



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
DEPARTMENT OF GAME AND FISH

June 30, 2019

## Table of Contents

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	PAGE
<b>Official Roster (Unaudited)</b>	1
<b>Report of Independent Auditors</b>	2–4
<b>Management’s Discussion and Analysis</b>	5–12
<b>Basic Financial Statements</b>	
Government-wide financial statements	
Statement of net position	13
Statement of activities	14
Fund financial statements	
Balance sheet – governmental funds	15
Reconciliation of the balance sheet – governmental funds to the statement of net position	16
Statement of revenues, expenditures and changes in fund balances – governmental funds	17
Reconciliation of the statement of revenues, expenditures and changes in fund balances – governmental funds to the statement of activities	18
Statement of revenues and expenditures – major governmental funds – budget and actual (budgetary basis)	19–20
Statement of fiduciary assets and liabilities – agency funds	21
Notes to financial statements	22–42
<b>Supplementary Information</b>	
Combining balance sheet -non-major governmental funds	43
Combining statement of revenues, expenditures, and changes in fund balances – non-major governmental funds	44

## Table of Contents

---

	PAGE
<b>Supplementary Information</b>	
Schedule 1 – Supplementary schedule of cash accounts including investments	45
Schedule 2 – Supplementary schedule of joint powers agreements	46
Schedule 3 – Supplementary schedule of changes in assets and liabilities – agency funds	47
<b>Single Audit Compliance Section</b>	
Schedule of expenditures of federal and nonfederal awards	48
Notes to the schedule of expenditures of federal and nonfederal awards	49
<b>Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	50–51
<b>Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance</b>	52–53
Schedule of findings and questioned costs	54–55
Summary schedule of prior audit findings	56
Exit conference	57

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

**OFFICIAL ROSTER (UNAUDITED)**

**YEAR ENDED JUNE 30, 2019**

**Commission**

Joanna Prukop	District 4, New Mexico	Chair
Roberta Salazar-Henry	District 2, New Mexico	Vice-Chair
Jimmy Bates	District 5, New Mexico	Commissioner
Gail Cramer	District 1, New Mexico	Commissioner
Tirzio Lopez	Appointed at-large, New Mexico	Commissioner
David Soules	Appointed at-large, New Mexico	Commissioner
Jeremy Vesbach	District 3, New Mexico	Commissioner

**Administrative Officials**

Michael Sloane	Director and Secretary to the Commission
Vacant	Deputy Director
Jim Comins III	Assistant Director – Resource Programs/Area Operations
Vacant	Assistant Director – Administrative Support Services
Leif Rasmussen	General Counsel
Michael Thomas	Deputy General Counsel
Paul Varela	Chief of Administrative Services Division
Vacant	Chief of Information Services Division
Matt Wunder	Chief of Ecosystem and Environmental Planning Division
Stewart Liley	Chief of Wildlife Management Division
Kirk Patten	Chief of Fisheries Management Division
Lance Cherry	Chief of Information and Education Division
Robert Griego	Colonel Field Operations

## **Report of Independent Auditors**

Members of the Commission  
State of New Mexico Department of Game and Fish and  
Mr. Brian S. Colón, Esq., New Mexico State Auditor  
Santa Fe, New Mexico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of State of New Mexico Department of Game and Fish (the Department), a department of the State of New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Department as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the State of New Mexico Department of Game and Fish are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico that is attributable to the transactions of the State of New Mexico Department of Game and Fish. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

The combining and individual fund financial statements, the Schedule of Expenditures of Federal and Nonfederal Awards, the Supplementary Schedule of Cash Accounts, the Supplementary Schedule of Joint Powers Agreements, and the Supplementary Schedule of Changes in Assets and Liabilities – Agency Funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedule of Expenditures of Federal and Nonfederal Awards, the Supplementary Schedule of Cash Accounts, the Supplementary Schedule of Joint Powers Agreements, and the Supplementary Schedule of Changes in Assets and Liabilities – Agency Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019 on our consideration of State of New Mexico Department of Game and Fish’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department’s 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
October 24, 2019

# State of New Mexico Department of Game and Fish

## Management's Discussion and Analysis

### June 30, 2019

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

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

#### Financial Highlights

- The Department's government wide assets exceeded its liabilities at the close of the fiscal year for a healthy Net Position of \$149,712,985.
- The Department's overall fund balance and cash on hand/investment in State Treasurer General Fund Investment Pool balance remain positive at a healthy total of \$44,513,568 and \$39,778,794 respectively.
- The Department purchased \$17,428,669 in capital assets and received donated land valued at \$45,000 during the fiscal year. \$3,537,075 of capital assets was removed during the fiscal year. The total value for all capital assets, including depreciation, as of June 30, 2019 is \$106,437,223.
- Total expenditures and other financing uses, were \$61,758,199 or \$1,841,435 more than the total revenue of \$60,642,382 for the fiscal year ended June 30, 2019.
- The Department sold approximately 1,216,984 licenses, permits and stamps in the fiscal year generating \$29,318,030 in license revenue.

#### 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) a supplementary information 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.



**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2019**

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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, 2019. This financial statement is comparable to the balance sheet in a private sector entity's financial statements. A Statement of Net Position differs from a balance sheet in several ways, but there is one main difference. The New Mexico Department of Game and Fish is a government agency and a trustee of public assets rather than a company with shareholders or owners. In a private sector balance sheet, the surplus (or deficit) of assets compared to liabilities is the owners' equity. In governmental financial statements, this excess is labeled net position. Trends in net position over time are an indicator of whether the agency's financial position is improving or declining.

The next government-wide statement is the Statement of Activities. This statement provides information about revenue and expenditure activity throughout the course of fiscal year 2019. The statement provides the net position at the beginning of the year and the balance at the end of the year. The difference between revenue and expenditure amounts provides for the change in net position.

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

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

The Department has two types of funds:

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

**Fiduciary Funds** – A fiduciary fund is used to report assets held in a trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. With the implementation of GASB Statement No. 34, fiduciary funds are not included with the governmental-type funds since these funds are not available to support the Department's programs. The Department's fiduciary fund is maintained to receive donations. The money is used to reward anonymous callers who turn in wildlife violators to the Department.

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2019**

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

**Net Position.** The total Department net position for the fiscal year ended June 30, 2019 is \$149,712,985. 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 \$43,275,762 at the end of the fiscal year.

**The Department's Net Position**

	FY2019	FY2018	Amount Change
Assets:			
Current and other assets	\$ 51,509,503	\$ 53,661,995	\$ (2,152,492)
Capital assets	<u>106,437,223</u>	<u>95,591,268</u>	<u>10,845,955</u>
 Total assets	 <u>\$ 157,946,726</u>	 <u>\$ 149,253,263</u>	 <u>\$ 8,693,463</u>
Liabilities:			
Current liabilities	\$ 8,233,741	8,453,416	\$ (219,675)
 Total liabilities	 <u>8,233,741</u>	 <u>8,453,416</u>	 <u>(219,675)</u>
Net position:			
Net investment in capital assets	106,437,223	95,591,268	10,845,955
Restricted	<u>43,275,762</u>	<u>45,208,579</u>	<u>(1,932,817)</u>
 Total net position	 <u>149,712,985</u>	 <u>140,799,847</u>	 <u>8,913,138</u>
 Total liabilities and net position	 <u>\$ 157,946,726</u>	 <u>\$ 149,253,263</u>	 <u>\$ 8,693,463</u>

The Department total assets are comprised of \$106,437,223 in capital assets and \$51,509,503 in current assets, for a total asset balance of \$157,946,726. The overall increase in total assets from the previous fiscal year is 5.8%. Liabilities are also broken out into two segments: current liabilities and noncurrent liabilities. The total amount of current liabilities is \$8,233,741, a decrease of 2.6% from the prior year balance of \$8,453,416. This decrease is attributable to a decrease in accounts payable. The Department does not utilize non-current liabilities for any portion of the compensated absences balance. Since the annual leave balances could hypothetically be paid out at any time, the entire compensated absences balances are classified as short term. Therefore, the non-current liability amount is \$0. The overall increase in total net position from the previous fiscal year is 6.3%.

