habitat Management Fund	Special Revenue	49400	State Treasury	2,883,662	2,883,662
New Mexico State Treasurer	Bond Interest & Retirement Fund	Debt Service	42800	State Treasury	<u>524,728</u>	<u>524,728</u>
Total investments - State Treasurer's Office Investment Pool					55,925,618	55,925,618
State Investment Council	Share with Wildlife Fund	Special Revenue	30700	Investment	<u>939,955</u>	<u>939,955</u>
Total investments					<u>\$ 56,865,573</u>	<u>\$ 56,865,573</u>
Cash held in banks:						
Wells Fargo Bank	Agency Funds Cash: Law Enforcement Account			Checking	\$	6,716
Wells Fargo Bank	Agency Funds Cash: Game Thief Account			Checking		83,352
Dept. of Game and Fish	Petty Cash - Cashier - Sante Fe			Petty Cash		<u>3,300</u>
Total cash - Department of Game and Fish						<u>\$ 93,368</u>
Financial statement cash balance						<u>\$ 93,368</u>

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 2 - SUPPLEMENTARY SCHEDULE OF
CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2013

Operation Game Thief - Law Enforcement

	<u>Balance,</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2013</u>
ASSETS				
Cash on deposit	\$ 80,861	\$ 19,970	\$ 10,763	\$ 90,068
TOTAL ASSETS	<u>\$ 80,861</u>	<u>\$ 19,970</u>	<u>\$ 10,763</u>	<u>\$ 90,068</u>
LIABILITIES				
Deposits held in custody for others	\$ 80,861	\$ 19,970	\$ 10,763	\$ 90,068
TOTAL LIABILITIES	<u>\$ 80,861</u>	<u>\$ 19,970</u>	<u>\$ 10,763</u>	<u>\$ 90,068</u>

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 3 - SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS
Year Ended June 30, 2013

	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Engineering and project management services for Bear Canyon Restoration Project.	USFS, Region 3	1/1/2002	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.	6/1/1969	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	10/094	Ongoing	\$ -	\$ -	NMDGF
Management of fish and wildlife on National Park Service property.	National Park Service	7/1/1972	Ongoing	\$ -	\$ -	NMDGF

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 3 - SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2013

	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit 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	315000	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 Highway Dept.
Cooperative effort in wildlife management on State Trust lands leased by the Department.	State Land Office	4/1/1967	Ongoing	\$ -	\$ -	NMDGF & State Land Office
Agreement to develop and maintain Ute Dam Lake	Interstate Stream Comm.	8/1/1962	Ongoing	\$ 147,300	147300	NMDGF
Cooperative effort to develop resource management plans that affect wildlife and forest health.	EMNRD- State Forestry Division	2/1/1978	Ongoing	\$ -	\$ -	NMDGF
Utilize inmate work crews on habitat improvement projects on the Department's properties.	EMNRD - Forestry Div.	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.	NM 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

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 3 - SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2013

	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
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 MR & 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 MR, USFWS, San Andres Refuge	6/1/1985	Ongoing	\$ -	\$ -	NMDGF
Establish mountain lion study and mule deer study areas, terms and conditions.	White Sands MR, 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 State Parks
Establishes Middle Rio Grande Endangered Species Act Collaborative Program	USFWS, SEO, ISC, NMAG & BOR	1/1/2000	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

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 3 - SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2013

	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
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
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 Service, NMDGF, USD	1/8/2005	Ongoing	Funds generated by sale of stamp.	\$ 1,402,900	NMDGF
Managed 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

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 3 - SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2013

	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Maintain, manage and supervise all state parks and state owned or lease 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 Eng. Ofc., Interstate Stream Comm.	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
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, Nevada DGF, Colorado DGF, Utah DGF, Wyoming DGF	3/6/2008	Ongoing	\$ -	\$ -	NMDGF

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 3 - SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2013