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

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2019**

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**Governmental Activities:** The table below summarizes the Department's activities for the fiscal years ending June 30, 2019 and 2018. The change in net position was \$8,913,138 at the end of the fiscal year.

**Changes in the Department's Net Position**

	FY 2019	FY 2018	Amount Change
Program revenues	\$ 59,651,283	\$ 54,376,612	\$ 5,274,671
General revenues	<u>1,186,838</u>	<u>3,072,519</u>	<u>(1,885,681)</u>
Total revenues	<u>60,838,121</u>	<u>57,449,131</u>	<u>3,388,990</u>
Program expenses	<u>48,840,636</u>	<u>49,476,061</u>	<u>(635,425)</u>
Total expenses	48,840,636	49,476,061	(635,425)
Transfers	<u>(3,084,347)</u>	<u>(1,182,300)</u>	<u>(1,902,047)</u>
Change in net position	8,913,138	6,790,770	2,122,368
Net position, beginning of year	<u>140,799,847</u>	<u>134,009,077</u>	<u>6,790,770</u>
Net position, end of year	<u>\$ 149,712,985</u>	<u>\$ 140,799,847</u>	<u>\$ 8,913,138</u>

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

For the year ending June 30, 2019, depreciation expense has been allocated to the program expense category of Game and Fish Resource Conservation. Interagency transfers include transfers to and from outside agencies, including the Energy, Minerals, and Natural Resources Department and State Engineering Department.

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2019**

**Information on Individual Funds**

The Department is responsible for the management of nine individual fund accounts, including the Capital Projects Fund. The Game Protection Fund is considered the Department's one major operating fund. The Big Game Enhancement Fund is considered the Department's one major special revenue fund. The cash balance increased in five of the six non-major funds. The Game Protection Fund had an increase of 2.6% in the cash balance. The Big Game Enhancement Fund had a small increase of 0.2% in the cash balance. The Capital Projects Fund experienced a decrease of 55.4% in the cash balance. Overall, the Department ended fiscal year 2019 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, 2019	Balance, June 30, 2018	Amount Change
Game Protection Fund (Major)	19800	\$ 15,955,877	\$ 15,554,407	\$ 401,470
Big Game Enhancement Fund (Major)	77200	5,055,652	5,046,070	9,582
Capital Projects Fund (Major)	88700	8,917,604	20,003,599	(11,085,995)
Habitat Management Fund (Non-Major)	49400	2,473,935	1,428,121	1,045,814
Big Game Depredation Damage Fund (Non-Major)	54900	2,307,705	2,285,110	22,595
Trail Safety Fund (Non-Major)	10840	619,325	405,039	214,286
Sikes Act Fund (Non-Major)	09700	3,124,028	1,972,896	1,151,132
Share With Wildlife Fund (Non-Major)	30700	1,070,218	1,044,252	25,966
Bond Interest & Retirement Fund (Non-Major)	42800	254,450	476,488	(222,038)
Total cash and investments		<u>\$ 39,778,794</u>	<u>\$ 48,215,982</u>	<u>\$ (8,437,188)</u>

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

Fund Name	SHARE Fund	Revenue		Amount Change
		Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	
Game Protection Fund	19800	\$ 39,155,857	\$ 38,254,952	\$ 900,905
Big Game Enhancement Fund	77200	2,522,213	1,751,665	770,548
Capital Projects Fund	88700	14,484,533	10,585,282	3,899,251
Habitat Management Fund	49400	1,289,014	1,096,782	192,232
Big Game Depredation Damage Fund	54900	579,295	467,921	111,374
Trail Safety Fund	10840	843,036	784,033	59,003
Sikes Act Fund	09700	1,253,052	1,216,537	36,515
Share With Wildlife Fund	30700	237,420	244,798	(7,378)
Bond Interest & Retirement Fund	42800	277,962	250,374	27,588
Total revenues		<u>\$ 60,642,382</u>	<u>\$ 54,652,344</u>	<u>\$ 5,990,038</u>

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2019**

Fund Name	SHARE Fund	Expenditures		Amount Change
		Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	
Game Protection Fund	19800	\$ 37,260,043	\$ 38,525,305	\$ (1,265,262)
Big Game Enhancement Fund	77200	1,528,098	579,522	948,576
Capital Projects Fund	88700	21,474,563	17,180,287	4,294,276
Habitat Management Fund	49400	292,774	294,204	(1,430)
Big Game Depredation Damage Fund	54900	402,052	273,884	128,168
Trail Safety Fund	10840	622,417	308,410	314,007
Sikes Act Fund	09700	355,402	323,950	31,452
Share With Wildlife Fund	30700	185,659	254,214	(68,555)
Total expenditures		<u>\$ 62,121,008</u>	<u>\$ 57,739,776</u>	<u>\$ 4,381,232</u>

**Budgets, Revenue and Expenditures**

The Department recorded several adjustments to the original budget amounts during the fiscal year; most of the adjustments were due to additional federal grant funds made available to the Department or the establishment of other financing uses. The variance in federal grant revenue is due to additional federal grants received throughout the fiscal year. Federal grants awarded to the Department include: multiple Eco System Department projects; restoration projects throughout the state, Grey Wolf Habitat study, construction SE Area Office (Roswell), planning grants for Clayton-Bush and Clovis shooting ranges, San Juan River habitat enhancement project, and the enhanced hunter's education camp program. The variance in other revenue is attributed to additional grants received by the Department during fiscal year 2019.

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

The Department Game and Fish Protection Fund had an original revenue budget of \$36,073,300. During the year, adjustments related to increases in federal grant funds and other financing sources totaled \$6,767,875 increasing the final budget to \$42,841,175. Actual revenue amounts, including other financing sources, in the Game Protection Fund were \$39,398,578. For expenditures, the Department had an original budget of \$37,399,700 in the Game Protection Fund. During the year, adjustments related to increases in personnel services and benefits, contractual services, other expenditures and other financing uses totaled \$7,103,150 increasing the final budget to \$44,502,850. Actual expenditures amounts in the Game Protection Fund, including other financing uses, totaled \$38,815,489.

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

**State of New Mexico Department of Game and Fish  
Management's Discussion and Analysis  
June 30, 2019**

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The largest single source of Department revenue comes from the sale of hunting and fishing licenses. This is shown as Service Revenue on the Statement of Revenues, Expenditures and Changes in Fund Balances within the fund financial statements. This revenue category accounts for \$29,318,030 of the Department's revenue. The expenditures include \$44,692,338 expended for Game and Fish Resources Conservation.

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

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

The following table shows the Department's capital assets:

	Governmental Activities	
	June 30, 2019	June 30, 2018
Land	\$ 38,741,622	\$ 39,026,491
Land improvements	6,398,213	6,035,906
Infrastructures and easements	30,829,791	27,787,776
Property, plant and equipment	62,076,521	54,208,579
Work in process	9,524,849	6,575,651
	<u>147,570,996</u>	<u>133,634,403</u>
Less accumulated depreciation	<u>(41,133,773)</u>	<u>(38,043,135)</u>
Net investment in capital assets	<u>\$ 106,437,223</u>	<u>\$ 95,591,268</u>

The net value of the Department's capital assets as of June 30, 2019 is \$106,437,223. This net value increased by 11.3% during fiscal year 2019, primarily due to necessary improvements of infrastructure, property, plant, and equipment. Significant capital projects placed in service in fiscal year 2019 include the Albuquerque area office complex and the low water crossing bridge on the Pecos River. At June 30, 2019, the Department had multiple ongoing projects, including the Roswell area office complex, Stephen M. Bush memorial shooting range and the warm water supply pipeline at the Red River hatchery.

The Department had no long-term debt activity during fiscal year 2019. Any funds appropriated and expended from the Game and Fish Bond Interest and Retirement Fund come from existing cash balances in the fund. There are no outstanding bonds, debts or other obligations requiring repayment from this fund.

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

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

New Mexico law charges the State Game Commission and the Department of Game and Fish with the management of the Game Protection Fund, which is the Department's general operating fund. To increase license revenue without raising license fees, the game-hunting license and stamp purchases made through the big game draw are no longer refundable to applicants. In fiscal year 2019, this generated approximately \$1.5 million in additional license revenue. The projected cash balance of the Game Protection Fund should allow the Department to maintain its current operating budget through Fiscal Year 2021. After that, the Department may have to request a fee increase for hunting, fishing and trapping licenses to support increased operating budget and future capital projects. The last time the Department passed a license fee increase was during fiscal year 2005.

As a self-funded agency that does not receive money from state general taxpayer funds, the Department must be cognizant of national trends related to participation in hunting and fishing. While New Mexico has not experienced declines in participation to the degree other states have experienced, we must consider similar circumstances and how they may be relevant here, now and into the future. Demographic shifts in society, such as aging population, urbanization and increases in single-parent households are among the factors that should influence planning for the future. The Department has hired an R3 (recruit, retain and reactivate) manager and is developing a plan to recruit, retain and reactivate hunters and anglers to sustain or grow overall participation in hunting and fishing across New Mexico.

In keeping with the theme of delivering programs to citizens in a more efficient manner, the Department continues to utilize and improve an electronic license sales system that allows customers to purchase licenses from their homes and local vendors statewide. The Department continues to take advantage of technological advances that provide customers a more efficient license buying experience while reducing administrative costs, allowing the Department to accomplish more on the ground. The Department recently implemented a new electronic tag (E-Tag) option for deer and elk. Hunters who choose to E-Tag can tag their harvested deer or elk using their smart phone rather than a paper carcass tag. If successful, the Department may expand the E-Tag option to additional big game species.

### **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, 2019**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 3,530
Investment in State Treasurer General Fund Investment Pool	39,775,264
Receivables:	
Accounts receivable	163,661
Due from federal government	<u>11,567,048</u>
Total current assets	51,509,503
Non-current assets:	
Capital assets, net	<u>106,437,223</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 157,946,726</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 6,078,399
Accrued compensated absences	1,237,806
Accrued payroll	867,536
Other liabilities	<u>50,000</u>
Total current liabilities	<u>8,233,741</u>
<b>TOTAL LIABILITIES</b>	<u>8,233,741</u>
<b>NET POSITION</b>	
Investment in capital assets	106,437,223
Restricted for:	
Wildlife and Fisheries	29,756,706
Debt service	254,450
Capital projects	<u>13,264,606</u>
Total net position	<u>149,712,985</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 157,946,726</u></u>



**State of New Mexico Department of Game and Fish**  
**Statement of Activities**  
**Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue
				Governmental Activities
Governmental Activities:				
Game and Fish Resource Conservation	\$ 48,840,636	\$ 30,028,154	\$ 29,623,129	\$ 10,810,647
<b>Total Governmental Activities</b>	<u>\$ 48,840,636</u>	<u>\$ 30,028,154</u>	<u>\$ 29,623,129</u>	<u>10,810,647</u>

**GENERAL REVENUES AND TRANSFERS**

Gain on disposal of capital assets	150,739
Interest earned	991,099
Donation of property	45,000
Transfer out of property	(2,478,817)
Inter-agency transfers	(605,530)

Total general revenues and transfers, net (1,897,509)

**CHANGE IN NET POSITION** 8,913,138

**NET POSITION, BEGINNING OF YEAR** 140,799,847

**NET POSITION, END OF YEAR** \$ 149,712,985

**State of New Mexico Department of Game and Fish**  
**Balance Sheet – Governmental Funds**  
**June 30, 2019**

	Major Funds				Total Governmental Funds
	Game Protection Fund - 19800	Big Game Enhancement Fund - 77200	Capital Projects Fund - 88700	Other Governmental Funds	
<b>ASSETS</b>					
Cash on hand	\$ 3,530	\$ -	\$ -	\$ -	\$ 3,530
Investment in State Treasurer General Fund Investment Pool	15,952,347	5,055,652	8,917,604	9,849,661	39,775,264
Receivables:					
Accounts receivable	163,661	-	-	-	163,661
Due from federal government	4,550,510	299,641	6,460,468	256,429	11,567,048
<b>TOTAL ASSETS</b>	<b>\$ 20,670,048</b>	<b>\$ 5,355,293</b>	<b>\$ 15,378,072</b>	<b>\$ 10,106,090</b>	<b>\$ 51,509,503</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 3,193,807	\$ 273,228	\$ 2,113,466	\$ 497,898	\$ 6,078,399
Accrued payroll	848,237	3,257	-	16,042	867,536
Other liabilities	50,000	-	-	-	50,000
Total liabilities	4,092,044	276,485	2,113,466	513,940	6,995,935
<b>FUND BALANCES</b>					
Restricted	16,578,004	5,078,808	13,264,606	9,592,150	44,513,568
Total fund balances	16,578,004	5,078,808	13,264,606	9,592,150	44,513,568
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,670,048</b>	<b>\$ 5,355,293</b>	<b>\$ 15,378,072</b>	<b>\$ 10,106,090</b>	<b>\$ 51,509,503</b>

**State of New Mexico Department of Game and Fish  
Reconciliation of the Balance Sheet – Governmental Funds  
to the Statement of Net Position  
June 30, 2019**

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**Total Fund Balance - Governmental Funds**  
**(Governmental Fund Balance Sheet)** \$ 44,513,568

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	147,570,996
Accumulated depreciation is	<u>(41,133,773)</u>
 Total capital assets	 <u>106,437,223</u>

Long-term and certain other liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Other liabilities at year end consist of:

Compensated absences payable	<u>(1,237,806)</u>
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**Net position of governmental activities (Statement of Net Position)** **\$ 149,712,985**