	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
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	4/16/2006	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
To provide a framework for cooperation and coordination between the BLM and the Cooperator that will ensure successful completion of RMP/EIE in a timely, efficient, and thorough manner.	NMDGF, USDI-BLM Taos Field Office	12/15/2009	Ongoing	\$ -	\$ -	NMDGF
To promote effective communication and collaboration between the state agency and New Mexico Indian nations, tribes and pueblos.	NMDGF, 22 Indian Nations, Tribes and Pueblos	12/16/2009	Ongoing	\$ -	\$ -	NMDGF
The Department grants and assigns to EMNDR authorizaition to operate State Parks in the areas designated for use as State Parks.	NMDGF, NMSGC, EMNRD	12/21/2010	Ongoing	\$ -	\$ -	NMDGF
Agreement between the Western Governor Association and the Department (Contractor) shall perform the work for pilot project.	NMDGF, Western Governors Association	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 EMNRD SPD, Ute Reservoir	12/22/2010	Ongoing	\$ -	\$ -	NMDGF

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 3 - SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS (CONTINUED)
Year Ended June 30, 2013

	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
To utilize water from Bear Canyon Reservoir pertaining to New Mexico State Engineer for emergency fire suppression.	NMDGF, Forest Service and OSE 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, EMNRD	7/27/2011	6/30/2014	\$ 997,900	\$ -	NMDGF
To provide access upon and through certain state trust land to authorized hunters, anglers and trappers for the regulated harvest of protected species.	NMDGF, Commissioner of Public Land	8/1/2011	6/30/2012	\$ -	\$ -	NMDGF
To protect and preserve against adverse effects to cultural properties when implementing programs under Chapter 17, NMSA 1978.	NMDGF, NM Historic Preservation	10/11/2011	Ongoing	\$ -	\$ -	NMDGF
To establish a cooperative relationship between Jicarilla G&F and DGF with regards to the importation of fish and cervids.	NMDGF, Jicarilla DGF	4/30/2012	Ongoing	\$ -	\$ -	NMDGF
Exercises common power over the use of the National Resource Center on the State Fair Grounds for enjoyment and education.	NMDGF, NM State Fair	5/17/2012	Ongoing	\$ -	\$ -	NMDGF
An amendment to establish a policy for Statewide Sikes Act Public Land Management Stamp (Habitat Stamp) Program.	NMDGF, NM Historic Preservation	10/11/2011	Ongoing	\$ -	\$ -	NMDGF
An amendment to allow leverage funding for wildlife conservation in developing wildlife habitat along the middle Rio Grande River corridor.	NMDGF, USDI and USDA NRCS	7/27/2012	Ongoing	\$ -	\$ -	NMDGF
Agreement for the City of Raton to operate a public trash management system using "roll off" containers that have bear proof lids that will be provided by DGF.	NMDGF, City of Raton	8/7/2012	Ongoing	\$ -	\$ -	NMDGF

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE 4 - SUPPLEMENTARY SCHEDULE OF SEVERANCE TAX BOND PROCEEDS
Year Ended June 30, 2013

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

<u>Project Name</u>	<u>Project</u>	<u>Chapter</u>	<u>Laws</u>	<u>Section</u>	<u>Expires</u>	<u>Sold</u>	<u>AIPP</u>	<u>Net</u>	<u>Prior Years Expended</u>	<u>Current Year Expended</u>	<u>Total Expended</u>	<u>Reverted</u>	<u>Remaining</u>
GFD San Juan River Habitat Improve. & Sig.	STB09A- 09-3123	125	2009	23/2	6/30/2013	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ 130,000	\$ 130,000	\$ 120,000	\$ -
Total all bonds						<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 120,000</u>	<u>\$ -</u>

SINGLE AUDIT

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
U.S. Department of Interior:		
Sport Fish and Wildlife Restoration Cluster:		
Sport Fish Restoration *	15.605	\$ 5,812,268
Wildlife Restoration *	15.611	<u>7,113,548</u>
Total Sport Fish and Wildlife Restoration Cluster		12,925,816
BLM Challenge Cost Share	15.238	149,691
Pecos River Fish Community Monitoring	15.517	14,018
San Juan River	15.529	106,894
USFWS Central Arizona Project	15.608	52,519
Cooperative Endangered Species	15.615	231,752
Hunter Safety Education Section 10	15.626	60,203
State Wildlife Grants *	15.634	507,490
USFWS Great Plains LCC	15.650	<u>118,919</u>
Total U.S. Department of Interior		<u>14,167,302</u>
U.S. Department of Agriculture:		
USDA-Cap Chronic Wasting Disease	10.025	<u>204</u>
Total U.S. Department of Agriculture		<u>204</u>
Total Federal Expenditures		<u>\$ 14,167,506</u>

* Tested as major programs.

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013**

GENERAL

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activities of all federal awards of the Department.