**State of New Mexico Department of Game and Fish**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2019**

	Major Funds				Total Governmental Funds
	Game Protection Fund - 19800	Big Game Enhancement Fund - 77200	Capital Projects Fund - 88700	Other Governmental Funds	
<b>REVENUES</b>					
Service revenue	\$ 24,477,139	\$ 1,125,707	\$ -	\$ 3,715,184	\$ 29,318,030
Federal and other grants	13,690,214	1,239,039	14,234,533	459,343	29,623,129
Penalties	90,521	-	-	-	90,521
Interest earned	639,875	157,467	-	193,757	991,099
Other revenue	258,108	-	250,000	111,495	619,603
Total revenues	<u>39,155,857</u>	<u>2,522,213</u>	<u>14,484,533</u>	<u>4,479,779</u>	<u>60,642,382</u>
<b>EXPENDITURES</b>					
Game and Fish Resource Conservation	35,035,155	1,528,098	6,817,719	1,311,366	44,692,338
Capital outlay	<u>2,224,888</u>	<u>-</u>	<u>14,656,844</u>	<u>546,938</u>	<u>17,428,670</u>
Total expenditures	<u>37,260,043</u>	<u>1,528,098</u>	<u>21,474,563</u>	<u>1,858,304</u>	<u>62,121,008</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>1,895,814</u>	<u>994,115</u>	<u>(6,990,030)</u>	<u>2,621,475</u>	<u>(1,478,626)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of equipment	242,721	-	-	-	242,721
Intra-agency transfers	(949,916)	(1,000,000)	2,449,916	(500,000)	-
Inter-agency transfers	<u>(605,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(605,530)</u>
<b>NET OTHER FINANCING USES</b>	<u>(1,312,725)</u>	<u>(1,000,000)</u>	<u>2,449,916</u>	<u>(500,000)</u>	<u>(362,809)</u>
<b>NET CHANGE IN FUND BALANCES</b>	583,089	(5,885)	(4,540,114)	2,121,475	(1,841,435)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>15,994,915</u>	<u>5,084,693</u>	<u>17,804,720</u>	<u>7,470,675</u>	<u>46,355,003</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 16,578,004</u>	<u>\$ 5,078,808</u>	<u>\$ 13,264,606</u>	<u>\$ 9,592,150</u>	<u>\$ 44,513,568</u>

**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, 2019**

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

**(Statement of Revenues, Expenditures, and Changes in Fund Balances)**      \$      (1,841,435)

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: (91,382)

The Statement of Activities reports the loss on disposal of capital assets, while the Statement of Revenues, Expenditures and Changes in Fund Balances reports the proceeds. The reconciling amount is the difference. (91,982)

Donation in of property (see Note 6) 45,000

Transfer out of property (see Note 6) (2,478,817)

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 17,428,670

Depreciation expense (4,056,916)

Excess of capital outlay over depreciation expense 13,371,754

**Change in net position of governmental activities (Statement of Activities)**      \$      8,913,138

**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, 2019**

	GAME PROTECTION FUND - 19800			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Service revenue	\$ 22,642,400	\$ 22,642,400	\$ 24,477,139	\$ (1,834,739)
Federal and other grants	13,430,900	15,248,775	13,690,214	1,558,561
Interest earned	-	-	639,875	(639,875)
Other revenue	-	-	258,108	(258,108)
Other penalties	-	-	90,521	(90,521)
Other financing sources	-	4,950,000	242,721	4,707,279
<b>TOTAL REVENUES</b>	<u>36,073,300</u>	<u>42,841,175</u>	<u>39,398,578</u>	<u>3,442,597</u>
Budgeted fund balance	<u>1,326,400</u>	<u>1,661,675</u>		
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 37,399,700</u>	<u>\$ 44,502,850</u>		
<b>EXPENDITURES:</b>				
Personnel services and benefits	21,497,900	21,733,175	21,156,122	577,053
Contractual services	3,510,200	4,025,235	3,478,674	546,561
Other costs	11,709,300	13,112,140	12,625,247	486,893
Other financing uses	682,300	5,632,300	1,555,446	4,076,854
<b>TOTAL EXPENDITURES</b>	<u>\$ 37,399,700</u>	<u>\$ 44,502,850</u>	<u>\$ 38,815,489</u>	<u>\$ 5,687,361</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>\$ 583,089</u>	

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

**State of New Mexico Department of Game and Fish**  
**Statement of Revenues and Expenditures – Major Governmental Funds –**  
**Budget and Actual (Budgetary Basis)**  
**Year Ended June 30, 2019**

BIG GAME ENHANCEMENT FUND - 77200				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Service revenue	\$ 799,900	\$ 799,900	\$ 1,125,707	\$ (325,807)
Federal and other grants	355,200	978,258	1,239,039	(260,781)
Interest earned	-	-	157,467	(157,467)
Other financing sources	-	1,000,000	-	1,000,000
<b>TOTAL REVENUES</b>	<u>1,155,100</u>	<u>2,778,158</u>	<u>2,522,213</u>	<u>255,945</u>
Budgeted fund balance	<u>1,500</u>	<u>1,500</u>		
<b>TOTAL REVENUES AND BUDGETED FUND BALANCE</b>	<u>\$ 1,156,600</u>	<u>\$ 2,779,658</u>		
<b>EXPENDITURES:</b>				
Personnel services and benefits	96,600	96,600	91,920	4,680
Contractual services	330,000	561,358	456,276	105,082
Other costs	730,000	1,121,700	979,902	141,798
Other financing uses	-	1,000,000	1,000,000	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,156,600</u>	<u>\$ 2,779,658</u>	<u>\$ 2,528,098</u>	<u>\$ 251,560</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>			<u>\$ (5,885)</u>	

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

**State of New Mexico Department of Game and Fish  
Statement of Fiduciary Assets and Liabilities – Agency Funds  
June 30, 2019**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash	\$ 159,498
<b>TOTAL ASSETS</b>	<u>\$ 159,498</u>
<b>LIABILITIES</b>	
Deposits held in custody for others	\$ 159,498
<b>TOTAL LIABILITIES</b>	<u>\$ 159,498</u>



**Note 1 – Definition of Reporting Entity**

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

**Management**

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

**Role of the Department**

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

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

**Divisions**

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

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

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

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

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

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

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

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

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

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

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

**Endangered Species Division**

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

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

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

**Future Objectives**

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

**Note 2 – Summary of Significant Accounting Policies**

**Use of Estimates in Preparing Financial Statements**

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

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

### June 30, 2019

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

##### **Financial Reporting Entity**

The Department is part of the primary government of the State of New Mexico, and its financial data is included with the financial data of the State of New Mexico.

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

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

##### **Basic Financial Statements**

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

##### **Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

**Basis of Presentation – Fund Accounting**

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

**Governmental Funds**

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

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

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

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

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

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

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

**Habitat Management Fund** – SHARE Fund No. 49400. The Habitat Management Fund was created under Section 17-4-34, NMSA, 1978. The fund is a non-reverting fund. The purpose of the fund is for the improvement, maintenance, development and operation of property for fish and wildlife habitat management. It is funded through the sale of habitat management stamps. Anyone purchasing a resident or nonresident license or a wildlife-associated recreation permit must purchase a habitat management stamp. The Habitat Management Fund is a non-major fund.

**Big Game Depredation Fund** – SHARE Fund No. 54900. The Big Game Depredation Fund was created by the 2001 Legislature to establish a program to correct damage to federal, state or private land caused by big game and to prevent such damage in the future. It is funded through the sale of big game depredation stamps. Anyone purchasing a big game hunting license must purchase a big game depredation stamp. Under Section 17-3-13.4, NMSA 1978, the fund is a non-reverting fund. The Big Game Depredation Fund is a non-major fund.

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

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

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

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

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

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

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

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

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

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

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

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

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

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

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

### June 30, 2019

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

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

#### **Cash**

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

#### **Investments Held by State Treasurer's Office**

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

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

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

#### **Receivables**

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

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

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



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

**Fund Balance**

**Governmental Funds** – In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). *Restricted* represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. *Committed fund balance* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. *Assigned fund balance* is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. See Note 15 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.

**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. 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.

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

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

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

**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, 2019.

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, 2019.

**Compensated Absences**

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

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

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

**Other Post-Employment Benefits (OPEB)**

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement improves accounting and financial reporting by state and local governments for other postemployment benefits. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, the State of New Mexico has implemented the standards for the fiscal year ending June 30, 2019.

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

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the New Mexico Retiree Healthcare Authority (RHCA). Overall, the total other postemployment benefit liability exceeds Plan net position resulting in a net other postemployment benefit liability. The State has determined the State's share of the net other postemployment benefit liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net other postemployment benefit liability, other postemployment benefit expense, and other postemployment benefit-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**Pensions**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Compliant with the requirements of Governmental Accounting Standards Board Statement No. 68 and No. 71, the State of New Mexico has implemented the standards for the fiscal year ending June 30, 2019.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, the total pension liability exceeds Plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the State's General Fund and Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

### June 30, 2019

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#### 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, permits, sale of crops and lease of land and equipment.

##### Budgets and Budgetary Accounting

The Department follows these procedures in establishing the budgetary data reflected in the financial statements:

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

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2008 and approving operating budgets, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration." The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget.

Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control should be disclosed. There are no encumbrances outstanding at year-end with the exception of Capital Projects, Fund 88700, because the Capital Projects Fund includes multi-year appropriations.

##### Net Position

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

Net investment in capital assets – This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt. There was no related debt as of June 30, 2019.

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

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

**Note 3 – Cash**

Cash in banks consists of cash on deposit with area banks amounting to \$159,498, which is primarily held for use by the Law Enforcement Division. These deposits are insured or collateralized with securities held by its agent in the entity's name. The Department completes a cash reconciliation, by fund, to verify the cash balances that are stated in the State's central account system, SHARE. This process has been in place prior to the implementation of SHARE and it will continue monthly for the Department.

**Note 4 – State General Fund Investment Pool**

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006 through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business processes and systems configuration changes made during the Cash Management Remediation Project Phase I, the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point – forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been applied to fiscal year-end 2014 and the months from January 2015 through June 2015.

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

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

The Department has established daily and monthly procedures that mitigate the risk of misstatement of the Department's balances within the Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/ FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by STO and adopt and promulgate rules regarding reconciliation for state agencies.

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by STO, with the exception of those belonging to the Share with Wildlife Fund (see Schedule 1). Accordingly, the investments of the Department consist of an interest in the State General Fund Investment Pool managed by STO.

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

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

The fair value of the investments maintained at STO are as follows at June 30, 2019:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
<b>New Mexico State Treasurer's Office:</b>		
General Fund Investment Pool	1 day to 3 years	\$ 39,775,264

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

Credit Risk – The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by STO, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the Fiscal year ended June 30, 2019.

**Note 6 – Capital Assets**

A summary of changes in capital assets follows:

<u>Governmental-type Activities</u>	<u>Balance, June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Transfers out of Property</u>	<u>Balance, June 30, 2019</u>
Assets being depreciated:						
Infrastructure	\$ 26,935,187	\$ 2,332,753	\$ (17,263)	\$ 813,899	\$ (87,374)	\$ 29,977,202
Fencing	6,035,906	362,307	-	-	-	6,398,213
Furniture and fixtures	808,520	-	-	-	-	808,520
Data processing equipment	1,041,668	206,824	-	-	-	1,248,492
Equipment	6,723,982	391,381	(263,829)	-	-	6,851,534
Automobiles	9,149,250	1,184,420	(669,445)	-	-	9,664,225
Buildings and structures	36,485,159	538,067	(50,149)	8,636,156	(2,105,483)	43,503,750
<b>Total assets being depreciated</b>	<b>87,179,672</b>	<b>5,015,752</b>	<b>(1,000,686)</b>	<b>9,450,055</b>	<b>(2,192,857)</b>	<b>98,451,936</b>
Less accumulated depreciation:						
Infrastructure	(8,835,120)	(1,077,607)	17,263	-	4,369	(9,891,095)
Fencing	(4,505,018)	(292,610)	-	-	-	(4,797,628)
Furniture and fixtures	(470,430)	(32,361)	-	-	-	(502,791)
Data processing equipment	(709,510)	(122,433)	-	-	-	(831,943)
Equipment	(4,503,126)	(295,205)	211,061	-	-	(4,587,270)
Automobiles	(5,166,711)	(936,775)	649,479	-	-	(5,454,007)
Buildings and structures	(13,853,220)	(1,299,925)	30,901	-	53,205	(15,069,039)
<b>Total accumulated depreciation</b>	<b>(38,043,135)</b>	<b>(4,056,916)</b>	<b>908,704</b>	<b>-</b>	<b>57,574</b>	<b>(41,133,773)</b>
Assets not being depreciated:						
Land	39,026,491	58,665	-	-	(343,534)	38,741,622
Rights and easements	852,589	-	-	-	-	852,589
Work in progress	6,575,651	12,399,253	-	(9,450,055)	-	9,524,849
<b>Total assets not being depreciated</b>	<b>46,454,731</b>	<b>12,457,918</b>	<b>-</b>	<b>(9,450,055)</b>	<b>(343,534)</b>	<b>49,119,060</b>
<b>Net total capital assets</b>	<b>\$ 95,591,268</b>	<b>\$ 13,416,754</b>	<b>\$ (91,982)</b>	<b>\$ -</b>	<b>\$ (2,478,817)</b>	<b>\$ 106,437,223</b>

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

**Note 6 – Capital Assets (continued)**

Depreciation of \$4,056,916 was charged to the Game and Fish Resource Conservation activity on the statement of activities.

On June 21, 2019, the New Mexico Department of Game and Fish transferred property consisting of land, infrastructure, and buildings in the amount of \$2,478,817 to the New Mexico Energy, Minerals and Natural Resources Department, State Parks Division.

**Note 7 – Compensated Absences Payable**

The following is a summary of changes in compensated absences payable for the year ended June 30, 2019:

Governmental-type Activities	Balance, June 30, 2018	Increase	Decrease	Balance, June 30, 2019	Due Within One Year
Compensated absences payable	\$ 1,146,424	\$ 1,251,629	\$ (1,160,247)	\$ 1,237,806	\$ 1,237,806

The Game Protection Fund is used to liquidate compensated absences.

**Note 8 – Operating Transfers**

Operating transfers consist of the following for the year ending June 30, 2019:

Intra-agency Transfers			
Agency/Fund	Transfers In	Transfers Out	Total
516-19800 Game Protection Fund	\$ -	\$ (949,916)	\$ (949,916)
516-77200 Big Game Enhancement Fund	-	(1,000,000)	(1,000,000)
516-88700 Capital Projects Fund	2,449,916	-	2,449,916
516-42800 Bond Interest Retirement Fund	-	(500,000)	(500,000)
	<u>\$ 2,449,916</u>	<u>\$ (2,449,916)</u>	<u>\$ -</u>

Inter-agency Transfers			
Agency/Fund	Transfers In	Transfers Out	Total
550-21400 Office of the State Engineer	\$ 76,770	\$ (182,300)	\$ (105,530)
521-20010 Energy and Minerals	-	(500,000)	(500,000)
	<u>\$ 76,770</u>	<u>\$ (682,300)</u>	<u>\$ (605,530)</u>

The transfer to the Office of the State Engineer was for the operation and maintenance of the Ute Dam and Eagle Nest Dam. The transfer from the Office of the State Engineer was a reversion of a previously transferred amount that was not spend by the applicable required date. The transfer to the State Parks Division of the Energy and Minerals Department was to support hunting, fishing, trapping and wildlife conservation on state park properties.

# State of New Mexico Department of Game and Fish

## Notes to Financial Statements

### June 30, 2019

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#### **Note 9 – Pension Plan – Public Employees Retirement Association**

##### **Plan Description**

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

##### **Funding Policy**

Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 16.99% 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, 2019, 2018 and 2017 were \$2,467,472, \$2,428,293 and \$2,440,840, respectively, which equal the amount of the required contributions for each fiscal year.