BASIS OF ACCOUNTING

The accompanying Supplemental Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 2 to the Department's basic financial statements.

NON-CASH ASSISTANCE

The Department did not receive any federal non-cash assistance during the year ended June 30, 2013.

SUBRECIPIENTS

The Department records disbursements to subrecipients on the cash basis of accounting for the purpose of requesting reimbursement from the federal grantor agencies:

<u>Type</u>	<u>Amount</u>
Boating Access, State Parks Division, New Mexico Energy, Minerals and Natural Resources Dept. CFDA No. 15.605	\$ 135,986
Boating Access, Office of the State Engineer. CFDA No. 15.605	<u>182,300</u>
Total Disbursed to Subrecipients	<u>\$ 318,286</u>

PRIOR YEAR EXPENDITURES

During the current year, the Department identified \$242,383 of expenditures incurred in prior years that were available in the current year to be funded by federal resources. These expenditures were previously unreimbursed and allowed to be submitted for federal reimbursement in the current year under the Wildlife and Sport Fish Cluster (CFDA #15.605/611) in the amount of \$35,248, the U.S. Fish and Wildlife Direct Agreements grants (CFDA No. 15.650 in the amount of \$40,000, the Bureau of Reclamation Programs (CFDA #15.529) in the amount of \$129,756, and the U.S. Department of Agriculture Chronic Wasting Disease grant (CFDA #10.025) in the amount of \$37,379.

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of State of New Mexico Department of Game and Fish (the Department) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Department, presented as supplementary information, and have issued our report thereon dated December 13, 2013.

Internal Control over Financial Reporting

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

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

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

findings and questioned costs as finding 2012-002, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as findings 2013-001, 2013-002, 2013-003 and 2013-004.

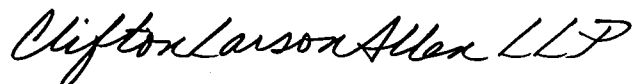
The Department's Responses to Findings

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

Purpose of this Report

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

CliftonLarsonAllen LLP



Albuquerque, New Mexico
December 13, 2013

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal 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
Mr. Hector H. Balderas
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited State of New Mexico Department of Game and Fish's (the Department's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2013. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Basis for Qualified Opinion on Sport Fish/Wildlife Restoration Cluster and State Wildlife Incentive Grants

As described in the accompanying schedule of findings and questioned costs, the Department did not comply with requirements regarding CFDA 15.605/11, Sport Fish/Wildlife Restoration Cluster and CFDA 15.634, State Wildlife Grants, as described in findings 2013-002 and 2013-

003 for Cash Management. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements applicable to that program.

Qualified Opinion on Sport Fish/Wildlife Restoration Cluster and State Wildlife Grants

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Sport Fish/Wildlife Restoration Cluster and State Wildlife Grants for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

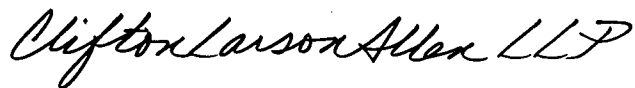
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-002 and 2013-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-004 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

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

Albuquerque, New Mexico
December 13, 2013

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major program: Unmodified, except for a qualification with Cash Management over CFDA 15.605, 15.611 and 15.634, U.S. Department of Interior, Wildlife and Sport Fish Restoration Cluster and State Wildlife Grants.

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

Identification of major programs:

CFDA

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.605/611	Sportfish Wildlife Restoration and Basic Hunter Education Cluster:
15.605	Sport Fish Restoration
15.611	Wildlife Restoration and Basic Hunter Education
15.634	State Wildlife Grants

Dollar threshold used to distinguish between type A and type B programs \$425,025

Auditee qualified as low-risk auditee? yes no

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013**

Section II – Financial Statement Findings

Finding 2012-002 Journal Entry Review (Significant Deficiency)

Condition: During testwork over Undistributed Receipts, we noted the liability balance was overstated by \$4,619,458. This was due to an incorrect journal entry that increased the Undistributed Receipts liability account and decreased the Hunting and License Sales revenue.

Criteria: The New Mexico Manual of Model Accounting Practices (FIN Section 3.5) sets forth the prescribed processes for the initiation and approval of journal entries. This includes a review by an authorized individual at the Department. Such reviews should include an evaluation of the reasonableness and accuracy of the accounts being affected.