#### **Note 10 – 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.



**Note 10 – Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Funding Policy**

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2019, 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, 2019, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2015, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Department's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$289,966, \$284,271 and \$287,331, respectively, which equal the required contributions for each year.

**Note 11 – 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, 2019.

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, 2019.

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 11 – Operating Lease Obligations (continued)**

Years ending June 30,

2020	\$	1,534,220
2021		1,580,247
2022		1,627,654
2023		1,676,484
2024		<u>1,726,778</u>
Total	\$	<u>8,145,383</u>

Total lease expense for the year ended June 30, 2019 was \$1,694,221.

**Note 12 – Construction Commitments**

As of June 30, 2019, the Department has entered into construction contracts totaling \$11,132,295, of which \$2,864,023 is still outstanding.

**Note 13 – Risk Management**

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

**Note 14 – Joint Powers Agreements**

The Department enters into various Joint Powers Agreements from time to time with other governments in order to complete certain projects that are mutually beneficial to the Department or for a specific service. The Department has one Joint Power Agreement with the New Mexico Energy, Minerals, and Natural Resources Department that has a committed amount of \$3,000,000, and one Joint Power Agreement with the New Mexico Department of Finance and Administration with a committed amount of \$109,200.

**Note 15 – 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, 2019, follows:

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

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

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

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

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

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

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

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

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

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

**State of New Mexico Department of Game and Fish**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 15 – Governmental Fund Balances (continued)**

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

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

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

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

General Fund	Major Special Revenue	Major Capital Projects	Nonmajor Special Revenue Funds					Debt Service	
Game Protection Fund	Big Game Enhancement	Capital Projects	Habitat Management	Big Game Depredation	Trail Safety Fund	Sikes Act	Share with Wildlife	Bond Interest & Retirement Fund	
19800	77200	88700	49400	54900	10840	9700	30700	42800	
Fund Balances:									
Restricted for:									
50 CFR 80.3 and 80.4									
Wildlife and Fisheries	\$ 16,578,004	\$ 5,078,808	\$ 13,264,606	\$ 2,447,160	\$ 2,381,459	\$ 590,927	\$ 2,894,901	\$ 1,023,253	\$ 254,450
Total	\$ 16,578,004	\$ 5,078,808	\$ 13,264,606	\$ 2,447,160	\$ 2,381,459	\$ 590,927	\$ 2,894,901	\$ 1,023,253	\$ 254,450

**Note 16 – Subsequent Events**

Management has evaluated subsequent events through October 24, 2019 to determine whether such events should be recorded or disclosed in the financial statements or notes for the year ended June 30, 2019. This date represents the date the financial statement audit report is available to be issued. The Department is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

**Note 17 – Subsequent Accounting Standard Pronouncements**

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

**GASB Statement No. 84**

***Fiduciary Activities***

Effective Date: The provisions in Statement No. 84 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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

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

**Note 17 – Subsequent Accounting Standard Pronouncements (continued)**

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

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

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

**GASB Statement No. 87**

***Leases***

Effective Date: The provisions in Statement No. 87 are effective for reporting periods beginning after December 15, 2019.

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

## **Supplementary Information**

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**State of New Mexico Department of Game and Fish  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2019**

	Special Revenue Funds					Debt Service Fund	Total
	Habitat Management Fund - 49400	Big Game Depredation Fund - 54900	Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share with Wildlife Fund - 30700	Bond Interest Retirement Fund - 42800	
<b>ASSETS</b>							
Investment in State Treasurer General Fund Investment Pool	\$ 2,473,935	\$ 2,307,705	\$ 619,325	\$ 3,124,028	\$ 1,070,218	\$ 254,450	\$ 9,849,661
Receivables:							
Due from federal government	106,813	77,541	3,163	-	68,912	-	256,429
<b>TOTAL ASSETS</b>	<b>\$ 2,580,748</b>	<b>\$ 2,385,246</b>	<b>\$ 622,488</b>	<b>\$ 3,124,028</b>	<b>\$ 1,139,130</b>	<b>\$ 254,450</b>	<b>\$ 10,106,090</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 133,588	\$ 3,787	\$ 15,519	\$ 229,127	\$ 115,877	\$ -	\$ 497,898
Accrued payroll	-	-	16,042	-	-	-	16,042
Total liabilities	133,588	3,787	31,561	229,127	115,877	-	513,940
<b>FUND BALANCES</b>							
Restricted	2,447,160	2,381,459	590,927	2,894,901	1,023,253	254,450	9,592,150
Total fund balances	2,447,160	2,381,459	590,927	2,894,901	1,023,253	254,450	9,592,150
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,580,748</b>	<b>\$ 2,385,246</b>	<b>\$ 622,488</b>	<b>\$ 3,124,028</b>	<b>\$ 1,139,130</b>	<b>\$ 254,450</b>	<b>\$ 10,106,090</b>

**State of New Mexico Department of Game and Fish  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Non-Major Governmental Funds  
Year Ended June 30, 2019**

	Special Revenue Funds					Debt Service Fund	Total
	Habitat Management Fund - 49400	Big Game Depredation Fund - 54900	Trail Safety Fund - 10840	Sikes Act Fund - 09700	Share with Wildlife Fund - 30700	Bond Interest Retirement Fund - 42800	
<b>REVENUES</b>							
Service revenue	\$ 1,063,380	\$ 432,630	\$ 823,640	\$ 1,124,914	\$ -	\$ 270,620	\$ 3,715,184
Federal and other grants	225,634	77,541	4,536	55,630	96,002	-	459,343
Interest earned	-	69,124	14,860	72,508	29,923	7,342	193,757
Other revenue	-	-	-	-	111,495	-	111,495
Total revenues	<u>1,289,014</u>	<u>579,295</u>	<u>843,036</u>	<u>1,253,052</u>	<u>237,420</u>	<u>277,962</u>	<u>4,479,779</u>
<b>EXPENDITURES</b>							
Game and Fish Resource Conservation	180,445	146,438	443,422	355,402	185,659	-	1,311,366
Capital Outlay	112,329	255,614	178,995	-	-	-	546,938
Total expenditures	<u>292,774</u>	<u>402,052</u>	<u>622,417</u>	<u>355,402</u>	<u>185,659</u>	<u>-</u>	<u>1,858,304</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	996,240	177,243	220,619	897,650	51,761	277,962	2,621,475
<b>OTHER FINANCING USES</b>							
Intra-agency transfers	-	-	-	-	-	(500,000)	(500,000)
<b>NET CHANGE IN FUND BALANCES</b>	996,240	177,243	220,619	897,650	51,761	(222,038)	2,121,475
<b>FUND BALANCES, BEGINNING OF YEAR</b>	1,450,920	2,204,216	370,308	1,997,251	971,492	476,488	7,470,675
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2,447,160</u>	<u>\$ 2,381,459</u>	<u>\$ 590,927</u>	<u>\$ 2,894,901</u>	<u>\$ 1,023,253</u>	<u>\$ 254,450</u>	<u>\$ 9,592,150</u>



**State of New Mexico Department of Game and Fish**  
**Schedule 1 – Supplementary Schedule of Cash Accounts**  
**June 30, 2019**

Name of Depository	Account Name	Fund Type	SHARE System Fund No.	Type of Account	Bank Balance	Reconciling items	Book Amount
New Mexico State Treasurer	Game Protection Fund	General	19800	State Treasury	\$ 15,952,347	\$ -	\$ 15,952,347
New Mexico State Treasurer	Big Game Enhancement Fund	Special Revenue	77200	State Treasury	5,055,652	-	5,055,652
New Mexico State Treasurer	Capital Projects Fund	Capital	88700	State Treasury	8,917,604	-	8,917,604
New Mexico State Treasurer	Habitat Management Fund	Special Revenue	49400	State Treasury	2,473,935	-	2,473,935
New Mexico State Treasurer	Big Game Depredation Fund	Special Revenue	54900	State Treasury	2,307,705	-	2,307,705
New Mexico State Treasurer	Trail Safety Fund	Special Revenue	10840	State Treasury	619,325	-	619,325
New Mexico State Treasurer	Sikes Act Fund	Special Revenue	9700	State Treasury	3,124,028	-	3,124,028
New Mexico State Treasurer	Share with Wildlife Fund	Special Revenue	30700	State Treasury	1,070,218	-	1,070,218
New Mexico State Treasurer	Bond Interest & Retirement Fund	Debt Service	42800	State Treasury	<u>254,450</u>	-	<u>254,450</u>
<b>Total investments - State Treasurer's Office Investment Pool</b>					<u>\$ 39,775,264</u>	-	<u>\$ 39,775,264</u>
<b>Cash held in banks:</b>							
Wells Fargo Bank	Agency Funds Cash: Law Enforcement Account			Checking			\$ 66,360
Wells Fargo Bank	Agency Funds Cash: Game Thief Account			Checking			93,138
Dept. of Game and Fish	Petty Cash - Cashier - Santa Fe			Petty Cash			<u>3,530</u>
<b>Total cash - Department of Game and Fish</b>							<u>\$ 163,028</u>

**State of New Mexico Department of Game and Fish**  
**Schedule 2 – Supplementary Schedule of Joint Powers Agreements**  
**Year Ended June 30, 2019**

Description	Participants	Dates of Agreement		Amount Applicable	Amount Contributed	Audit Responsibility
		Beginning	Ending			
Section 17-1-14 and 17-14-1, Amendment 1 - To acquire develop, improve and manage lands for game refuges and for all purposes incidental to the propagation, preservation, protection and management of the game, birds, fish and wildlife of the State of New Mexico.	New Mexico Energy, Minerals and Natural Resources Department	2/7/1997	Ongoing	\$ -	\$ -	NM Game and Fish
Encourages direct communication among parties and with other appropriate federal and state agencies involved in managing the resources within or activities impacting the areas adjacent to the WIPP withdrawal area.	US Department of Energy, New Mexico Energy and Minerals and Natural Resources, New Mexico Office of Cultural Affairs, New Mexico State Land Office	6/26/1997	One year after the decommissioning of the WIPP Facility	\$ -	\$ -	NM Game and Fish
Wildlife habitation protection, enhancement and restoration of lands, promulgate forest habitat - Using Los Lunas Inmate Work Camps to reduce threat to life and property from forest fires.	New Mexico Energy and Minerals, Natural Resources Department - Forestry Division, New Mexico Corrections Department	4/17/1998	Ongoing	\$ -	\$ -	NM Game and Fish
Mine Waste at Upper Pecos Site, monitoring at the State Recreation Use Area Operational Unit, disburse funds to the state recreation use areas.	New Mexico Department of Finance and Administration	7/17/1998	Ongoing	\$ 109,200	\$ -	NM Game and Fish
NMDGF to develop and recovery plan for all species listed as threatened or endangered. ISC develop programs to protect water and stream systems within the state, research and study relating to biological and environmental needs of listed species	New Mexico Interstate Stream Commission	4/1/2002	Ongoing	\$ -	\$ -	NM Game and Fish
To acquire develop, improve and manage lands for game refuges, hatcheries, game farms, resting and nesting grounds, dams, lakes, ditches, flumes, waterways, right of way trails, roads pipelines, canals, field stations, bird refuges and for all purposes incidental to the propagation, preservation, protections and management of game, birds, fish and wildlife of the state of New Mexico.	New Mexico Energy, Minerals and Natural Resources Department	7/19/2007	Ongoing	\$ -	\$ -	NM Game and Fish
To acquire, develop, improve and manage lands for game refuges and for all purposes incidental to the propagation, preservation, protection and management of the game, birds, fish and wildlife of the State of New Mexico.	City of Hobbs	11/3/2008	Ongoing	\$ -	\$ -	NM Game and Fish
Solid Waste Collection and Transfer	City of Raton, NM	7/3/2012	7/3/2022	\$ -	\$ -	NM Game and Fish
Facilitate the acquisition of the Easement on Phase 1 of the Horse Springs Ranch in Catron County.	New Mexico Energy, Minerals and Natural Resources Department	4/19/2006	Ongoing	\$ 1,000,000	\$ 900,084	NM Game and Fish
Under the Wallop-Breaux Amendment - construction and maintenance of boat use facilities on public-use waters in the state of New Mexico.	New Mexico Energy and Minerals, Natural Resources Department	6/14/2016	Ongoing	\$ 465,000	\$ 333,776	NM Game and Fish
The purpose of this agreement is to permit WS to assist Department wildlife personnel in the reduction of damage to livestock and other property caused by wildlife to provide for public health and safety described in the attached Work here as Exhibit A.	United States Department of Agriculture, Animal and Plant Health Inspection Service, Wildlife Services	7/1/2017	6/30/2022	\$ -	\$ -	NM Game and Fish

**State of New Mexico Department of Game and Fish**  
**Schedule 3 – Supplementary Schedule of Changes in Assets and Liabilities-**  
**Agency Funds**  
**Year Ended June 30, 2019**

	Operation Game Thief			
	Balance, June 30, 2018	Additions	Deletions	Balance, June 30, 2019
<b>ASSETS</b>				
Cash on deposit	\$ 86,708	\$ 23,496	\$ (17,066)	\$ 93,138
<b>TOTAL ASSETS</b>	<u>\$ 86,708</u>	<u>\$ 23,496</u>	<u>\$ (17,066)</u>	<u>\$ 93,138</u>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 86,708	\$ 23,496	\$ (17,066)	\$ 93,138
<b>TOTAL LIABILITIES</b>	<u>\$ 86,708</u>	<u>\$ 23,496</u>	<u>\$ (17,066)</u>	<u>\$ 93,138</u>
	Law Enforcement			
	Balance, June 30, 2018	Additions	Deletions	Balance, June 30, 2019
<b>ASSETS</b>				
Cash on deposit	\$ 71,668	\$ 113	\$ (5,421)	\$ 66,360
<b>TOTAL ASSETS</b>	<u>\$ 71,668</u>	<u>\$ 113</u>	<u>\$ (5,421)</u>	<u>\$ 66,360</u>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 71,668	\$ 113	\$ (5,421)	\$ 66,360
<b>TOTAL LIABILITIES</b>	<u>\$ 71,668</u>	<u>\$ 113</u>	<u>\$ (5,421)</u>	<u>\$ 66,360</u>
	Operation Game Thief - Law Enforcement Total			
	Balance, June 30, 2018	Additions	Deletions	Balance, June 30, 2019
<b>ASSETS</b>				
Cash on deposit	\$ 158,376	\$ 23,609	\$ (22,487)	\$ 159,498
<b>TOTAL ASSETS</b>	<u>\$ 158,376</u>	<u>\$ 23,609</u>	<u>\$ (22,487)</u>	<u>\$ 159,498</u>
<b>LIABILITIES</b>				
Deposits held in custody for others	\$ 158,376	\$ 23,609	\$ (22,487)	\$ 159,498
<b>TOTAL LIABILITIES</b>	<u>\$ 158,376</u>	<u>\$ 23,609</u>	<u>\$ (22,487)</u>	<u>\$ 159,498</u>