Cause: In this instance, the review process did not prevent an incorrect journal entry from being made. Because the review process did not initially detect the incorrect entry, it resulted in an audit adjustment to correct the balances.

Effect: Hunting and License Sales revenue was understated by \$4,619,458 and Undistributed Receipts was overstated by the same amount.

Recommendation: We recommend that a more thorough review take place for journal entries to determine if the accounts being affected are accurate. A reconciliation of Hunting and License Revenue as well as Undistributed receipts will assist in detecting errors if internal controls over the journal entry process fail to prevent them.

Management's Response: The Department agrees with the recommendation provided and believes that the error in the entry was due to a miscommunication regarding the preparation of the journal entry. All journal entries are reviewed by the Budget Officer and any questionable transactions are now presented to the Chief Financial Officer for final review before posting the entry.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013**

Section III – Federal Award Findings and Questioned Costs

Finding 2013-002 Reconciliation (Cash Management Qualification) of Federal Awards and Expenditures (Material Weakness)

Federal Program: All

Federal Agency: Department of the Interior

Questioned Costs: None

Condition: During federal revenue and expenditure testwork, we noted a lack of adequate reconciliation process between federal revenue received and federal revenue expenditures incurred during the year. This lack of reconciliation led to reimbursements during the fiscal year that were under-drawn by \$200,200 for the Wildlife/Sport Fish Restoration Cluster and \$57,195 for the State Wildlife Grants program. Additionally, there was revenue of \$242,383 that should have been included in the prior year accounts receivable, but was not recognized until the current year.

Criteria: In accordance with OMB Circular A-133, Subpart C Section 310, "the Auditee shall prepare financial statements, including the schedule of expenditures of federal awards for the period covered by the auditee's financial statements...and provide total Federal awards expended for each individual Federal program..." Additionally, Section 2.2.2.8 J of the New Mexico State Audit Rule requires good accounting practices to be followed, which includes maintaining adequate financial records to support the financial statements.

Cause: Management oversight and lack of review over the creation of the schedule of federal expenditures led to an incorrect balance of federal expenditures.

Effect: Federal revenues and expenditures could be misstated during the year. In addition, the Department could misstate their federal reimbursements and potentially misstate federal reports required for submission during the year.

Recommendation: We recommend the Department implement a review process outside of Federal Aid to ensure compliance with reporting requirements.

Management's Response: The Department recognizes that established internal control processes were not followed in a consistent manner to avoid the condition which created this audit finding. The Department recently reorganized the federal grant management section and has re-established the necessary internal controls that will provide the oversight to ensure that all reimbursements are reconciled to documented expenditures incurred by the Department.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

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

Finding 2013-003 Incorrect Reimbursement (Cash Management Qualification) of Federal Funds (Material Weakness)

Federal Program: Wildlife and Sport Fish Restoration Cluster (CFDA #15.605/611) and State Wildlife Grants (#15.634)

Federal Agency: Department of the Interior

Questioned Costs: \$690,622

Condition: During testwork over the schedule of expenditures and federal revenue, we noted a lack of reconciliation and review over reimbursement draw-downs, which resulted in an overdraft of federal monies of \$690,622. Due to the submission of incorrect reimbursements, we were unable to obtain support for expenditures that comprised the reimbursement.

Criteria: In accordance with OMB Circular A-133, subpart C section .300, "the auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of each contract or grant agreements that could have a material effect on each of its Federal programs." Additionally, Section 2.2.2.8 J of the New Mexico State Audit Rule requires good accounting practices to be followed, which includes maintaining adequate financial records to support the financial statements.

Cause: A lack of review, both within Federal Aid and outside of the Department, over the federal reimbursement and cash management process led to incorrect reimbursements.

Effect: A lack of oversight over the reimbursement process could lead to reimbursement of unallowable costs and an incorrect federal revenue balance.

Recommendation: We recommend the Department implement a review process outside of Federal Aid to ensure compliance with reporting requirements.