## **Single Audit Compliance Section**

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**State of New Mexico Department of Game and Fish  
Schedule of Expenditures of Federal and Nonfederal Awards  
Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through entity Identifying Number	Total Federal Expenditures
<b>United States Department of Interior:</b>			
Fish and Wildlife Service			
Federal Direct:			
Fish and Wildlife Cluster:			
Sport Fish Restoration	15.605		\$ 6,484,759
Wildlife Restoration and Basic Hunter Education	15.611		21,184,210
<b>Total Fish and Wildlife Cluster</b>			<u>27,668,969</u>
Fish and Wildlife Management Assistance	15.608		38,813
Cooperative Endangered Species Conservation Fund	15.615		233,676
Enhanced Hunter Education and Safety	15.626		85,000
State Wildlife Grants	15.634		1,131,268
<b>Total direct Fish and Wildlife Service</b>			<u>29,157,726</u>
Bureau of Reclamation			
Federal Direct:			
Endangered Fishery Recovery	15.529		151,586
<b>Total direct Bureau of Reclamation</b>			<u>151,586</u>
<b>Total United States Department of Interior</b>			<u>29,309,312</u>
<b>Total Expenditures of Federal Awards</b>			<u>29,309,312</u>
<b>Nonfederal Awards</b>			
National Fish and Wildlife Foundation			
William S. Huey Stream & Riparian Habitat	Not Applicable		250,000
Pecos Pupfish Habitat in Pecos Watershed	Not Applicable		63,817
<b>Total National Fish and Wildlife Foundation</b>			<u>313,817</u>
<b>Total Expenditures of Nonfederal Awards</b>			<u>313,817</u>
<b>Total Expenditures of Federal and Nonfederal Awards</b>			<u>\$ 29,623,129</u>

**State of New Mexico Department of Game and Fish**  
**Notes to Schedule of Expenditures of Federal and Nonfederal Awards**  
**June 30, 2019**

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**Note 1 – General**

The accompanying Schedule of Expenditures of Federal and Nonfederal Awards (the Schedule) includes the federal and other award activity of the State of New Mexico Department of Game and Fish (the Department) under programs of the federal government and nonfederal awards for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position or changes in net position of the Department.

**Note 2 – Basis of Accounting**

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

**Note 3 – Non-Cash Assistance**

The Department did not receive any federal non-cash assistance during the year ended June 30, 2019.

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

Members of the Commission  
State of New Mexico Department of Game and Fish and  
Mr. Brian S. Colón, Esq., New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of State of New Mexico Department of Game and Fish (the Department) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 24, 2019.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported per Section 12-6-5 NMSA 1978, that we have described in the Section 12-6-5 NMSA 1978 schedule of findings and questioned costs, as item 2019-001.

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

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

## **Purpose of this Report**

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

*Mess Adams LLP*

Albuquerque, New Mexico  
October 24, 2019



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

Members of the Commission  
State of New Mexico Department of Game and Fish and  
Mr. Brian S. Colón, Esq., New Mexico State Auditor  
Santa Fe, New Mexico

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

We have audited the State of New Mexico Department of Game and Fish's (the Department) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Department's major federal program for the year ended June 30, 2019. The Department's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Department's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the State of New Mexico Department of Game and Fish complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Mess Adams LLP*

Albuquerque, New Mexico  
October 24, 2019

**State of New Mexico Department of Game and Fish**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

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

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**Financial Statements**

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

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

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

Dollar threshold used to distinguish between type A and type B programs: \$ 879,279

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, 2019**

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**Section II – Financial Statement Findings**

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No matters were reported.

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

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No matters were reported.

**Section IV – Other Findings as Required by Section 12-6-5 NMSA 1978**

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**2019-001 Cash Receipts Not Deposited Timely (Other Non-Compliance)**

**Condition:** For six out of eight cash receipts tested, the Department did not deposit the money into its bank before the close of the next succeeding business day. Total amount of cash receipts not timely deposited was \$2,559.

**Criteria:** According to the Public Money Act, Section 6-10-3, all public money in the custody or under the control of any state official or agency obtained or received by any official or agency from any source, except as in Section 6-10-54 NMSA 1978 provided, shall be paid into the state treasury. It is the duty of every official or person in charge of any state agency receiving any money in cash or by check, draft or otherwise for or on behalf of the state or any agency thereof from any source, except as in Section 6-10-54 NMSA 1978 provided, to forthwith and before the close of the next succeeding business day after the receipt of the money to deliver or remit it to the state treasurer.

**Effect:** The Department did not comply with the Public Money Act.

**Cause:** According to section 17-2-21 NMSA 1978 all game and fish seized under the game laws shall be sold by the game officer without unnecessary delay. Accordingly, the Department routinely collects cash and check in the field and in remote areas from the sale of game and fish. Often it takes longer than one business day to deposit the cash or check due to the fact that these officers are in remote areas and often are working diverse days and hours. There are other situations where the Department must collect cash or check in the field, as a result of regular Department business. Money collected in the field is difficult to deposit the next business day.

**Recommendation:** We recommend that the Department review and implement updated policies and procedures to ensure the Department is complying with the Public Money Act. Training may need to be provided to employees to ensure that funds received are deposited timely.

**Current Status/Plan of Action:** The Department recognizes the responsibility to comply with the Public Money Act and establish procedures to safeguard public funds prior to deposit. The Department will continue to require the officers to convert cash collected in the field to a money order, secure the cash in a safe place and deliver the money to their area office as soon as possible. Under the Public Money Act, the State Parks Division and State Monuments Division are allowed up to 10 days to make their deposits. The Department may pursue legislative action to amend the Public Money Act to add Game and Fish. Although the Department will continue to implement procedures that protect and safeguard public funds prior to deposit, the Department believes that the only way to permanently correct this issue is through legislative action.

**Responsible Person:** Chief Financial Officer and Director

**State of New Mexico Department of Game and Fish  
Summary Schedule of Prior Audit Findings  
June 30, 2019**

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GOVERNOR  
Michelle Lujan Grisham



DIRECTOR AND SECRETARY  
TO THE COMMISSION  
Michael B. Sloane

STATE OF NEW MEXICO  
DEPARTMENT OF GAME & FISH

One Wildlife Way, Santa Fe, NM 87507  
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STATE GAME COMMISSION

JOANNA PRUKOP  
Chair  
Santa Fe  
ROBERTA SALAZAR-HENRY  
Vice-Chair  
Las Cruces  
JIMMY RAY BATES, SR.  
Albuquerque  
GAIL CRAMER  
Mayhill  
TIRZIO J. LOPEZ  
Cebolla  
DAVID SOULES  
Las Cruces  
JEREMY VESBACH  
Placitas

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**2018-001** Lack of Suspension and Debarment Check on Contracts  
Executed by General Services Department, Significant Deficiency  
in Internal Control Over Compliance

Corrected

**2018-002** Improper equipment usage rates, Other Non-Compliance

Corrected

**State of New Mexico Department of Game and Fish**  
**Exit Conference**  
**June 30, 2019**

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An exit conference was held with the Department on October 24, 2019 at 1:30 p.m. 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**

Mike Sloane, Director  
Jim Comins III, Assistant Director  
Roberta Salazar-Henry, Vice Chair to the Commission  
Paul Varela, CFO, Chief of Administrative Support Services  
Joseph Miano, Accountant/Auditor  
Ivie Vigil, Budget Director

**MOSS ADAMS LLP**

Sheila Herrera, Senior Manager

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**PREPARATION OF FINANCIAL STATEMENTS**

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