Management's Response: The Department recognizes that established internal control processes were not followed in a consistent manner to avoid the condition which created this audit finding. The Department recently reorganized the federal grant management section and has re-established the necessary internal controls that will provide the oversight to ensure that all reimbursements are reconciled to documented expenditures incurred by the Department and are in adherence with established federal reimbursement requirements.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

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

**Finding 2013-004 Lack of Controls over the Payroll Process (Allowable Costs)
(Significant Deficiency)**

**Federal Program: Wildlife and Sport Fish Restoration Cluster (CFDA #15.605/611) and
State Wildlife Grants (CFDA #15.634)**

Federal Agency: Department of the Interior

Questioned Costs: \$997

Condition: During testwork over Allowable Costs (Payroll), we noted one timesheet was not signed by an employee, one timesheet was not signed by the supervisor, two grants were undercharged by a total of \$997 and one grant was overcharged by \$205, for a net amount of \$792 undercharged. Forty payroll samples were tested for the Wildlife/Sport Fish Restoration program and forty samples were tested for the State Wildlife Grants program.

Criteria: In accordance with OMB Circular A-133, subpart C section .300, "the auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of each contract or grant agreements that could have a material effect on each of its Federal programs." Additionally, Section 2.2.2.8 J of the New Mexico State Audit Rule requires good accounting practices to be followed, which includes maintaining adequate financial records to support the financial statements.

Cause: Management oversight led to incorrect calculations over payroll as well as timesheets that were not signed by the employee and the supervisor.

Effect: A lack of review could lead to incorrect amounts or unallowable costs charged against federal grants.

Recommendation: We recommend the Department implement a review process outside of Federal Aid to ensure compliance with reporting requirements.

Management's Response: The Department recognizes that established internal control processes were not followed in a consistent manner to avoid the condition which created this audit finding. The Department recently reorganized the federal grant management section and has re-established the necessary internal controls that will provide the oversight to ensure that all payroll expenditures are properly entered and recognized by the Department.

STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

Section IV – Other

Finding 2013-001 Missing Background Check (Other)

Condition: During our compliance testwork over personnel files, we found that one out of twenty-two files tested did not contain a background check in the personnel file of a law enforcement employee.

Criteria: As part of the Department's internal policies and procedures required during the hiring process, the Department must obtain a background check for employees hired to work in law enforcement.

Cause: Oversight on behalf of management during the hiring process.

Effect: Because there is no background check in the employee's personnel file, the Department does not know if a background check was performed when the employee was hired. Employees who work in law enforcement must have background checks because the employee's job description requires the use of firearms.

Recommendation: We recommend that a checklist of mandatory hiring procedures be put into place for each new-hire. Mandatory procedures should include a review of the new employee's job description to determine if a background check is needed. These procedures should include a second review to determine if all required items are included in the new employee's personnel file.

Management's Response: The Department recognizes that a background check was not included in the personnel file for the employee in question. The Department does have in place a "checklist" that is followed for each new prospective employee to ensure all necessary processes are followed prior to the offer of employment with the Department. All Human Resource staff members are trained on the processes in hiring new employees, and verification of completion of all steps is now conducted by the HR Supervisor.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2013**

Section II – Financial Statement Findings

Finding 2012-001 Payroll Deductions (Control Deficiency) – Resolved

Condition: During our testwork over the internal controls over payroll transactions, we discovered that for one out the twenty-two individuals tested, deductions for basic life and disability coverage were elected by the employee but were not being withheld from his paycheck.

Finding 2012-002 Journal Entry Review (Significant Deficiency) – Repeated and Modified

Condition: It was found during our audit that an incorrect journal entry was made to a cash account in the amount of \$156,427. The intention of the entry was to transfer cash between sub-accounts for various funds. However, a credit was made to an accumulated depreciation account instead of the offsetting cash sub-account.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2012.

**STATE OF NEW MEXICO
DEPARTMENT OF GAME AND FISH
EXIT CONFERENCE
June 30, 2013**

An exit conference was held with the Department on December 12, 2013. The conference was held at the Department's offices in Albuquerque, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

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

Thomas Salopek, Vice-Chairman, State Game Commission
R.J. Kirkpatrick, Interim Director
Dan Brooks, Deputy Director
Patrick Block, Assistant Director
Alexa Sandoval, Chief of Administrative Services Division
Paul Varela, Budget Officer
Gail Craven, Financial Auditor
Jean Higgins, Federal Assistance Coordinator

CLIFTONLARSONALLEN LLP

Janet Pacheco-Morton, CPA, CGFM, Principal
Raul Anaya, CPA, CGFM, CFE, Senior Manager
Carson Townsend, Senior 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 of management, as addressed in the Independent Auditors' Report.